

**SHUNSIN TECHNOLOGY HOLDINGS
LIMITED
AND SUBSIDIARY**

Consolidated Financial Statements

With Independent Auditors' Review Report

For nine months ended of 2022 and 2021

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Cayman Islands

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Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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.

Menu

Items	Page
1. Cover	1
2. Menu	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheet	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Note to the Consolidated Financial Statements	
(1) History of the Company	8
(2) Approval dates and procedures of consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8～10
(4) Summary of major accounting policies	10～12
(5) Major sources of uncertainty in accounting judgments, estimates and assumptions	12
(6) Description of important accounting items	13～43
(7) Related party transactions	43～46
(8) Pledged assets	46～47
(9) Material contingent liabilities and unrecognized contractual commitments	47
(10) Major disaster losses	47
(11) Major subsequent events	47
(12) Others	47
(13) Disclosure of note	
(1) Information on major transactions	48～51
(2) Information on investees	51
(3) Information on investment in Mainland China	51～52
(4) Information of major shareholders	52
(14) Information on departments	52

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors of ShunSin Technology Holdings Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES (“the Group”) as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 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

September 30, 2022, December 31, 2021 and September 30, 2021

		2022.9.30		2021.12.31		2021.9.30				2022.9.30		2021.12.31		2021.9.30	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equities		Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6 (1))	\$ 8,108,500	54	9,066,899	61	8,505,086	59	2100	Short-term loans (note 6 (12))	\$ 3,136,337	21	3,142,240	21	3,274,766	23
1137	Financial assets at amortized costs- current (note 6 (3), (13) and 8)	53,664	-	52,572	-	51,532	-	2120	Financial liabilities at fair value through profit or loss- current (note 6 (2) and (14))	-	-	962	-	-	-
1140	Current contract assets (note 6 (21) and 7)	490,134	3	329,504	2	253,692	2	2130	Current contract liabilities (note 6 (21))	56,086	-	63,780	1	54	-
1170	Accounts receivable (note 6 (4) and (21))	1,028,517	7	653,771	4	438,714	3	2170	Accounts payable	478,579	3	619,058	4	807,500	6
1181	Accounts receivable—related parties (note 6 (4), (21) and 7)	34,445	-	101,458	1	107,328	1	2180	Accounts payable to related parties (note 7)	9,157	-	11,485	-	9,932	-
1206	Other receivables (note 6 (5), (7) and 7)	18,586	-	24,715	-	35,603	-	2200	Other payables (note 6 (22))	405,543	3	551,916	4	625,237	4
1310	Inventories (note 6 (6))	1,069,076	7	1,141,455	8	954,559	7	2216	Dividend Payable (note 6 (18) and 7)	163,750	1	-	-	262,021	2
1410	Prepayments	69,709	1	288,511	2	458,630	3	2220	Other payables to related parties (note 7)	16,526	-	43,725	-	46,371	-
1460	Non-current assets classified as held for sale (note 6 (7), (9) and 7)	-	-	24,532	-	507,203	4	2230	Current tax liabilities	38,255	-	87,177	1	88,448	1
1470	Other current assets	2,997	-	3,173	-	4,345	-	2280	Current lease liabilities (note 6 (15))	11,685	-	35,133	-	35,709	-
		10,875,628	72	11,686,590	78	11,316,692	79	2321	Bonds payable, current portion (note 6 (14))	1,498,428	10	-	-	-	-
15xx	Non-current assets:							2322	Long-term borrowings, current portion (note 6 (3), (13) and 8)	243,930	2	838,700	6	-	-
1510	Financial assets measured at fair value through profit or loss-non-current (note 6 (2) and (14))	354,942	3	406,002	3	442,517	3	2399	Other current liabilities	14,316	-	24,801	-	46,995	-
1535	Financial assets at amortized costs- non -current (note 6 (3), (13) and 8)	8,000	-	8,000	-	8,000	-			6,072,592	40	5,418,977	37	5,197,033	36
1600	Property, plant and equipment (note 6 (9), 7, 8 and 9)	3,105,793	21	2,283,174	16	1,900,836	13	25xx	Non-current liabilities:						
1755	Right-of-use assets (note 6 (10))	300,677	2	307,747	2	316,696	2	2530	Bonds payable (note 6 (14))	-	-	1,474,834	10	1,467,053	10
1780	Intangible assets (note 6 (11))	1,746	-	989	-	2,423	-	2540	Long-term loans (note 6 (3), (13) and 8)	1,866,070	12	1,107,200	7	838,050	6
1840	Deferred tax assets	353,135	2	219,162	1	298,602	2	2570	Deferred tax liabilities	290,954	2	339,045	2	429,804	3
1915	Prepayments for business facilities(note 9)	10,465	-	45,148	-	57,856	1	2580	Non-current lease liabilities (note 6 (15))	2,513	-	3,976	-	8,716	-
1920	Guarantee deposits paid	13,062	-	11,426	-	11,116	-	2630	Long-term deferred revenue	86,028	1	91,648	1	95,279	1
		4,147,820	28	3,281,648	22	3,038,046	21	2645	Guarantee deposits received	4,962	-	4,826	-	6,462	-
										2,250,527	15	3,021,529	20	2,845,364	20
								2xxx	Total liabilities	8,323,119	55	8,440,506	57	8,042,397	56
								31xx	Total equity attributable to owners of parent (note 6 (8), (14), (18) and (19)):						
								3110	Ordinary share	1,074,648	7	1,074,648	7	1,074,648	7
								3200	Capital surplus	2,963,428	20	2,963,425	20	2,860,701	20
								3300	Retained earnings:						
								3310	Legal reserve	513,551	3	473,243	3	473,243	3
								3320	Special reserve	298,036	2	253,000	2	253,000	2
								3350	Unappropriated retained earnings	1,738,110	12	1,872,686	12	1,964,088	14
										2,549,697	17	2,598,929	17	2,690,331	19
								3400	Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	(9,201)	-	(298,036)	(2)	(402,540)	(3)
								3500	Treasury shares	(60,412)	-	-	-	-	-
									Total equity attributable to owners of parent	6,518,160	44	6,338,966	42	6,223,140	43
1xxx	Total assets	\$ 15,023,448	100	14,968,238	100	14,354,738	100	36xx	Non-controlling interests (note 6 (8))	182,169	1	188,766	1	89,201	1
								3xxx	Total equity	6,700,329	45	6,527,732	43	6,312,341	44
								2-3xxx	Total liabilities and equity	\$ 15,023,448	100	14,968,238	100	14,354,738	100

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

From July 1 to September 30, 2022 and 2021, and from January 1 to September 30, 2022 and 2021

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

		For the three months ended September 30				For the nine months ended September 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6 (21) and 7):								
4110	Sales revenue	\$ 1,614,689	100	910,233	101	3,707,905	100	3,172,466	100
4190	Loss: Sales discounts and allowances	198	-	4,717	1	1,399	-	9,681	-
	Operating Revenue	1,614,491	100	905,516	100	3,706,506	100	3,162,785	100
5000	Operating costs (note 6 (6), (9), (10), (11), (15), (16) and 7)	1,372,493	85	856,234	95	3,277,694	88	2,404,962	76
5900	Gross profit from operations	241,998	15	49,282	5	428,812	12	757,823	24
6000	Operating expenses (note 6 (4), (9), (10), (11), (15), (16), (19), (22) and 7):								
6100	Selling expenses	15,103	1	8,250	1	36,043	1	26,885	1
6200	Administrative expenses	90,082	5	75,807	8	257,800	7	293,363	9
6300	Research and development expenses	79,373	5	99,607	10	238,712	6	325,744	10
6450	Expected credit loss (gain)	-	-	(8,630)	(1)	-	-	(13,402)	-
	Total operating expenses	184,558	11	175,034	18	532,555	14	632,590	20
6900	Net operating profits	57,440	4	(125,752)	(13)	(103,743)	(2)	125,233	4
7000	Non-operating income and expenses (note 6 (14), (15), (23) and 7)								
7100	Interest revenue	49,789	3	58,438	6	160,614	4	164,622	5
7010	Other income	23,062	1	14,417	2	54,822	1	49,553	2
7020	Other gains and losses	61,057	4	1,682	-	61,249	2	(2,043)	-
7050	Finance costs	(35,256)	(2)	(17,948)	(2)	(83,475)	(2)	(54,434)	(2)
	Total non-operating income and expenses	98,652	6	56,589	6	193,210	5	157,698	5
7900	Profit from continuing operations before tax	156,092	10	(69,163)	(7)	89,467	3	282,931	9
7950	Loss: Tax expense (benefit) (note 6 (17))	(6,577)	-	(165,905)	(18)	(117,746)	(3)	(161,051)	(5)
8200	Profit	162,669	10	96,742	11	207,213	6	443,982	14
8300	Other comprehensive income:								
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	86,947	5	(17,231)	(2)	294,389	8	(150,156)	(5)
8399	Loss: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	Other comprehensive income, net	86,947	5	(17,231)	(2)	294,389	8	(150,156)	(5)
8500	Total comprehensive income (loss)	\$ 249,616	15	79,511	9	501,602	14	293,826	9
	Profit, attributable to:								
8610	Owners of parent	\$ 173,001	11	101,117	11	225,878	7	449,055	14
8620	Non-controlling interests	(10,332)	(1)	(4,375)	-	(18,665)	(1)	(5,073)	-
		\$ 162,669	10	96,742	11	207,213	6	443,982	14
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 258,165	16	84,018	9	514,713	14	299,515	9
8720	Non-controlling interests	(8,549)	(1)	(4,507)	-	(13,111)	-	(5,689)	-
		\$ 249,616	15	79,511	9	501,602	14	293,826	9
	Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (20))								
9750	Basic earnings per share	\$ 1.61		0.94		2.10		4.20	
9850	Diluted earnings per share	\$ 1.54		0.93		2.10		4.05	

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

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

Consolidated Statements of Changes in Equity

January 1 to September 30, 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	Unappropriated retained earnings	Total					
Balance as of January 1, 2021	\$ 1,072,558	2,816,502	403,331	345,229	1,887,499	2,636,059	(253,000)	(74,605)	6,197,514	40,711	6,238,225
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	69,912	-	(69,912)	-	-	-	-	-	-
Special reserve	-	-	-	(92,229)	92,229	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(440,212)	(440,212)	-	-	(440,212)	-	(440,212)
Profit	-	-	-	-	449,055	449,055	-	-	449,055	(5,073)	443,982
Other comprehensive income (loss)	-	-	-	-	-	-	(149,540)	-	(149,540)	(616)	(150,156)
Total comprehensive income (loss)	-	-	-	-	449,055	449,055	(149,540)	-	299,515	(5,689)	293,826
Shares issued due to stock option executed	2,090	17,201	-	-	-	-	-	-	19,291	-	19,291
Proceeds from sale of treasury shares	-	26,998	-	-	-	-	-	74,605	101,603	-	101,603
Changes in ownership interests in subsidiaries	-	-	-	-	45,429	45,429	-	-	45,429	(45,429)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	99,608	99,608
Balance as of September 30, 2021	\$ 1,074,648	2,860,701	473,243	253,000	1,964,088	2,690,331	(402,540)	-	6,223,140	89,201	6,312,341
Balance as of January 1, 2022	\$ 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
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	40,308	-	(40,308)	-	-	-	-	-	-
Special reserve	-	-	-	45,036	(45,036)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(275,110)	(275,110)	-	-	(275,110)	-	(275,110)
Profit	-	-	-	-	225,878	225,878	-	-	225,878	(18,665)	207,213
Other comprehensive income (loss)	-	-	-	-	-	-	288,835	-	288,835	5,554	294,389
Total comprehensive income (loss)	-	-	-	-	225,878	225,878	288,835	-	514,713	(13,111)	501,602
Purchase of treasury shares	-	-	-	-	-	-	-	(60,412)	(60,412)	-	(60,412)
Changes in ownership interests in subsidiaries	-	3	-	-	-	-	-	-	3	(3)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	6,517	6,517
Balance as of September 30, 2022	\$ 1,074,648	2,963,428	513,551	298,036	1,738,110	2,549,697	(9,201)	(60,412)	6,518,160	182,169	6,700,329

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

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

Consolidated Statements of Cash Flows
January 1 to September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	From January to September, 2022	From January to September, 2021
Cash flows from operating activities:		
Profit (Loss) before tax	\$ 89,467	282,931
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	383,670	398,677
Amortization expense	413	8,574
Expected credit gain Provision (reversal of provision) for bad debt expense	-	(13,402)
Net loss on financial assets and liabilities at fair value through profit or loss	62,909	(1,284)
Interest expense	83,475	54,434
Interest income	(160,614)	(164,622)
Share-based payments	-	26,998
Property, plant and equipment transferred to expenses	205	7,015
Net gain on disposal and scrapping of property, plant and equipment	(5,761)	(141)
Gain from modification of lease	(48)	-
Total adjustments to reconcile profit (loss)	364,249	316,249
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(160,630)	(65,621)
Accounts receivable	(374,746)	(31,424)
Accounts receivable—related parties	67,013	594,423
Other receivables	39,069	(15,766)
Inventories	72,379	(629,363)
Prepayments	253,980	(422,108)
Other current assets	176	(351)
Total changes in operating assets	(102,759)	(570,210)
Changes in operating liabilities:		
Contract liabilities	(7,694)	-
Accounts payable	(140,479)	488,006
Accounts payable—related parties	(2,328)	6,757
Other payable	(72,598)	(11,187)
Other payable—related parties	(6,490)	9,613
Other current liabilities	(10,485)	19,959
Long-term deferred income	(5,620)	(15,267)
Total changes in operating liabilities	(245,694)	497,881
Total changes in operating assets and liabilities	(348,453)	(72,329)
Total adjustments	15,796	243,920
Cash inflow generated from operations	105,263	526,851
Interest received	152,206	155,730
Interest paid	(57,123)	(31,307)
Income taxes paid	(114,512)	(38,897)
Net cash flows from (used in) operating activities	85,834	612,377
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized costs	-	(52,530)
Acquisition of property, plant and equipment	(1,147,123)	(636,003)
Proceeds from disposal of property, plant and equipment	13,885	226
Decrease (Increase) in guarantee deposits paid	(1,636)	1,424
Acquisition of intangible assets	(1,130)	(308)
Decrease (Increase) in prepayments for business facilities	(13,539)	(57,782)
Net cash flows from (used in) investing activities	(1,149,543)	(744,973)
Cash flows from (used in) financing activities:		
Increase in short-term loans	5,136,876	4,297,256
Decrease in short-term loans	(5,142,779)	(5,536,353)
Increase (Decrease) in guarantee deposits received	136	6,078
Payments of lease liabilities	(29,640)	(26,585)
Cash dividends paid	(111,360)	(178,191)
Shares issued due to stock option executed	-	19,291
Payments to acquire treasury shares	(60,412)	-
Proceeds from sale of treasury shares	-	74,605
Changes in non-controlling interests	6,517	99,608
Net cash flows from (used in) financing activities	(200,662)	(1,244,291)
Effect of exchange rate changes on cash and cash equivalents	305,972	(61,407)
Net decrease in cash and cash equivalents	(958,399)	(1,438,294)
Cash and cash equivalents at beginning of period	9,066,899	9,943,380
Cash and cash equivalents at end of period	\$ 8,108,500	8,505,086

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

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 November 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 the FSC but not yet effective

The impact of the International Financial Reporting Standards (“IFRSs”) which will come into effect on January 1, 2023 is as follows:

A. Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments of IAS 1 “Disclosure of Accounting Policies” are as follows:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

The Group is now continuously evaluating and reviewing the accounting policies that

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

should be disclosed in the consolidated financial report to comply with the amendment.

B. Others

The Group does not expect the following amended standards have a significant impact on its consolidated financial statements.

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”
- Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

New or Amended Standards	Main revision contents	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments have removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	2024/1/1
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	2024/1/1

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

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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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 Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Guidelines” and the International Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation Bulletin (hereinafter referred to as the “International Financial Reporting Standards Accredited by the Financial Supervisory Commission”).

(2) The basis of consolidation

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

Subsidiaries included in consolidated financial reports:

Investor	Name of subsidiary	Primary Business	Shareholding Ratio		
			2022.9.30	2021.12.31	2021.9.30
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 purchasing	100.00%	100.00%	100.00%

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

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

The Company	ShunYun Technology Holdings Limited (hereinafter referred to as ShunYun (Cayman))	Sales of high-speed optical transceiver module	- % (Note 2)	100.00%	100.00%
The Company	ShunYun Technology (Ha Noi, Vietnam) Limited (hereinafter referred to as ShunYun (HaNoi))	Optical transceivers manufacturing	- % (Note 3)	- %	100.00%
The Company	ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to as ShunSin (Bac Giang))	Optical transceivers manufacturing	- % (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% (Note 6)	100.00%	100.00%
ShunSin (Zhongshan)	Talentek Microelectronics (Hefei) Limited (hereinafter referred to as Talentek (Hefei))	Design, R&D, measurement and sales of electrical equipment, communication equipment and automation equipment	44.58% (Note 4)	45.42%	56.27%
ShunYun (Zhongshan)	ShunYun Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunYun (Hong Kong))	Holding Company	100.00%	100.00% (Note 5)	100.00% (Note 5)
ShunYun (Hong Kong)	ShunYun (Cayman)	Sales of high-speed optical transceiver module	100.00% (Note 2)	- %	- %
ShunYun (Cayman)	ShunYun (HaNoi))	Optical transceivers manufacturing	100.00%	100.00% (Note 3)	- %
ShunYun (Cayman)	ShunSin (Bac Giang))	Optical transceivers manufacturing	100.00%	100.00% (Note 3)	- %

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

- 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 (Hong Kong) purchased 100% equity of the Company's subsidiary, ShunYun (Cayman), on June 28, 2022. It has acquired 100% of ShunYun (Cayman).
- 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: Talentek (Hefei) was approved by shareholders' meeting on June 25, 2021 to increase its capital by RMB 12,000 thousand. Talentek (Hefei) was approved to implement share incentive plan of by shareholders' meeting on December 31, 2021. ShunSin (Zhongshan) is expected to hold 37.93% of the shares after the increasing capital and share incentive plan are fully completed. As of June 30, 2022, there are still several shareholders whose 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) in Talentek (Hefei) is less than 50%, the overall shareholding ratio of ShunSin (Zhongshan) and its related parties exceeds 50%, so it is still considered to have control over Talentek (Hefei).
- Note 5: ShunYun (Zhongshan) was approved by Board of Directors on July 30, 2021 to set up its subsidiary, ShunYun Technology (Hong Kong) Holdings Limited (hereinafter referred as ShunYun (Hong Kong) in Hong Kong, on July 7, 2021. The authorized capital is US\$ 10,000 thousand. As of August 26, 2022, ShunYun (Zhongshan) has invested US\$25,280 thousand, and the shareholding ratio is 100%.
- Note 6: The Company was approved by Board of Directors on August 26, 2022 that ShunYun (Zhongshan) intends to increase its capital and retain 13.23% shares for employees to subscribe. The Company's holding ratio to ShunYun (Zhongshan) dropped from 100% to 86.77% and the Company still controls ShunYun (Zhongshan). As of November 10, 2022, the aforementioned is not executed yet.

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.

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.

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

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>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Cash on hand	\$ 111	68	63
Current deposit	2,456,755	1,467,975	1,086,662
Times deposit	5,651,634	7,598,856	7,418,361
Cash and cash equivalents as shown in the consolidated cash flow statement	<u>\$ 8,108,500</u>	<u>9,066,899</u>	<u>8,505,086</u>

For the disclosure of interest rate risk and sensitivity analysis of the Group's financial assets, please refer to note 6 (24) for details.

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

A. Current

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Financial assets (liabilities) held for trading:			
Non hedging derivatives			
SWAP contract	\$ -	(962)	-
	<u>\$ -</u>	<u>(962)</u>	<u>-</u>

The Group engages in derivative financial commodity transactions to avoid exchange rate risks exposed by business activities. The details of the Group's derivative instruments reported as financial assets measured at fair value through profit or loss due to the absence of hedge accounting on December 31, 2021 is as follows:

SWAP contract:

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

B. Non-current

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Financial assets designated at fair value through profit and loss:			
Non-derivative financial assets			

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

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Stocks of domestic unlisted companies	\$	19,160	20,704	6,453
Stocks of foreign unlisted companies		89,675	113,643	114,891
Private Equity		246,107	271,655	321,173
	\$	354,942	406,002	442,517

Please refer to note 6 (23) for the amount recognized as profit or loss in the fair value re-measurement.

(3) Financial assets at amortized cost

A. Current

	2022.9.30	2021.12.31	2021.9.30
Restricted bank deposits	\$ 53,664	52,572	51,532

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 53,141 thousand) in January, 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 51,752 thousand (RMB 12,000 thousand) and NTD 52,572 thousand (RMB 12,000 thousand) on December 31, 2021 and September 30, 2021, which expired in January 2022.

B. Non-current

	2022.9.30	2021.12.31	2021.9.30
Restricted bank deposits	\$ 8,000	8,000	8,000

The Group used the long-term loans in October, 2020. According to the deal of contract, the Group saved NTD 8,000 thousand into the syndicated loan interest custody account.

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

Please refer to note 8 for the details of customs deposit and collateral for long-term loans as of September 30, 2022, December 31, 2021 and September 30, 2021.

(4) Accounts receivable

	2022.9.30	2021.12.31	2021.9.30
Accounts receivable	\$ 1,028,517	653,771	440,433

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

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Accounts receivable-related party	34,445	101,458	107,328
Less: loss allowance	-	-	(1,719)
	<u>\$ 1,062,962</u>	<u>755,229</u>	<u>546,042</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 September 30, 2022, December 31, 2021 and September 30, 2021, are analyzed as follows:

	2022.9.30		
	Book value of accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 1,048,947	-	-
Past due 1-30 days	2,754	-	-
Past due 31-60 days	5,256	-	-
Past due 61-90 days	6,005	-	-
	<u>\$ 1,062,962</u>		<u>-</u>

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

	2021.12.31		
	Book value of accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
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	416	-	-

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

\$ 755,229 -

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

	2021.9.30		
	Book value of accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 521,962	-	-
Past due 1-30 days	23,478	-	-
Past due 31-60 days	438	-	-
Past due 61-90 days	164	-	-
	<u>\$ 546,042</u>		<u>-</u>

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

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

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

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

(5) Other receivables

	2022.9.30	2021.12.31	2021.9.30
Other receivables	<u>\$ 18,586</u>	<u>24,715</u>	<u>35,603</u>

Other receivables of the Group were not overdue on September 30, 2022, December 31, 2021 and September 30, 2021.

(6) Inventories

	2022.9.30	2021.12.31	2021.9.30
Raw materials	\$ 999,521	1,091,396	935,608

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

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Work-in-process	14,276	26,790	11,091
Finished products (including semi-finished products)	55,279	23,269	7,860
	<u>\$ 1,069,076</u>	<u>1,141,455</u>	<u>954,559</u>

Operating costs recognized by the Group:

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Cost of selling inventories	\$ 1,357,476	842,506	3,267,961	2,378,169
(Reverse) Loss allowance for inventory valuation losses and slow-moving inventories	10,500	13,728	(4,590)	28,687
Inventory Obsolescence	814	-	3,366	-
Unallocated manufacturing overhead	4,296	-	12,927	-
Revenue from sale of scraps	(593)	-	(1,970)	(1,894)
	<u>\$ 1,372,493</u>	<u>856,234</u>	<u>3,277,694</u>	<u>2,404,962</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the inventory of the Group has 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 September 30, 2022 and December 31, 2021, the aforementioned remaining amount of 0 thousand and 4,546 thousand has not yet been received, which is listed under other receivables.

(8) Subsidiaries with significant non-controlling interests

The non-controlling interests of subsidiaries that are significant to the Group are as follows:

Proportion of ownership interests and

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

<u>Name of subsidiary</u>	<u>Main place of business/ Country where the company is registered</u>	<u>voting rights of non-controlling interests</u>		
		<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Talentek (Hefei)	China	55.42%	54.58%	43.73%

The following information on the aforementioned subsidiaries has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. This information has reflected the fair value adjustments made and the relevant difference in accounting principles on the acquisition date. Intra-group transactions were not eliminated in this information.

The summary of financial information of Talentek (Hefei) is as follows:

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Current assets	\$ 187,668	269,274	134,333
Non-current assets	250,902	213,325	150,818
Current liabilities	(78,524)	(99,552)	(43,218)
Non-current liabilities	(31,339)	(37,195)	(37,954)
Net asset	<u>\$ 328,707</u>	<u>345,852</u>	<u>203,979</u>
Book value of ending balance on non-controlling interests	<u>\$ 182,169</u>	<u>188,766</u>	<u>89,201</u>

	<u>From July to September 2022</u>	<u>From July to September r 2021</u>	<u>From January to September r 2022</u>	<u>From January to September r 2021</u>
Operating revenue	<u>\$ 32,779</u>	<u>24,502</u>	<u>155,995</u>	<u>119,103</u>
Loss	(18,642)	(12,301)	(33,787)	(14,434)
Other comprehensive income (loss)	1,130	(688)	10,126	(1,817)
Total comprehensive income (loss)	<u>\$ (17,512)</u>	<u>(12,989)</u>	<u>(23,661)</u>	<u>(16,251)</u>
Profit (Loss) attributable to non-controlling interests	<u>\$ (10,332)</u>	<u>(4,375)</u>	<u>(18,665)</u>	<u>(5,073)</u>
Comprehensive income (loss) attributable to non-controlling interests	<u>\$ 1,783</u>	<u>(132)</u>	<u>5,554</u>	<u>(616)</u>

(9) Property, plant and equipment

The changes in the costs, depreciation and impairment losses of the real estate, plant and equipment of the Group from January 1 to September 30, 2022 and 2021 are as follows:

<u>Housing and building</u>	<u>Machiner y and</u>	<u>Office equipment</u>	<u>Inspection equipment</u>	<u>Other equipment</u>	<u>Lease improvm</u>	<u>Unfinishe d</u>	<u>Total</u>
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Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

		equipment	(including computer communicat ion equipment)		ent	constructi on and equipment to be inspected			
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	-		244,333	1,260	24,845	22,529	4,443	752,471	1,049,881
Disposal	-		(118,142)	(1,247)	(41,015)	(14,673)	-	-	(175,077)
Re-classification(Note 1)	-		148,236	-	1,304	7,400	2,141	(146,242)	12,839
Impact of exchange rate changes		37,679	68,795	3,068	30,608	17,030	1,476	44,687	203,343
Balance as of September 30, 2022	\$	1,291,189	2,815,218	78,171	684,255	406,746	54,957	864,163	6,194,699
Balance as of January 1, 2021	\$	489,937	2,664,726	68,702	943,932	435,249	46,989	727,759	5,377,294
Acquisition		91,790	334,135	11,023	144,818	30,243	86	124,393	736,488
Disposal	-		(19,224)	(2,650)	(422)	(2,552)	-	-	(24,848)
Re-classification(Note 2)		684,295	(754,805)	6,270	(362,814)	(132,514)	-	(717,840)	(1,277,408)
Impact of exchange rate changes		(22,663)	(68,511)	(7,807)	(55,242)	(10,286)	(760)	(5,498)	(170,767)
Balance as of September 30, 2021	\$	1,243,359	2,156,321	75,538	670,272	320,140	46,315	128,814	4,640,759
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		41,692	183,020	3,506	56,336	59,676	4,441	-	348,671
Disposal	-		(110,023)	(1,247)	(41,010)	(14,673)	-	-	(166,953)
Impact of exchange rate changes		8,954	48,420	2,161	13,866	12,577	671	-	86,649
Balance as of September 30, 2022	\$	334,774	1,832,725	67,815	519,711	307,914	25,967	-	3,088,906
Balance as of January 1, 2021	\$	233,636	1,987,704	62,131	674,620	283,262	15,909	-	3,257,262
Depreciation		37,939	165,462	4,322	96,883	58,178	3,768	-	366,552
Disposal	-		(19,224)	(2,650)	(404)	(2,485)	-	-	(24,763)
Reclassification(note 2)	-		(419,683)	(335)	(242,252)	(101,205)	-	-	(763,475)
Impact of exchange rate changes		(4,169)	(43,128)	(830)	(39,345)	(7,885)	(296)	-	(95,653)
Balance as of June 30, 2021	\$	267,406	1,671,131	62,638	489,502	229,865	19,381	-	2,739,923
Carrying amount:									
Balance as of January 1, 2022		969,382	760,688	11,695	177,994	124,126	26,042	213,247	2,283,174
Balance as of September 30, 2022	\$	956,415	982,493	10,356	164,544	98,832	28,990	864,163	3,105,793
Balance as of September 30, 2021	\$	975,953	485,190	12,900	180,770	90,275	26,934	128,814	1,900,836

Note 1: From January 1 to June 30, 2022, the amounts reclassified from prepayments for business facilities is \$13,044 thousand respectively and the amounts of reclassifying into expenses is \$205 thousand.

Note 2: From January 1 to September 30, 2021, the reclassification consists of the amount of cost and depreciation transferred into non-current assets or disposal groups classified as held for sale, amounting to 1,270,678 thousand and 763,475 thousand. It also consists of reclassifying into expenses 7,015 thousand and reclassifying 285 thousand from prepayments for business facilities.

(10) Right-of-use asset

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

	Land	Building	Vehicle	Total
Cost:				
Balance as of January 1, 2022	\$ 280,657	98,914	7,801	387,372
Acquisition	-	735	3,995	4,730
Decrease (contract modified)	-	(655)	(4,386)	(5,041)
Impact of exchange rate changes	24,064	7,708	231	32,003
Balance as of September 30, 2022	\$ 304,721	106,702	7,641	419,064

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

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Balance as of January 1, 2021	\$	282,271	92,396	7,049	381,716
Acquisition	-	4,056	2,290	6,346	
Decrease (contract expired)	-	-	(1,493)	(1,493)	
Impact of exchange rate changes	(644)	(716)	(130)	(1,490)	
Balance as of September 30, 2021	\$	281,627	95,736	7,716	385,079
Accumulated depreciation of right-of-use assets:					
Balance as of January 1, 2022	\$	12,193	63,091	4,341	79,625
Depreciation	6,447	26,414	2,138	34,999	
Decrease (contract modified)	-	-	(3,614)	(3,614)	
Impact of exchange rate changes	1,167	6,095	115	7,377	
Balance as of September 30, 2022	\$	19,807	95,600	2,980	118,387
Balance as of January 1, 2021	\$	3,942	30,694	3,046	37,682
Depreciation	6,157	23,875	2,093	32,125	
Decrease (contract expired)	-	-	(1,493)	(1,493)	
Impact of exchange rate changes	20	92	(43)	69	
Balance as of September 30, 2021	\$	10,119	54,661	3,603	68,383
Carrying amount:					
Balance as of January 1, 2022	\$	268,464	35,823	3,460	307,747
Balance as of June 30, 2022	\$	284,914	11,102	4,661	300,677
Balance as of June 30, 2021	\$	271,508	41,075	4,113	316,696

(11) Intangible assets

The cost, amortization and impairment losses of the Group's intangible assets from January 1 to September 30, 2022 and 2021 are as follows:

	Cost of computer software
Cost:	
Balance as of January 1, 2022	\$ 30,888
Acquisition	1,130
Impact of exchange rate changes	943
Balance as of September 30, 2022	\$ 32,961
Balance as of January 1, 2021	\$ 30,354
Acquisition	308
Impact of exchange rate changes	(496)

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Balance as of September 30, 2021	<u><u>\$ 30,166</u></u>
Amortization and impairment losses:	
Balance as of January 1, 2022	\$ 29,899
Amortization	413
Impact of exchange rate changes	903
Balance as of September 30, 2022	<u><u>\$ 31,215</u></u>
Balance as of January 1, 2021	\$ 19,575
Amortization	8,574
Impact of exchange rate changes	(406)
Balance as of September 30, 2021	<u><u>\$ 27,743</u></u>
Carrying amount:	
Balance as of January 1, 2022	<u><u>\$ 989</u></u>
Balance as of September 30, 2022	<u><u>\$ 1,746</u></u>
Balance as of September 30, 2021	<u><u>\$ 2,423</u></u>

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

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Operating costs	\$ 28	2,642	84	8,031
Operating expenses	127	129	329	543
	<u><u>\$ 155</u></u>	<u><u>2,771</u></u>	<u><u>413</u></u>	<u><u>8,574</u></u>

(12) Short-term loans

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

	2022.9.30	2021.12.31	2021.9.30
Unsecured bank loans	<u><u>\$ 3,136,337</u></u>	<u><u>3,142,240</u></u>	<u><u>3,274,766</u></u>
Line of credit	<u><u>\$ 4,594,355</u></u>	<u><u>3,893,962</u></u>	<u><u>3,757,734</u></u>
Interest rate range (%)	<u><u>1.3-3.75%</u></u>	<u><u>0.72~0.90</u></u>	<u><u>0.72~3.80</u></u>

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

(13) Long-term loans

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

	2022.9.30
Currency	Period
	Amount

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Syndicated loan from China CITIC Bank	NTD	2020.10~2022.12	\$	840,000
Secured loan from MUFG Bank	NTD	2021.12~2024.12		889,000
Secured loan from E.SUN Bank	NTD	2021.12~2024.12		<u>381,000</u>
Subtotal				2,110,000
Less: past due within one year				<u>(243,930)</u>
Total			\$	<u>1,866,070</u>
Line of credit			\$	<u>1,300,000</u>
Interest rate range (%)				<u>1.85%-4.75%</u>

2021.12.31				
	Currency	Period	Amount	
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		<u>332,160</u>
Subtotal				1,945,900
Less: past due within one year				<u>(838,700)</u>
Total			\$	<u>1,107,200</u>
Line of credit			\$	<u>1,300,000</u>
Interest rate range (%)				<u>1.11~1.85</u>

2021.9.30				
	Currency	Period	Amount	
Syndicated loan from China CITIC Bank	NTD	2020.10~2022.12	\$	840,000
Less: deferred financing fee				(1,950)
Less: past due within one year				-
Total			\$	<u>838,050</u>
Line of credit			\$	<u>3,060,000</u>
Interest rate range (%)				<u>1.85</u>

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

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

months of the first use, and thereafter every six months shall be an installment for repayment. On September 22, 2022, the company obtained a written resolution from 12 of the 13 banks that agreed to extend the credit period until December 26, 2024. Yuanta Bank did not agree to extend the loan. Therefore, the bank's loan of 45,240 thousand will be repaid on December 26, 2022, and the remaining amount of 198,690 thousand will be repaid according to the contract. Therefore, the Group classifies the aforementioned loans as due within one year. In addition, according to the provisions of the loan contract between MUFG Bank and Yushan Bank, the principal will be repaid in one lump sum when it is due. Therefore, the amount of long-term borrowings, current portion on September 30, 2022 and December 31, 2021 are both 0 thousand.

According to the loan contract, the Group shall calculate and maintain certain financial index based on the consolidated financial report of each year and the consolidated financial report for the second quarter of each year for which the accountant audited. Financial covenants such as debt ratio, interest protection multiples and tangible net worth. And it will be checked every half of the fiscal year.

When the Group performed the semi-annual audit in 2022, it was found that there was a violation of the requirement of interest coverage ratio. According to the loan contract, if the Group fails to meet any of the above financial ratios, it shall apply for a cash capital increase or other means within three months. If the Group fails to improve its financial ratios to meet the above agreed financial ratios during the improvement period, it is deemed a breach of contract. The Group has performed the audit and calculation in the third quarter of 2022, and the interest coverage ratio has complied with the provisions of the loan contract

(14) Convertible bonds payable

	2022.9.30	2021.12.31	2021.9.30
The total amount of convertible bonds issued	\$ 1,500,000	1,500,000	1,500,000
Less: amount of discount on issuing convertible bonds	142,650	142,650	142,650
Underwriting expenses	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	140,872	117,278	109,497
Cost of convertible bonds issue at premium	7,500	7,500	7,500
Ending balance of convertible bonds payable	<u>\$ 1,498,428</u>	<u>1,474,834</u>	<u>1,467,053</u>

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

During January 1 to June 30, 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 2021 for relative information. The conversion price of the convertible corporate bonds at the time of issuance was NT\$175.2 per share. From August 2, 2022 (the ex-dividend base date), the conversion price will be adjusted to NT\$153.8 per share.

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

	2022.9.30	2021.12.31	2021.9.30
Initial balance of embedded derivative financial commodity (put and call)	\$ -	2,550	2,550
Valuation losses in the current period	-	(2,550)	(2,550)
	<u>\$ -</u>	<u>-</u>	<u>-</u>

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

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

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

(15) Lease Liability

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

	2022.9.30	2021.12.31	2021.9.30
Current	\$ 11,685	35,133	35,709
Non-current	2,513	3,976	8,716
Total	<u>\$ 14,198</u>	<u>39,109</u>	<u>44,425</u>

Please refer to note 6 (24) for analysis of expiration.

Amounts recognized in profit or loss are as follows:

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Interest expense from lease liabilities	<u>\$ 164</u>	<u>361</u>	<u>633</u>	<u>1,261</u>
Expense of short-term lease	<u>\$ 2,520</u>	<u>13,495</u>	<u>7,775</u>	<u>62,095</u>
Expense of low-value leasing asset (not include low-value short-term lease)	<u>\$ 9</u>	<u>8</u>	<u>26</u>	<u>25</u>

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

Amounts recognized in cash flow statement are as follows:

	From January to September 2022	From January to September 2021
Total cash used in operating activity	\$ 8,434	63,381
Total cash used in financing activity	29,640	26,585
Total cash used in lease	<u>\$ 38,074</u>	<u>89,966</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 1 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.

(16) Employee benefit

The pension expenses of the Group from January 1 to September 30, 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:

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Operating costs	\$ 6,185	8,486	21,211	27,580
Operating expenses	4,884	5,554	16,775	14,867
	<u>\$ 11,069</u>	<u>14,040</u>	<u>37,986</u>	<u>42,447</u>

(17) Income tax

A. The income tax expense (benefit) details of the Group from January 1 to September 30, 2022 and 2021 are as follows:

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Current				

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Current period	\$	31,381	27,699	74,763	111,430
Adjustment of previous period		<u>-</u>	<u>-</u>	<u>(9,184)</u>	<u>(3,292)</u>
		<u>31,381</u>	<u>27,699</u>	<u>65,579</u>	<u>108,138</u>
Deferred income tax benefit					
Occurrence and reversal of temporary differences		(37,958)	(75,875)	(183,325)	(151,460)
Reversal of temporary differences of previous year		-	(106,971)	-	(106,971)
Recognition of unrecognized taxable loss		<u>-</u>	<u>(10,758)</u>	<u>-</u>	<u>(10,758)</u>
		<u>(37,958)</u>	<u>(193,604)</u>	<u>(183,325)</u>	<u>(269,189)</u>
Income tax expense	\$	<u>(6,577)</u>	<u>(165,905)</u>	<u>(117,746)</u>	<u>(161,051)</u>

As of September 30, 2021, the estimated effective tax rate of ShunSin (Hong Kong) compared with which as of June 30, 2021 reduced by 121%. Due to the fact that ShunSin (Zhongshan) was approved by The Board of Directors not to distribute the retained earnings of 2015 and 2016, the Group did not recognize the related deferred tax liabilities amounting to 106,971 thousand on September 30, 2021.

B. Examination and approval of income tax

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

(18) Capital and other equities

The Group has no significant changes in capital and other equity in the period of January 1 to September 30 for 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>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</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	4,841	4,841	4,841
Employee stock option-expired	37,810	37,810	37,810

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

Treasury share transactions	5,603	5,603	-
Share payment transactions of its subsidiaries	129,000	129,000	129,000
	\$ 2,963,428	2,963,425	2,860,701

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:

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

As of September 30, 2022 and 2021, the cash dividend amounting to \$275,110 thousand and \$440,212 thousands of retained earnings distribution approved by Board of Directors is listed in the account of dividend payable.

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

C. Treasury Stock

On August 26, 2022, Board of Directors of the Company passed the resolution to repurchase 3,000 thousand shares as treasury stock in order to transfer them to employee. The scheduled execution period is from August 29, 2022 to October 28, 2022, and the repurchase price range is NTD 59 to NTD 100. As of September 30, 2022, the Company had repurchased 711 thousand shares, with average repurchase price \$84.97 per share, and total repurchasing amount is 60,412 thousand. The Company intended to execute fully 3,000 thousand shares before October 28, 2022, however, considering the willingness of employees to purchase and the efficiency of capital use, the Company does not execute the whole target. As of October 28, 2022, the Company had repurchased 1,802 thousand share, with the average price \$83.93 per share, and the amount of repurchased shares 151,236 thousand.

Board of Directors of the Company passed the resolution 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 September 30, 2021, the aforementioned shares have been fully transferred to employees.

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

In accordance with the requirements of Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares before those are transferred.

(19) Share-based payment

The share-based payment of the Group from January 1 to September 30, 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	
	From January to September 2021	
	Weighted average performance price	Number of option
Outstanding stock as of January 1	TWD 92.30	226
Grant quantity in current period	-	-
Quantity lost in current period	-	-
Quantity executed in current period	-	(209)
Overdue expiration of the current period	-	(17)
Outstanding stock as of September 30	-	-
Executable as of September 30	-	-

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 September 30, 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 August 26, 2022, but as of November 10, 2022, it didn't decided the transferring price and subscription dates.

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

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

\$116 per share. As of September 30, 2021, 2,858 thousand shares were transferred.

(20) Earnings per share

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

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
	Unit: 1,000			
Basic earnings per share of the Company				
Net profit for the current period	\$ 173,001	101,117	225,878	449,055
Weighted average number of outstanding shares	107,349	107,427	107,426	106,862
Basic earnings per share (NT\$)	\$ 1.61	0.94	2.10	4.20
Diluted earnings per share of the Company				
Net profit for the current period	\$ 173,001	101,117	225,878	449,055
The impact of potential common stocks with diluting effect				
Fair value assessment of embedded derivatives (such as trading rights)	-	450	-	2,550
Expected reduction in interest expense for convertible bonds conversion	7,907	7,740	-	23,097
Net profit for the current period	\$ 180,908	109,307	225,878	474,702
Weighted average number of outstanding shares	107,349	107,427	107,426	106,862
The impact of potential common stocks with diluting effect				
Employees' remuneration	213	474	364	719
The impact of employee stock options	-	-	-	204
The impact of convertible bonds	9,753	9,393	-	9,393
Weighted average number of outstanding shares	117,315	117,294	107,790	117,178
Diluted earnings per share (NT\$)	\$ 1.54	0.93	2.10	4.05

The convertible bonds of the Group are potential common stocks from January 1 to September 30, 2022, but due to their anti-dilution effect, they are not included in the calculation of diluted earnings per share from January 1 to September 30, 2022.

(21) Revenues from customers' contract

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

A. Disaggregation of revenue

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Primary geographical markets:				
US	\$ 950,773	196,999	1,688,149	260,952
Singapore	486,507	404,539	1,203,375	1,165,220
Taiwan	65,519	145,989	352,214	447,829
China	79,420	112,949	334,008	1,150,861
Malaysia	14,882	27,079	62,094	96,584
Ireland	9,337	-	33,962	-
Australia	6,346	-	19,546	-
Hong Kong	296	10,304	11,429	23,452
Other countries	1,411	7,657	1,729	17,887
	\$ 1,614,491	905,516	3,706,506	3,162,785

B. Remaining balance of contracts

	2022.9.30	2021.12.31	2021.9.30
Accounts receivable (including related party)	\$ 1,062,962	755,229	547,761
Less: Loss allowance	-	-	(1,719)
Total amount	\$ 1,062,962	755,229	546,042
Contract assets	\$ 490,134	329,504	253,692
Contract liabilities	\$ 56,086	63,780	54

The Group has assessed that there is no need to recognize loss allowance for contract assets as of September 30, 2022, December 31 and September 30, 2021.

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

(22) Profit sharing bonus of employees and directors

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

The Company accrued profit sharing bonus to employees from July 1 to September 30, 2022 and 2021, from January 1 to September 30, 2022 and 2021 are \$13,345 thousand, \$0 thousand,

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

\$18,000 thousand and \$43,333 thousand respectively, and \$203 thousand, \$103 thousand, \$296 thousand and \$501 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.

(23) Non-operating gains and losses

A. Interest income

Interest incomes of the Group are as follows:

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Bank deposit interest	<u>\$ 49,789</u>	<u>58,438</u>	<u>160,614</u>	<u>164,622</u>

B. Other incomes

Other incomes of the Group are as follows:

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Incomes from government subsidy	\$ 12,095	8,344	35,090	31,835
Other incomes	<u>10,967</u>	<u>6,073</u>	<u>19,732</u>	<u>17,718</u>
Total amount of other incomes	<u>\$ 23,062</u>	<u>14,417</u>	<u>54,822</u>	<u>49,553</u>

C. Other profits and losses

Other profits and losses of Group are as follows:

From July to	From July to	From January	From January
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Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

	<u>September 2022</u>	<u>September 2021</u>	<u>to September r 2022</u>	<u>to September r 2021</u>
Net profits of foreign currency exchange	\$ 77,317	18,367	120,800	205
Profits from disposal of property, plant and equipment	5,766	20	5,761	141
Profits (Losses) from financial assets/liabilities at fair value through profit and loss	(21,715)	(13,455)	(62,909)	1,284
Other losses	(311)	(3,250)	(2,403)	(3,673)
	<u>\$ 61,057</u>	<u>1,682</u>	<u>61,249</u>	<u>(2,043)</u>

D. Financial costs

The financial costs of the Group are as follows:

	<u>From July to September 2022</u>	<u>From July to September 2021</u>	<u>From January to September r 2022</u>	<u>From January to September r 2021</u>
Interest expenses from bank loans	\$ 27,185	9,847	59,248	30,076
Interest expenses of convertible bonds	7,907	7,740	23,594	23,097
Interest expenses of lease liabilities	164	361	633	1,261
	<u>\$ 35,256</u>	<u>17,948</u>	<u>83,475</u>	<u>54,434</u>

(24) 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 September 30, 2022, December 31, 2021 and September 30, 2021, 87%, 83% and 80% of the accounts receivable balance of the Group were composed of several customers respectively, which made the Group have a significant concentration of credit risk.

(c) Credit risks of receivables

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

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

B. Liquidity risk

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

	Book value	Cash flow of the contract	Within 1 year	1-2 years	2-5 years	More than 5 years
September 30, 2022						
Non-derivative financial liabilities						
Short-term loans	\$ 3,136,337	3,142,500	3,142,500	-	-	-
Accounts payable (including related parties)	487,736	487,736	487,736	-	-	-
Other payables (including related parties)	422,069	422,069	422,069	-	-	-
Dividend payable	163,750	163,750	163,750	-	-	-
Convertible bonds payable (including derivative financial assets)	1,498,428	1,498,428	1,498,428	-	-	-
Long-term loans	2,110,000	2,281,716	315,607	269,439	1,696,670	-
Lease liabilities	14,198	14,548	11,913	1,512	1,123	-
Guarantee deposits received	4,962	4,962	670	291	4,001	-
	\$ 7,837,480	8,015,709	6,042,673	271,242	1,701,794	-
December 31, 2021						
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
	7,833,093	7,920,675	5,284,035	1,516,578	1,119,498	564
Derivative financial liabilities						
SWAP contract:						
Outflow	962	(1,766,341)	(1,766,341)	-	-	-
Inflow	-	1,765,379	1,765,379	-	-	-
	962	(962)	(962)	-	-	-
	\$ 7,834,055	7,919,713	5,283,073	1,516,578	1,119,498	564
September 30, 2021						
Non-derivative financial liabilities						
Short-term loans	\$ 3,274,766	3,274,766	3,274,766	-	-	-
Accounts payable (including related parties)	817,432	817,432	817,432	-	-	-
Other payables (including related parties)	671,608	671,608	671,608	-	-	-
Dividend payable	262,021	262,021	262,021	-	-	-
Convertible bonds payable (including derivative financial assets)	1,467,053	1,500,000	-	1,500,000	-	-
Long-term loans	838,050	859,371	15,539	843,832	-	-

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Lease liabilities	44,425	45,359	36,548	8,611	200	-
Guarantee deposits received	6,462	6,462	5,770	198	-	494
	<u>\$ 7,381,817</u>	<u>7,437,019</u>	<u>5,083,684</u>	<u>2,352,641</u>	<u>200</u>	<u>494</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:

	2022.9.30			2021.12.31			2021.9.30		
	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousand s)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousand s)	Exchange rate (NT\$)	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
RMB	1,521,509	4.4730	6,805,711	2,197	4.3546	9,567	452,459	4.3084	1,949,373
USD	14,824	31.7518	470,689	85,955	27.6804	2,379,265	14,360	27.8606	400,068
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	24,386	31.7500	774,256	105,500	27.6818	2,920,432	46,260	27.8680	1,288,558

(b) Sensitivity analysis

The exchange rate risk of the Group mainly comes from the foreign currency-denominated cash and the cash equivalents, accounts receivable and other receivables, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during the conversion. On September 30, 2022 and 2021, when the Taiwan dollar devalues by 0.25% against the US dollar and the Chinese Yuan, while all other factors remain unchanged, the net profit before tax from January 1 to September 30, 2022 and 2021 will increase by approximately \$16,255 thousand and \$2,652 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 of foreign currencies from July 1 to September 30, 2022 and 2021, and from January 1 to September 30, 2022 and 2021 including realized and unrealized ones, are \$77,317 thousand, \$18,367 thousand, \$120,800 thousand and \$205 thousand, respectively.

D. Interest rate analysis

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

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

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

If the interest rate increases or decreases by 0.25% and all other variables remain unchanged, the Group's net income before tax from January 1 to September 30, 2022 and 2021 will decrease or increase by 2,381 thousand and 1,575 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:

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

2022.9.30					
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	\$ 19,160	-	-	19,160	19,160
Non-listed foreign shares	89,675	-	-	89,675	89,675
Private fund	246,107	-	-	246,107	246,107
Subtotal	354,942	-	-	354,942	354,942
Financial assets measured at amortized costs					
Cash and cash equivalents	8,108,500	-	-	-	-
Restricted bank deposit	53,664	-	-	-	-
Contract assets	490,134	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,062,962	-	-	-	-
Other receivables	18,586	-	-	-	-
Guarantee deposits paid	13,062	-	-	-	-
Subtotal	9,746,908	-	-	-	-
Total amounts	<u>\$ 10,101,850</u>	<u>-</u>	<u>-</u>	<u>354,942</u>	<u>354,942</u>
Financial liabilities at amortized costs					
Short-term loans	\$ 3,136,337	-	-	-	-
Accounts payable (including related parties)	487,736	-	-	-	-
Other payables (including related parties)	422,069	-	-	-	-
Dividend payable	163,750	-	-	-	-
Convertible bond-liability component	1,498,428	-	-	-	-
Long-term loans	2,110,000	-	-	-	-
Lease liabilities	14,198	-	-	-	-
Guarantee deposits received	4,962	-	-	-	-
Total amounts	<u>\$ 7,837,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2021.12.31					
	Book value	Fair value			Total amount
		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					

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

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
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	\$ 7,834,055	-	962	-	962
2021.9.30					
Fair value					
	Book value	Grade 1	Grade 2	Grade 3	Total amount
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	\$ 6,453	-	-	6,453	6,453
Non-listed foreign shares	114,891	-	-	114,891	114,891
Private fund	321,173	-	-	321,173	321,173
Subtotal	442,517	-	-	442,517	442,517
Financial assets measured at amortized costs					
Cash and cash equivalents	8,505,086	-	-	-	-
Restricted bank deposit	51,532	-	-	-	-
Contract assets	253,692	-	-	-	-
Notes receivable and accounts receivable (including related parties)	546,042	-	-	-	-
Other receivables	35,603	-	-	-	-

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

Guarantee deposits paid	11,116	-	-	-	-
Subtotal	9,403,071	-	-	-	-
Total amounts	\$ 9,845,588	-	-	442,517	442,517
Financial liabilities at amortized costs					
Short-term loans	\$ 3,274,766	-	-	-	-
Accounts payable (including related parties)	817,432	-	-	-	-
Other payables (including related parties)	671,608	-	-	-	-
Dividend payable	262,021	-	-	-	-
Convertible bond-liability component	1,467,053	-	-	-	-
Long-term loans	838,050	-	-	-	-
Lease liabilities	44,425	-	-	-	-
Guarantee deposits received	6,462	-	-	-	-
Total amounts	\$ 7,381,817	-	-	-	-

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

(I) Non-derivative financial instruments

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

- (i) Equity instrument without open price: to use comparable company method and comparable transaction method. The main assumption of comparable company method is based on the profit after tax or the enterprise value of the investee and the listed earnings and enterprise value-to-sales multiplier derived from the market prices of comparable companies. This estimate has adjusted for the discounted effect of the lack of marketability of the equity securities.
- (ii) Beneficiary certificate without open price: The fair value is estimated using the asset method. Total value of the beneficiary certificate is determined by the value covered by it.

(II) Derivative financial instruments

The right of conversion, redemption and sale of convertible bonds payable is estimated at fair value according to the appraisal report of external experts. The evaluation model is a binary tree convertible bond evaluation model, which uses market basis including stock price volatility, risk-free interest rate, risk discount rate and liquidity risk to observe the input value to reflect the fair value of options.

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

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

(c) Statement of changes of Grade 3

	From January to September 2022			From January to September 2021		
	Domestic unlisted stocks	Non-listed foreign company shares	Private equity fund	Domestic unlisted stocks	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	(4,269)	(27,114)	(33,382)	6,504	51,009	(53,770)
The impact of exchange rate	2,725	3,146	7,834	(51)	(1,590)	(5,585)
Balance on September 30	<u>\$ 19,160</u>	<u>89,675</u>	<u>246,107</u>	<u>6,453</u>	<u>114,891</u>	<u>321,173</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 input values and fair value
Financial assets at fair value through profit or loss — equity instrument investment without active market	Refer to Listed (OTC) Company Act and Comparable transaction method	<ul style="list-style-type: none"> • Price-to-Revenue ratio (3.45 on 2022. 09.30) • P/E ratio multiplier (11.71 on 2021.12.31 and 11.95 on 2021.09.30) • Multiplier of enterprise value-to-sales (1.23 on 2022.09.30, 3.92 on 2021. 	<ul style="list-style-type: none"> • The higher the multiplier, the higher the fair value

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

12.31 and 3.58 on
2021.09.30)

- Lack of market liquidity discounts: Price-to-Revenue ratio (18% on 2022.09.30)
- The higher the discount for lack of market liquidity, the lower the fair value

P/E ratio multiplier: 20%
on 2021.12.31 and 15%
on 2021.9.30

Multiplier of enterprise
value-to-sales: 24% on
2022.09.30, 10% on
2021.12.31 and 15% on
2021.09.30)

Financial assets at fair value through profit or loss- Private fund investment consideration	Net asset value method	Net asset value	• The higher the net asset value, the higher the fair value
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(e) A sensitivity analysis of the fair value of the Grade 3 to reasonable alternative assumptions

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

			Changes in fair value reflecting in current profits and losses	
	Input value	Move up or down	Favorable change	Unfavorable change
September 30, 2022				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non- active market	Price-to-Revenue ratio	5%	4,449	(4,449)
Equity instrument investment in non- active market	Enterprise value-to-Sales	5%	956	(956)

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

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)

September 30, 2021

Financial assets measured at fair value through profit and loss

Equity instrument investment in non-active market	P/E ratio	5%	3,240	(3,240)
Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	1,066	(1,066)

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

(f) Offsetting of financial assets and liabilities

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

2021.12.31						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Total amount of recognized financial assets (a)	Offset financial liabilities recognized in balance sheet (b)	Net amount of financial assets in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)			Net amount (e)=(c)-(d)
			Financial instrument	Cash collateral received		
Other financial assets	802,720	802,720	-	-	-	-

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

2021.9.30						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Relative amount not offset in						

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

	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)	balance sheet (d)		
				Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Other financial assets	1,782,400	1,782,400	-	-	-	-
2021.9.30						
Financial assets subject to offset, offset settlement agreement or similar agreements						
	Total amount of recognized financial liabilities (a)	Offset financial assets recognized in balance sheet (b)	Net amount of financial liabilities in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)		
				Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)
Short-term loans	1,782,400	1,782,400	-	-	-	-

(25) 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.

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

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

For the year ended September 30, 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(10), (14) and (15) for related information.

The adjustment of liabilities from financing activities are as follows:

	2022.1.1	Cash flow	Non-cash changes						2022.9.30
			Discount and amortiza tion	Exchang e rate changes	Fair value changes	Acquire	Reduce	Others	
Short-term loans	\$ 3,142,240	(5,903)	-	-	-	-	-	-	3,136,337
Long-term loans	1,945,900	-	-	162,800	-	-	-	1,300	2,110,000
Convertible bonds payable	1,474,834	-	23,594	-	-	-	-	-	1,498,428
Lease liabilities	39,109	(29,640)	-	1,474	-	4,730	(1,475)	-	14,198
Total liabilities from financing activities	\$ 6,602,083	(35,543)	23,594	164,274	-	4,730	(1,475)	1,300	6,758,963

	2021.1.1	Cash flow	Non-cash changes						2021.9.30
			Discount and amortiza on	Exchange rate changes	Fair value changes	Acquire	Others		
Short-term loans	\$ 4,513,883	(1,239,097)	-	(20)	-	-	-	-	3,274,766
Long-term loans	836,100	-	-	-	-	-	-	1,950	838,050

Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

Convertible bonds payable	1,443,956	-	23,097	-	-	-	1,467,053
Lease liabilities	65,785	(26,585)	-	(1,121)	-	6,346	44,425
Total liabilities from financing activities	<u>\$ 6,859,724</u>	<u>(1,265,682)</u>	<u>23,097</u>	<u>(1,141)</u>	<u>-</u>	<u>6,346</u>	<u>1,950</u>
							<u>5,624,294</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 September 30, 2022, December 31, 2021 and September 30, 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:

Name of related parties	Relation with Group
Hon Hai Precision Industry Co., Ltd.	Ultimate controller
Foxconn OE Technologies Singapore Pte. Ltd.	Its ultimate controller is the same as that of Group
Foxconn Interconnect Technology Limited	Its ultimate controller is the same as that of Group
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
YuanFu (Shenzhen) Technology 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:

From July to	From July to	From January	From January
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Reviewed only, not audited in accordance with generally accepted auditing standards
ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

	<u>September 2022</u>	<u>September r 2021</u>	<u>to September r 2022</u>	<u>to September r 2021</u>
Other related parties				
Foxconn Interconnect Technology Limited	\$ 31,886	92,182	233,406	293,168
Triple Win Technology (Shenzhen) Co., Ltd.	-	3,793	-	801,835
Others	251	244	752	737
	<u>\$ 32,137</u>	<u>96,219</u>	<u>234,158</u>	<u>1,095,740</u>

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

B. Purchase

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

	<u>From July to September 2022</u>	<u>From July to September r 2021</u>	<u>From January to September r 2022</u>	<u>From January to September r 2021</u>
Other related parties	<u>\$ 22,124</u>	<u>10,859</u>	<u>72,111</u>	<u>69,108</u>

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

C. Expenses for professional services

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

	<u>From July to September 2022</u>	<u>From July to September r 2021</u>	<u>From January to September r 2022</u>	<u>From January to September r 2021</u>
Ultimate controller	<u>\$ 64</u>	<u>114</u>	<u>855</u>	<u>605</u>

D. Accounts receivable from related parties

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

<u>Account items</u>	<u>Related-party categories</u>	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Accounts receivable	Other related parties			
	Foxconn Interconnect Technology Limited	\$ 34,266	99,344	103,734
	Triple Win Technology	-	2,027	3,422

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

	Others	179	87	172
Subtotal		34,445	101,458	107,328
Other receivables	Triple Win Technology (Shenzhen) Co., Ltd.	-	4,546	-
		\$ 34,445	106,004	107,328

As of September 30, 2022, December 31, 2021 and September 30, 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:

Account items	Types of related parties	2022.9.30	2021.12.31	2021.9.30
Contract assets	Other related parties			
	Triple Win Technology (Shenzhen) Co., Ltd.	\$ -	-	917

F. Property trading - property, plant and equipment acquired

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

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Futaihua Industry (Shenzhen) Co., Ltd.	\$ -	18,592	-	18,592

G. Property trading - property, plant and equipment disposed

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

Related-party categories	From July to September 2022		From July to September 2021	
	Proceeds	Gain (loss) on disposal	Proceeds	Gain (loss) on disposal
Other related parties	\$ -	-	-	-

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

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

H. Payables to related parties

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

Account	Related-party categories	2022.9.30	2021.12.31	2021.9.30
Accounts payable to related parties	Other related parties	\$ 9,157	11,485	9,932
Other payables to related parties	Ultimate controller	-	3,063	6,126
	Other related parties			
	Foxcavity Precision Industry (ShenZhen) Co., Ltd.	10,612	10,302	10,190
	Futaihua Industry (Shenzhen) Co., Ltd.	2	21,151	20,790
	Others	5,912	9,209	9,265
		16,526	43,725	46,371
		\$ 25,683	55,210	56,303

I. Dividend payable

As of September 30, 2022 and 2021, the cash dividend belongs to Foxconn (Far East) Limited amounting to \$163,750 thousand and \$262,021 thousands of retained earnings distribution approved by Board of Directors is listed in the account of dividend payable.

(4) Remuneration of major management personnel

Key management personnel compensation comprised:

	From July to September 2022	From July to September 2021	From January to September 2022	From January to September 2021
Short-term employee benefits	\$ 10,671	3,598	21,134	34,675
Post-employment benefits	130	87	360	262
	\$ 10,801	3,685	21,494	34,937

8. Pledged assets

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

Pledged asset	Object	2022.9.30	2021.12.31	2021.9.30
Restricted bank deposit (recognized as financial assets measured at amortized cost-current)	Customs deposit	\$ 53,664	52,572	51,532
Restricted bank deposit (recognized as financial assets measured at amortized cost-non-current)	Long-term loan	8,000	8,000	8,000

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

Total \$ 61,664 60,572 59,532

9. Material contingent liabilities and unrecognized contractual commitments

As of September 30, 2022 and 2021, the Group has signed contracts for the purchase of property, plant and equipment with a price of 3,097,931 thousand and 965,306 thousand, respectively, and the paid amounts are 1,738,563 thousand and 793,317 thousand respectively, which are recognized as unfinished construction of property, plant and equipment and prepayments for business facilities.

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 July to September 2022			From July to September 2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	111,363	92,738	204,101	111,925	63,708	175,633
Health insurance expenses	4,511	3,569	8,080	2,747	1,928	4,675
Pension expenses	6,185	4,884	11,069	8,486	5,554	14,040
Other employee benefit expenses	15,784	15,578	31,362	14,488	12,129	26,617
Depreciation expenses	113,676	19,405	133,081	85,646	27,457	113,103
Amortization expenses	28	127	155	2,642	129	2,771

Functions Items	From January to September 2022			From January to September 2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	301,837	250,497	552,334	409,570	243,540	653,110
Health insurance expenses	12,778	10,347	23,125	6,613	6,011	12,624
Pension expenses	21,211	16,775	37,986	27,580	14,867	42,447
Other employee benefit expenses	46,240	40,044	86,284	54,122	28,380	82,502
Depreciation expenses	328,795	54,875	383,670	318,667	80,010	398,677
Amortization expenses	84	329	413	8,031	543	8,574

(2) Seasonal characteristic:

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

13. Disclosure of Note

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

(1) Information on major transactions

From January 1 to September 30, 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 September 30, 2022	Balance at September 30, 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		
0	The Company	ShunYun (Cayman)	Other receivables	Y	455,620 (RMB 101,860)	455,620	455,620	-	2	-	Business operation	-	-	-	651,816 (Note 2)	2,607,264 (Note 2)
0	The Company	ShunSin (Bac Giang)	Other receivables	Y	571,500 (USD 18,000)	571,500	-	-	2	-	Business operation	-	-	-	651,816 (Note 2)	2,607,264 (Note 2)
1	ShunSin (Samoa)	The Company	Other receivables	Y	429,647 (RMB 95,350)	-	-	-	2	-	Business operation	-	-	-	2,732,196 (Note 3)	2,732,196 (Note 3)
2	ShunYun (Cayman)	ShunYun (Ha Noi)	Other receivables	Y	103,180 (USD 3,500)	-	-	-	2	-	Business operation	-	-	-	2,103,206 (Note 4)	4,206,412 (Note 4)

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

- (1) For business trading, please fill in 1.
- (2) If short-term financing is necessary, please fill in 2.

Note 2: When the company has the need for short-term financing to lend others, the total amount of loan shall not exceed 40% of the Company's net value, and the loan to individual entity shall not exceed 10% of the Company's net value.

Note 3: The policy for loans granted by subsidiaries to the Company whose voting shares are not directly or indirectly wholly-owned, the loan shall not be restricted to the regulation of individual subsidiary, though total loans shall not exceed 400% of the Company's net value.

Note 4: 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.

Note 5: 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	Company name	Relationship with the guarantor/endorser (Note1)	Limited on guarantees/endorsements provided for a single party (Note2)	Maximum outstanding guarantee/endorsement amount as of September 30, 2022	Outstanding guarantee/endorsement amount as of September 30, 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
2	The Company	ShunYun (Cayman)	2	3,259,080	1,905,000 (USD 60,000)	1,905,000 (USD 60,000)	1,270,000 (USD 40,000)	-	29.23%	6,518,160	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 September 30, 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	19,160	5.56%	19,160	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Corporation Limited	—	"	3,044,625	89,675	0.76% (Note)	89,675	
ShunSin (Zhongshan)	Private Fund: Ji Nan Fu Jie industrial investing joint venture	—	"	-	246,107	6.67%	246,107	

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 attend the capital increasing.

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

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:

Companies acquiring fixed assets	Name of assets	Happen date	Amount	Payment situation	Transaction object	relation	Related party's previous transaction data				Reference basis for price determination	Purpose of acquisition	Other agreement
							Parties	relation	Transfer date	Amount			
ShunSin (Bac Giang)	Houses and buildings	2022.6.23	685,100	-	Rui Yang Electrical and Mechanical Engineering Co., Ltd	None				-	Building on self-owned land	Constructing factory	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	233,406	24.97%	4 months	-		34,266	15.69%	
The Company	ShunYun (Cayman)	Subsidiary	Sale	185,760	19.88%	4 months	-	-	44,655	20.45%	Note 2
ShunSin (Zhongshan)	The Company	Parent company	Sale	399,727	65.62%	4 months	-	-	177,674	91.63%	Note 2
ShunYun (Zhongshan)	ShunYun (Cayman)	Parent company	Sale	348,450	93.85%	4 months			22,544	67.53%	Note 2
ShunYun (Ha Noi)	ShunYun (Cayman)	Parent company	Sale	532,180	100.00%	4 months			219,157	100.00%	Note 2

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		
ShunSin (Zhongshan)	The Company	Parent and subsidiary company	Accounts receivable (Note 1): 177,674	2.31	-		-	-
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Accounts receivable (Note 1): 219,157	6.48	-		-	-
The Company	ShunYun (Hong Kong)	Parent and subsidiary company	Other receivable (Note 1): 563,052	-	-		-	-
The Company	ShunYun (Cayman)	Parent and subsidiary company	Other receivable (Note 1):	-	-		-	-

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

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

ShunSin (Zhongshan)	The Company	Parent and subsidiary company	699,453 Other receivable (Note 1):	-	-	-	-
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	1,366,816 Other receivable (Note 1):	-	-	-	-
ShunYun (Zhongshan)	ShunSin (Samoa)	Affiliate	326,099 Other receivable (Note 1):	-	-	-	-
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	194,687 Other receivable (Note 1):	-	-	-	-
ShunYun (Cayman)	ShunYun (Ha Noi)	Affiliate	290,619 Other receivable (Note 1):	-	-	564,673	-
			1,287,669				

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

Note 2: As of October 15, 2022.

I. Engaging in derivatives trading: Please refer to note 6 (14) for details.

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

No. (Note 1)	Trader's name	Business trading objects	Relation between trader (Note 2)	Transaction situation			
				Subject	Amount	Transaction conditions	Ratio to consolidated total operating income or total assets (Note 3)
0	The Company	ShunSin (Zhongshan)	1	Purchases	399,727	The price is based on the price agreed by both	10.78
0	"	"	1	Accounts payable	177,674	Within 4 months	1.18
0	"	"	1	Other payables	1,366,816	Pay/receive on behalf, no general customers for comparison	9.10
1	ShunSin (Samoa)	ShunYun (Zhongshan)	3	Other payables	194,687	Pay/receive on behalf, no general customers for comparison	1.30
2	ShunYun (Cayman)	The Company	2	Purchases	185,760	The price is based on the price agreed by both	5.01
2	"	"	2	Other payables	455,620	Capital Loan, no general customers for comparison	3.03
2	"	"	2	Other payables	243,833	Pay/receive on behalf, no general customers for comparison	1.62
2	"	ShunYun (Zhongshan)	3	Purchases	348,450	The price is based on the price agreed by both	9.40
2	"	"	3	Other payables	290,619	Pay/receive on behalf, no general customers for comparison	1.93
2	"	ShunYun (Ha Noi)	3	Contract liabilities	443,589	Recognition by completion ratio	2.95
2	"	"	3	Purchases	532,180	The price is based on the price agreed by both	14.35
2	"	"	3	Accounts payable	219,157	Within 4 months	1.46
3	ShunYun (Zhongshan)	ShunSin (Zhongshan)	3	Other payables	326,099	Pay/receive on behalf, no general customers for comparison	2.17
4	ShunYun (Ha Noi)	ShunYun (Cayman)	3	Other payables	1,287,669	Pay/receive on behalf, no general customers for comparison	8.57
5	ShunYun (Hong Kong)	The Company	2	Other payables	563,052	Pay/receive on behalf, no general customers for comparison	3.75

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

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

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 investees:

The information of the reinvested business of the Group from January 1 to September 30, 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 (Note3)		Shareholding at the closing period			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Note 1 and 2)	Note
				September 30, 2022	December 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%	9,702,523	338,097	310,373	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	287,928	287,928	9,510,000	100.00%	683,049	22,045	22,045	subsidiary
The Company	ShunYun (Cayman)	Cayman	Holding Company	(Note 4)	702,682	(Note 4)	(Note 4)	(Note 4)	259,040	107,571	subsidiary
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	8.20%	866,674	338,097	27,724	affiliate
ShunYun (Cayman)	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234	(Note 5)	100.00%	229,236	205,509	205,509	affiliate
ShunYun (Cayman)	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	1,188,020	1,188,020	(Note 5)	100.00%	1,267,940	2,357	2,357	affiliate
ShunYun (Zhongshan)	ShunYun (Hong Kong)	Hong Kong	Holding Company	299,467	(Note 6)	10,000,000	100.00%	488,551	151,469	151,469	affiliate
ShunYun (Hong Kong)	ShunYun (Cayman)	Cayman	Holding Company	813,358	(Note 4)	29,279,661	100.00%	1,051,603	259,040	151,469	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 (Hong Kong) purchased 100% equity of the Company's subsidiary, ShunYun (Cayman), on 2022/6/28, so it has acquired 100% equity of ShunYun (Cayman).

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 invested total US\$ 10,000 thousand as of August 26, 2022, and the shareholding ratio is 100%.

(3) Information on investment in Mainland China:

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

Unit: NT\$ 1,000

Name of investee	Main business and products	Paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	Net income (losses) of investee	Percentage of ownership	Share of profits/losses of investee (Note 2 and 3)	Carrying value as of September 30, 2022 (Note 2 and 3)	Accumulated inward remittance of earnings as of September 30, 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	21,518 (RMB 4,859)	100.00%	21,518 (RMB 4,859)	9,044,412 (RMB 2,023,817)	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	(33,787) (RMB (7,630))	44.58%	(15,122) (RMB (3,415))	146,538 (RMB 32,768)	Note 4
ShunYun (Zhongshan)	Produce high speed optical transceiver	1,280,698 (RMB 291,496)	(2)	Note 4	Note 4	Note 4	Note 4	241,639 (RMB 54,571)	100.00%	241,639 (RMB 54,571)	1,646,001 (RMB 368,068)	Note 4

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

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

(1) Direct investment in mainland China.

(2) Indirect investment in mainland China through investment in ShunSin (Hong Kong).

(3) Indirect investment in mainland China through investment in ShunSin (Zhongshan).

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 9,050,511 thousand has deducted the unrealized benefits of the fixed assets sold to affiliated companies which amounting to 6,098 thousand. This unrealized benefit has been recognized in the book value of the investment at the end of the period and the investment profit or loss recognized in the current period.

Note 6: The above paid-in capital is calculated at historical exchange rate, the book value held at the closing period is calculated at the exchange rate of September 30, 2022 (exchange rate at closing period RMB: NTD = 1: 4.4720), and the remainder is calculated at the average exchange rate (RMB: NTD = 1: 4.4280).

B. Investment limits in mainland China: Not applicable.

C. Major transactions with mainland invested companies:

For the major direct or indirect transactions between the Group and the mainland invested company from January 1 to September 30, 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:

Unit: Share		
Name of major shareholder	Shares	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.