

**SHUNSIN TECHNOLOGY HOLDINGS LIMITED
AND SUBSIDIARY**

Consolidated Financial Statements

With Independent Auditors' Review Report

For nine months ended of 2023 and 2022

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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.

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors of ShunSin Technology Holdings Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES (“the Group”) as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, 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 the Review Standards 2410, “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, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2023, December 31, 2022 and September 30, 2022

Expressed in Thousands of New Taiwan Dollars

	Assets	2023.9.30		2022.12.31		2022.9.30			Liabilities and equities	2023.9.30		2022.12.31		2022.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6 (1))	\$ 7,527,819	50	8,819,738	54	8,108,500	54	2100	Short-term loans (note 6 (3), (11) and 8)	\$ 4,343,141	29	4,327,134	27	3,136,337	21
1110	Current financial assets at fair value through profit or loss (note 6 (2))	-	-	6,004	-	-	-	2130	Current contract liabilities (note 6 (20))	73,331	-	59,862	-	56,086	-
1137	Financial assets at amortized costs- current (note 6 (3), (11), (12) and 8)	12,233	-	61,732	-	53,664	-	2170	Accounts payable	354,250	2	622,933	4	478,579	3
1140	Current contract assets (note 6 (20) and 7)	332,030	2	408,006	3	490,134	3	2180	Accounts payable to related parties (note 7)	2,569	-	8,100	-	9,157	-
1151	Notes receivable (note 6 (4) and (20))	25,990	-	-	-	-	-	2200	Other payables (note 6 (21))	579,297	4	662,723	4	405,543	3
1170	Accounts receivable (note 6 (4) and (20))	1,130,690	8	968,455	6	1,028,517	7	2216	Dividend payable (note 6 (17) and 7)	74,814	-	-	-	163,750	1
1181	Accounts receivable—related parties (note 6 (4), (20) and 7)	20,325	-	63,785	-	34,445	-	2220	Other payables to related parties (note 7)	16,862	-	16,173	-	16,526	-
1206	Other receivables (note 6 (5) and 7)	21,006	-	32,178	-	18,586	-	2230	Current tax liabilities	11,097	-	28,748	-	38,255	-
1220	Current tax assets	35,279	-	20,062	-	-	-	2280	Current lease liabilities (note 6 (14))	23,354	-	21,247	-	11,685	-
1310	Inventories (note 6 (6))	587,624	4	801,660	5	1,069,076	7	2321	Bonds payable, current portion (note 6 (13))	-	-	1,506,376	9	1,498,428	10
1410	Prepayments	172,637	1	76,653	1	69,709	1	2322	Long-term borrowings, current portion (note 6 (3), (12) and 8)	456,850	4	198,690	1	243,930	2
1470	Other current assets	3,270	-	3,388	-	2,997	-	2399	Other current liabilities	15,749	-	6,759	-	14,316	-
		9,868,903	65	11,261,661	69	10,875,628	72			5,951,314	39	7,458,745	45	6,072,592	40
15xx	Non-current assets:							25xx	Non-current liabilities:						
1510	Financial assets measured at fair value through profit or loss-non-current (note 6 (2))	402,381	3	325,238	2	354,942	3	2540	Long-term loans (note 6 (3), (12) and 8)	1,300,940	9	1,725,125	10	1,866,070	12
1535	Financial assets at amortized costs- non -current (note 6 (3), (11), (12) and 8)	7,209	-	8,010	-	8,000	-	2570	Deferred tax liabilities	287,213	2	309,026	2	290,954	2
1600	Property, plant and equipment (note 6 (8), 7 and 9)	4,151,815	28	3,946,760	24	3,105,793	21	2580	Non-current lease liabilities (note 6 (14))	30,423	-	34,635	-	2,513	-
1755	Right-of-use assets (note 6 (9))	356,825	2	330,849	2	300,677	2	2630	Long-term deferred revenue	119,211	1	81,701	1	86,028	1
1780	Intangible assets (note 6 (10))	1,732	-	1,566	-	1,746	-	2645	Guarantee deposits received	5,065	-	4,884	-	4,962	-
1840	Deferred tax assets	357,004	2	395,789	3	353,135	2			1,742,852	12	2,155,371	13	2,250,527	15
1915	Prepayments for business facilities (note 9)	12,347	-	8,422	-	10,465	-	2xxx	Total liabilities	7,694,166	51	9,614,116	58	8,323,119	55
1920	Guarantee deposits paid	14,504	-	14,017	-	13,062	-	31xx	Total equity attributable to owners of parent (note 6 (7), (13), (17) and (18)):						
		5,303,817	35	5,030,651	31	4,147,820	28	3110	Ordinary share	1,074,648	7	1,074,648	7	1,074,648	7
								3200	Capital surplus	2,900,907	19	2,933,948	18	2,963,428	20
								3300	Retained earnings:						
								3310	Legal reserve	534,118	4	513,551	3	513,551	3
								3320	Special reserve	162,447	1	298,036	2	298,036	2
								3350	Unappropriated retained earnings	1,977,070	13	1,717,906	11	1,738,110	12
										2,673,635	18	2,529,493	16	2,549,697	17
								3400	Other equity interest:						
								3410	Exchange differences on translation of foreign financial statements	43,989	-	(162,447)	(1)	(9,201)	-
								3500	Treasury shares	(108,347)	(1)	(151,236)	(1)	(60,412)	-
									Total equity attributable to owners of parent	6,584,832	43	6,224,406	39	6,518,160	44
								36xx	Non-controlling interests (note 6 (7))	893,722	6	453,790	3	182,169	1
								3xxx	Total equity	7,478,554	49	6,678,196	42	6,700,329	45
1xxx	Total assets	\$ 15,172,720	100	16,292,312	100	15,023,448	100	2-3xxx	Total liabilities and equity	\$ 15,172,720	100	16,292,312	100	15,023,448	100

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Profit or Loss and Other Comprehensive Income
From July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, except for Earning Per Share)

	From July to September 2023		From July to September 2022		From January to September 2023		From January to September 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (note 6 (20) and 7):								
4110 Sales revenue	\$ 1,357,401	100	1,614,689	100	3,879,135	100	3,707,905	100
4190 Loss: Sales discounts and allowances	2,613	-	198	-	2,740	-	1,399	-
Operating Revenue	1,354,788	100	1,614,491	100	3,876,395	100	3,706,506	100
5000 Operating costs (note 6 (6), (8), (9), (10), (14), (15) and 7)	947,433	70	1,372,493	85	3,006,087	78	3,277,694	88
5900 Gross profit from operations	407,355	30	241,998	15	870,308	22	428,812	12
6000 Operating expenses (note 6 (8), (9), (10), (14), (15), (18), (21) and 7):								
6100 Selling expenses	12,883	1	15,103	1	35,516	1	36,043	1
6200 Administrative expenses	113,670	8	90,082	5	339,854	9	257,800	7
6300 Research and development expenses	104,219	8	79,373	5	273,951	7	238,712	6
Total operating expenses	230,772	17	184,558	11	649,321	17	532,555	14
6900 Net operating profits (losses)	176,583	13	57,440	4	220,987	5	(103,743)	(2)
7000 Non-operating income and expenses (note 6 (13), (14), (22) and 7):								
7100 Interest revenue	46,854	3	49,789	3	137,035	3	160,614	4
7010 Other income	18,612	1	23,062	1	61,188	2	54,822	1
7020 Other gains and losses	(12,356)	(1)	61,057	4	42,162	1	61,249	2
7050 Finance costs	(46,467)	(3)	(35,256)	(2)	(130,328)	(3)	(83,475)	(2)
Total non-operating income and expenses	6,643	-	98,652	6	110,057	3	193,210	5
7900 Profit from continuing operations before tax	183,226	13	156,092	10	331,044	8	89,467	3
7950 Loss: Tax expense (benefit) (note 6 (16))	44,383	3	(6,577)	-	50,715	1	(117,746)	(3)
8200 Profit	138,843	10	162,669	10	280,329	7	207,213	6
8300 Other comprehensive income:								
8360 Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation	418,100	31	86,947	5	218,772	6	294,389	8
8399 Loss: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300 Other comprehensive income, net	418,100	31	86,947	5	218,772	6	294,389	8
8500 Total comprehensive income	\$ 556,943	41	249,616	15	499,101	13	501,602	14
Profit, attributable to:								
8610 Owners of parent	\$ 133,139	10	173,001	11	267,727	7	225,878	7
8620 Non-controlling interests	5,704	-	(10,332)	(1)	12,602	-	(18,665)	(1)
	\$ 138,843	10	162,669	10	280,329	7	207,213	6
Comprehensive income attributable to:								
8710 Owners of parent	\$ 534,331	39	258,165	16	474,163	12	514,713	14
8720 Non-controlling interests	22,612	2	(8,549)	(1)	24,938	1	(13,111)	-
	\$ 556,943	41	249,616	15	499,101	13	501,602	14
Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (19))								
9750 Basic earnings per share	\$ 1.26		1.61		2.53		2.10	
9850 Diluted earnings per share	\$ 1.25		1.54		2.50		2.10	

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

January 1 to September 30, 2023 and 2022

(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, 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 (loss)	-	-	-	-	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
Balance as of January 1, 2023	\$ 1,074,648	2,933,948	513,551	298,036	1,717,906	2,529,493	(162,447)	(151,236)	6,224,406	453,790	6,678,196
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	20,567	-	(20,567)	-	-	-	-	-	-
Special reserve	-	-	-	(135,589)	135,589	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(123,585)	(123,585)	-	-	(123,585)	-	(123,585)
Profit	-	-	-	-	267,727	267,727	-	-	267,727	12,602	280,329
Other comprehensive income (loss)	-	-	-	-	-	-	206,436	-	206,436	12,336	218,772
Total comprehensive income (loss)	-	-	-	-	267,727	267,727	206,436	-	474,163	24,938	499,101
Proceeds from sale of treasury shares	-	-	-	-	-	-	-	42,889	42,889	-	42,889
Changes in ownership interests in subsidiaries	-	(33,041)	-	-	-	-	-	-	(33,041)	33,041	-
Share-based payment transactions	-	-	-	-	-	-	-	-	-	82,882	82,882
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	299,071	299,071
Balance as of September 30, 2023	\$ 1,074,648	2,900,907	534,118	162,447	1,977,070	2,673,635	43,989	(108,347)	6,584,832	893,722	7,478,554

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

January 1 to September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	From January to September, 2023	From January to September, 2022
Cash flows from operating activities:		
Profit before tax	\$ 331,044	89,467
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	355,022	383,670
Amortization expense	579	413
Net loss (profit) on financial assets and liabilities at fair value through profit or loss	(42,413)	62,909
Interest expense	130,328	83,475
Interest income	(137,035)	(160,614)
Share-based payments	82,882	-
Gain on bond redemption	(7,500)	-
Net gain on disposal and scrapping of property, plant and equipment	(312)	(5,761)
Property, plant and equipment transferred to expenses	-	205
Gain from modification of lease	(43)	(48)
Total adjustments to reconcile profit (loss)	381,508	364,249
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	75,976	(160,630)
Notes receivable	(25,990)	-
Accounts receivable	(162,235)	(374,746)
Accounts receivable—related parties	43,460	67,013
Other receivables	9,213	39,069
Inventories	215,639	72,379
Prepayments	(95,984)	253,980
Other current assets	118	176
Total changes in operating assets	60,197	(102,759)
Changes in operating liabilities:		
Contract liabilities	13,469	(7,694)
Accounts payable	(268,683)	(140,479)
Accounts payable—related parties	(5,531)	(2,328)
Other payable	132,865	(72,598)
Other payable—related parties	487	(6,490)
Other current liabilities	8,990	(10,485)
Long-term deferred income	37,510	(5,620)
Total changes in operating liabilities	(80,893)	(245,694)
Total changes in operating assets and liabilities	(20,696)	(348,453)
Total adjustments	360,812	15,796
Cash inflow generated from operations	691,856	105,263
Interest received	138,994	152,206
Interest paid	(126,364)	(57,123)
Income taxes paid	(63,519)	(114,512)
Net cash flows from (used in) operating activities	640,967	85,834
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized costs	(13,133)	-
Proceeds from disposal of financial assets at amortized cost	64,033	-
Acquisition of property, plant and equipment	(654,026)	(1,147,123)
Proceeds from disposal of property, plant and equipment	312	13,885
Increase in guarantee deposits received	(487)	(1,636)
Acquisition of intangible assets	(813)	(1,130)
Decrease in prepayments for business facilities	(7,420)	(13,539)
Net cash flows from (used in) investing activities	(611,534)	(1,149,543)
Cash flows from (used in) financing activities:		
Increase in short-term loans	5,478,918	5,136,876
Decrease in short-term loans	(5,462,911)	(5,142,779)
Repayments of bonds	(1,500,000)	-
Repayments of long-term loans	(228,425)	-
Increase in guarantee deposits received	181	136
Payments of lease liabilities	(19,380)	(29,640)
Cash dividends paid	(48,771)	(111,360)
Payments to acquire treasury shares	-	(60,412)
Proceeds from sale of treasury shares	42,889	-
Changes in non-controlling interests	299,071	6,517
Net cash flows from (used in) financing activities	(1,438,428)	(200,662)
Effect of exchange rate changes on cash and cash equivalents	117,076	305,972
Net decrease in cash and cash equivalents	(1,291,919)	(958,399)
Cash and cash equivalents at beginning of period	8,819,738	9,066,899
Cash and cash equivalents at end of period	\$ 7,527,819	8,108,500

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements
For the third quarter of 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History of the Company

ShunSin Technology Holdings Limited (formerly known as Amtec Holdings Limited, hereinafter referred to as “the Company”) was established in the Cayman Islands on January 8, 2008, and set up a branch in Taiwan on July 4, 2013. On Approval dates August 28, 2013, the Company was renamed as ShunSin Technology Holdings Limited and changed the Chinese name of Amtec Holding Limited to ShunSin Technology Holdings Limited through the Board of Directors resolution. The Company’s stock was listed on the Taiwan Stock Exchange on January 26, 2015. The Company and its subsidiaries (hereinafter referred to as “the Group”) are mainly engaged in the assembly, testing and sales of various integrated circuits related to semiconductors.

2. Approval dates and procedures of consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2023.

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, 2023, and it does not cause significant impact on consolidated financial report.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group’s adoption of the newly revised International Financial Reporting Standards from May 23, 2023, and it does not cause significant impact on consolidated financial report.

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (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, 2024 is as follows:

- A. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” and “Non-current Liabilities with Covenants”

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

ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements
For the third quarter of 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

instead now requires that a right to defer settlement must exist at the reporting date and have substance.

The amendments clarify the classification of liabilities is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement or will choose to settle early. An entity will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to an entity complying with covenants specified in a loan arrangement. The amendments specify only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity 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, entities will now need to disclose additional information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how an entity classifies a liability that can be settled in its own shares – e.g. convertible debt. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The amendments have now clarified that when an entity classifies the host liability as current or non-current, it can ignore only those conversion options that are recognized as equity.

The Group may need to change the liquidity classification of loans and is evaluating the impact of its initial adoption of the amendments on its consolidated financial position.

B. Others

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

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS16 “Lease Liability in a Sale and Leaseback”

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

The Group does not expect the following 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

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Information”

- Amendments to IAS21 “Lack of Exchangeability”

4. Summary of Major Accounting Policies

The major accounting policies adopted in this consolidated financial report are the same as those in 2022, except for the following. Please refer to the note 4 in consolidated financial report of 2022 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) Basic of consolidation

The principles for preparing consolidated financial report are consistent with those in 2022, please refer to note 4 (3) in consolidated financial report of 2022 for relative information.

Subsidiaries included in consolidated financial reports:

Investor	Name of subsidiary	Primary Business	Shareholding Ratio		
			2023.9.30	2022.12.31	2022.9.30
The Company	ShunSin Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunSin (Hong Kong))	Holding Company	91.80%	91.80%	91.80%
The Company	ShunSin Technology (Samoa) Corporation Limited (hereinafter referred to as ShunSin (Samoa))	Overseas material and equipment purchase	100.00%	100.00%	100.00%
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	8.20%	8.20%	8.20%
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	High-speed optical transceivers manufacturing	78.05% (Note 1)	86.77%	100.00%

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	ShunYun (Zhongshan))				
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	39.50% (Note 2)	43.89%	44.58%
ShunYun (Zhongshan)	ShunYun Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunYun (Hong Kong))	Holding Company	100.00%	100.00%	100.00%
ShunYun (Hong Kong)	ShunYun (Cayman)	Sales of high-speed optical transceiver module	100.00%	100.00%	100.00% (Note 3)
ShunYun (Cayman)	ShunYun Technology (Ha Noi, Vietnam) Limited (hereinafter referred to ShunYun (HaNoi))	High-speed optical transceivers manufacturing	100.00%	100.00%	100.00%
ShunYun (Cayman)	ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to ShunSin (Bac Giang))	High-speed optical transceivers manufacturing	100.00%	100.00%	100.00%

Note 1: The Company was approved by Board of Directors on August 26, 2022 and November 10, 2022 that ShunYun (Zhongshan) increases its capital and retains 13.23% and 8.72% shares respectively for employees to subscribe. The Company's holding ratio to ShunYun (Zhongshan) dropped from 100% to 78.05% and the Company still controls ShunYun (Zhongshan). The cash capital increase procedure and the change registration has been completed on January 30, 2023.

Note 2: 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. After the increasing capital and share incentive plan are fully completed, the actual shareholding ratio ShunSin (Zhongshan) hold is 39.50% according to invested capital as of September 30, 2023. Although the shareholding ratio of ShunSin (Zhongshan) in Talentek (Hefei) is less than 50%, according to the overall shareholding ratio of ShunSin (Zhongshan) and its related parties which is still the largest shareholder, it is still considered to have control over Talentek (Hefei).

Note 3: ShunYun (Hong Kong) purchased 100% equity of the Company's subsidiary, ShunYun (Cayman), on June 28, 2022. It has acquired 100% of ShunYun (Cayman).

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

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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 2022 while preparing.

6. Description of important accounting items

There is no material difference the description of material accounting subjects in the consolidated financial report with those in the 2022. Please refer to note 6 of the consolidated financial report in 2022 for relative information.

(1) Cash and cash equivalents

	2023.9.30	2022.12.31	2022.9.30
Cash on hand	\$ 49	114	111
Current deposit	5,099,784	5,284,123	2,456,755
Time deposits with original maturity within three months	2,427,986	3,535,501	5,651,634
Cash and cash equivalents as shown in the consolidated cash flow statement	<u>\$ 7,527,819</u>	<u>8,819,738</u>	<u>8,108,500</u>

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

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

A. Current

	2023.9.30	2022.12.31	2022.9.30
Financial assets (liabilities) held for trading:			
Non hedging derivatives			
SWAP contract	<u>\$ -</u>	<u>6,004</u>	<u>-</u>

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

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loss due to the absence of hedge accounting on December 31, 2022 is as follows:

SWAP contract:

2022.12.31			
Contract amount	Currency	Period	Fair value asset (liability)
CNY 378,000	Sell NTD/Buy RMB	2023.1.13	<u>\$ 6,004</u>

B. Non-current

	2023.9.30	2022.12.31	2022.9.30
Financial assets designated at fair value through profit and loss:			
Non-derivative financial assets			
Stocks of domestic unlisted companies	\$ 17,807	19,913	19,160
Stocks of foreign unlisted companies	138,748	86,118	89,675
Private Equity	245,826	219,207	246,107
	<u>\$ 402,381</u>	<u>325,238</u>	<u>354,942</u>

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

(3) Financial assets at amortized cost

A. Current

	2023.9.30	2022.12.31	2022.9.30
Restricted bank deposits	<u>\$ 12,233</u>	<u>61,732</u>	<u>53,664</u>

ShunYun (Zhongshan), a subsidiary of the Group, applied to the customs for the qualification of import and export goods, with customs deposit amounting to NTD 0 thousand (RMB 0 thousand), NTD 61,732 thousand (RMB 14,000 thousand) and NTD 53,664 thousand (RMB 12,000 thousand) on September 30, 2023, December 31, 2022 and September 30, 2022 respectively.

The Group used the bank loans on September 30, 2023. According to the deal of bank, the Group saved NTD 12,233 thousand into the syndicated loan interest custody account respectively.

B. Non-current

	2023.9.30	2022.12.31	2022.9.30
Restricted bank deposits	<u>\$ 7,209</u>	<u>8,010</u>	<u>8,000</u>

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The Group used the long-term loans on September 30, 2023, December 31, 2022 and September 30, 2022. According to the deal of contract, the Group saved NTD 7,209 thousand, NTD 8,010 thousand and NTD 8,000 thousand into the syndicated loan interest custody account respectively.

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, 2023, December 31, 2022 and September 30, 2022.

(4) Notes receivable and accounts receivable

	2023.9.30	2022.12.31	2022.9.30
Notes receivable	\$ 25,990	-	-
Accounts receivable	1,130,690	968,455	1,028,517
Accounts receivable-related party	20,325	63,785	34,445
	\$ 1,177,005	1,032,240	1,062,962

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. According to historical experience on the credit loss of the Group, there is no significant difference in the loss patterns of different client groups, so the Group does not further classify clients into groups.

The anticipated credit loss of notes receivable and accounts receivable of the Group on September 30, 2023, December 31, 2022 and September 30, 2022, are analyzed as follows:

	2023.9.30		
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 977,712	-	-

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Past due 1-30 days	194,681	-	-
Past due 31-60 days	4,099	-	-
Past due 61-90 days	363	-	-
Past due 91-120 days	150	-	-
	\$ 1,177,005	-	-

2022.12.31

	Book value of accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 1,009,106	-	-
Past due 1-30 days	3,823	-	-
Past due 31-60 days	815	-	-
Past due 61-90 days	16,606	-	-
Past due 91-120 days	1,890	-	-
	\$ 1,032,240	-	-

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	-	-
	\$ 1,062,962	-	-

There is no need to recognize anticipated credit losses during the duration after assessment on September 30, 2023, December 31, 2022 and September 30, 2022.

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

(5) Other receivables

2023.9.30

2022.12.31

2022.9.30

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Other receivables	\$	<u>21,006</u>	<u>32,178</u>	<u>18,586</u>
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Other receivables of the Group were not overdue on September 30, 2023, December 31, 2022 and September 30, 2022.

(6) Inventories

		<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Raw materials	\$	522,686	718,822	999,521
Work-in-process		29,713	38,183	14,276
Finished products (including semi-finished products)		35,225	44,655	55,279
	\$	<u>587,624</u>	<u>801,660</u>	<u>1,069,076</u>

Operating costs recognized by the Group:

	<u>From July to September 2023</u>	<u>From July to September 2022</u>	<u>From January to September 2023</u>	<u>From January to September 2022</u>
Cost of selling inventories	\$ 948,992	1,357,476	2,991,062	3,267,961
Loss (Reverse) allowance for inventory valuation losses and slow-moving inventories recognized as current operating costs	(3,885)	10,500	(1,546)	(4,590)
Inventory Obsolescence	750	814	8,120	3,366
Unallocated manufacturing overhead	3,375	4,296	10,573	12,927
Inventory short	134	-	134	-
Revenue from sale of scraps	(1,933)	(593)	(2,256)	(1,970)
	<u>\$ 947,433</u>	<u>1,372,493</u>	<u>3,006,087</u>	<u>3,277,694</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the inventory of the Group has not been provided as a pledge guarantee.

(7) Changes in ownership interests in subsidiaries and subsidiaries with significant non-controlling interests

A. Subsidiary issues new shares for cash capital increase, and the Company still maintains control over it.

ShunYun (Zhongshan) issued 37,550 thousand shares for the cash capital increase from January 1 to September 30, 2023. In order to encourage outstanding employees to continue

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working in the Group, the Company gave up subscription and reserved them for employees of 100% owned subsidiary. Hence the shareholding rate of the Company toward ShunYun (Zhongshan) decreased by 8.72%.

Talentek (Hefei) has finished the cash capital increase from January 1 to September 30, 2023 and 2022, hence the shareholding rate of the Company toward Talentek (Hefei) decreased by 4.39% and 0.84%.

The impact of changes in the Group's ownership interest in the aforementioned subsidiary to equity attributable to parent company is listed below:

	From January to September 2023	From January to September 2022
ShunYun (Zhongshan)	\$ (59,152)	-
Talentek (Hefei)	26,111	3
	<u>\$ (33,041)</u>	<u>3</u>

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

Name of subsidiary	Main place of business/ Country where the company is registered	Proportion of ownership interests and voting rights of non-controlling interests		
		2023.9.30	2022.12.31	2022.9.30
ShunYun (Zhongshan)	China	21.95%	13.23%	- %
Talentek (Hefei)	China	60.50%	56.11%	55.42%

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 ShunYun (Zhongshan) is as follows:

	2023.9.30	2022.12.31	2022.9.30
Current assets	\$ 1,404,326	1,565,362	1,432,382
Non-current assets	2,050,193	1,348,688	686,369
Current liabilities	(729,692)	(887,178)	(445,318)
Non-current liabilities	(55,988)	(45,814)	(27,432)
Net asset	<u>\$ 2,668,839</u>	<u>1,981,058</u>	<u>1,646,001</u>
Book value of ending balance on non-	<u>\$ 666,101</u>	<u>279,438</u>	<u>-</u>

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controlling interests

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Operating revenue	\$ 122,901	166,051	341,938	371,282
Profit	47,591	220,231	168,503	241,639
Other comprehensive income (loss)	47,612	(69,438)	40,693	(30,647)
Total comprehensive income	\$ 95,203	150,793	209,196	210,992
Profit attributable to non-controlling interests	\$ 10,446	-	36,986	-
Comprehensive income attributable to non-controlling interests	\$ 17,989	-	44,500	-

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

	2023.9.30	2022.12.31	2022.9.30
Current assets	\$ 244,469	180,711	187,668
Non-current assets	305,541	248,062	250,902
Current liabilities	(135,245)	(88,966)	(78,524)
Non-current liabilities	(38,532)	(29,073)	(31,339)
Net asset	\$ 376,233	310,734	328,707
Book value of ending balance on non-controlling interests	\$ 227,621	174,352	182,169

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Operating revenue	\$ 52,101	32,779	191,480	155,995
Loss	(7,856)	(18,642)	(41,281)	(33,787)
Other comprehensive income	15,501	1,130	7,975	10,126
Total comprehensive income (loss)	\$ 7,645	(17,512)	(33,306)	(23,661)
Loss attributable to non-controlling interests	\$ (4,742)	(10,332)	(24,384)	(18,665)
Comprehensive income (loss) attributable to non-controlling interests	\$ 4,623	1,783	(19,562)	5,554

(8) Property, plant and equipment

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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, 2023 and 2022 are as follows:

	Housing and building	Machiner y and equipment	Office equipment (including computer communic ation equipment)	Inspection equipment	Other equipment	Lease improvem ent	Unfinishe d constructi on and equipment to be inspected	Total
Cost:								
Balance as of January 1, 2023	\$ 1,273,114	2,850,187	74,925	666,161	403,220	54,466	1,765,850	7,087,923
Acquisition	-	226,678	3,619	8,458	6,682	661	188,999	435,097
Disposal	-	-	(634)	(182)	(996)	(3,867)	-	(5,679)
Re-classification(Note 1)	-	9,089	-	9,889	4,173	185	(21,444)	1,892
Impact of exchange rate changes	24,600	58,960	1,629	(43,862)	(16,272)	984	45,645	71,684
Balance as of September 30, 2023	\$ 1,297,714	3,144,914	79,539	640,464	396,807	52,429	1,979,050	7,590,917
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 2)	-	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
Accumulated depreciation and impairment losses:								
Balance as of January 1, 2023	\$ 343,459	1,863,102	66,210	521,965	319,211	27,216	-	3,141,163
Depreciation	38,764	196,842	4,049	44,391	41,122	4,351	-	329,519
Disposal	-	-	(634)	(182)	(996)	(3,867)	-	(5,679)
Impact of exchange rate changes	7,525	31,182	1,380	(54,391)	(12,134)	537	-	(25,901)
Balance as of September 30, 2023	\$ 389,748	2,091,126	71,005	511,783	347,203	28,237	-	3,439,102
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
Carrying amount:								
Balance as of September 30, 2023	\$ 907,966	1,053,788	8,534	128,681	49,604	24,192	1,979,050	4,151,815
Balance as of January 1, 2023	929,655	987,085	8,715	144,196	84,009	27,250	1,765,850	3,946,760
Balance as of September 30, 2022	\$ 956,415	982,493	10,356	164,544	98,832	28,990	864,163	3,105,793

Note 1: From January 1 to September 30, 2023, the amounts reclassified from prepayments for business facilities is \$3,495 thousand respectively and the amounts of reclassifying into inventories is \$1,603 thousand.

Note 2: From January 1 to September 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.

(9) Right-of-use asset

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

	Land	Building	Vehicle	Total
Cost:				
Balance as of January 1, 2023	\$ 295,505	153,473	6,285	455,263
Acquisition	26,765	17,390	-	44,155
Decrease (contract expired)	-	(26,874)	(2,023)	(28,897)

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Impact of exchange rate changes	7,853	3,566	75	11,494
Balance as of September 30, 2023	<u>\$ 330,123</u>	<u>147,555</u>	<u>4,337</u>	<u>482,015</u>
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	<u>\$ 304,721</u>	<u>106,702</u>	<u>7,641</u>	<u>419,064</u>
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2023	\$ 21,432	100,787	2,195	124,414
Depreciation	6,561	17,526	1,416	25,503
Decrease (contract expired)	-	(26,600)	(1,011)	(27,611)
Impact of exchange rate changes	642	2,191	51	2,884
Balance as of September 30, 2023	<u>\$ 28,635</u>	<u>93,904</u>	<u>2,651</u>	<u>125,190</u>
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 expired)	-	-	(3,614)	(3,614)
Impact of exchange rate changes	1,167	6,095	115	7,377
Balance as of September 30, 2022	<u>\$ 19,807</u>	<u>95,600</u>	<u>2,980</u>	<u>118,387</u>
Carrying amount:				
Balance as of September 30, 2023	<u>\$ 301,488</u>	<u>53,651</u>	<u>1,686</u>	<u>356,825</u>
Balance as of January 1, 2023	<u>\$ 274,073</u>	<u>52,686</u>	<u>4,090</u>	<u>330,849</u>
Balance as of September 30, 2022	<u>\$ 284,914</u>	<u>11,102</u>	<u>4,661</u>	<u>300,677</u>

(10) Intangible assets

The cost, amortization and impairment losses of the Group' intangible assets from January 1 to September 30, 2023 and 2022 are as follows:

	Cost of computer software
Cost:	
Balance as of January 1, 2023	\$ 32,499
Acquisition	813
Disposal	(333)
Impact of exchange rate changes	536
Balance as of September 30, 2023	<u>\$ 33,515</u>
Balance as of January 1, 2022	\$ 30,888
Acquisition	1,130

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Impact of exchange rate changes	943
Balance as of September 30, 2022	<u><u>\$ 32,961</u></u>
Amortization and impairment losses:	
Balance as of January 1, 2023	\$ 30,933
Amortization	579
Disposal	(333)
Impact of exchange rate changes	604
Balance as of September 30, 2023	<u><u>\$ 31,783</u></u>
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>
Carrying amount:	
Balance as of September 30, 2023	<u><u>\$ 1,732</u></u>
Balance as of January 1, 2023	<u><u>\$ 1,566</u></u>
Balance as of September 30, 2022	<u><u>\$ 1,746</u></u>

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

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Operating costs	\$ 28	28	84	84
Operating expenses	184	127	495	329
	<u><u>\$ 212</u></u>	<u><u>155</u></u>	<u><u>579</u></u>	<u><u>413</u></u>

(11) Short-term loans

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

	2023.9.30	2022.12.31	2022.9.30
Unsecured bank loans	<u><u>\$ 4,343,141</u></u>	<u><u>4,327,134</u></u>	<u><u>3,136,337</u></u>
Line of credit	<u><u>\$ 6,980,745</u></u>	<u><u>3,884,944</u></u>	<u><u>4,594,355</u></u>
Interest rate range (%)	<u><u>1.73%-5.75%</u></u>	<u><u>0.75%-5.16%</u></u>	<u><u>1.30%-3.75%</u></u>

(12) Long-term loans

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

2023.9.30			
	Currency	Period	Amount
Syndicated loan from China CITIC Bank	NTD	2022.12~2024.12	\$ 596,070
Unsecured loan from MUFG Bank	USD	2021.12~2024.12	903,560
Unsecured loan from E.SUN Bank	USD	2021.12~2024.12	258,160
Subtotal			1,757,790
Less: past due within one year			(456,850)
Total			<u><u>\$ 1,300,940</u></u>
Line of credit			<u><u>\$ -</u></u>
Interest rate range (%)			<u><u>2.21-6.59</u></u>

2022.12.31			
	Currency	Period	Amount
Syndicated loan from China CITIC Bank	NTD	2022.12~2024.12	\$ 695,415
Unsecured loan from MUFG Bank	USD	2021.12~2024.12	859,880
Unsecured loan from E.SUN Bank	USD	2021.12~2024.12	368,520
Subtotal			1,923,815
Less: past due within one year			(198,690)
Total			<u><u>\$ 1,725,125</u></u>
Line of credit			<u><u>\$ 1,076,250</u></u>
Interest rate range (%)			<u><u>1.85~5.90</u></u>

2022.9.30			
	Currency	Period	Amount
Syndicated loan from China CITIC Bank	NTD	2020.10~2022.12	\$ 840,000
Unsecured loan from MUFG Bank	USD	2021.12~2024.12	889,000
Unsecured loan from E.SUN Bank	USD	2021.12~2024.12	381,000
Subtotal			2,110,000
Less: past due within one year			(243,930)
Total			<u><u>\$ 1,866,070</u></u>
Line of credit			<u><u>\$ 1,300,000</u></u>
Interest rate range (%)			<u><u>1.85-4.75</u></u>

The Group started to use syndicated loan in October 2020. According to the contract, an amount of interest equivalent to six months is required to be deposited in the custody account. Please refer to note 8 for more information on the collateral loans. And please refer to note 6 (13) in

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the consolidated financial report of 2022 for relative information.

On September 30, 2023, the amount of 198,690 thousand in the syndicated loan must repay 99,345 thousand in December 2023 and June 2024 respectively according to the contract, so it is classified as current portion. In addition, according to the provisions of the loan contract of Yushan Bank, it must repay 77,448 thousand in December 2023, March 2024 and June 2024 respectively, and 25,816 thousand in September 2024, so it is classified as current portion.

On December 31, 2022, the amount of 198,690 thousand in the syndicated loan must be repaid on June 26, 2023 according to the contract, so it is classified as current portion. 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 of 243,930 as due within one year.

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.

(13) Convertible bonds payable

	2023.9.30	2022.12.31	2022.9.30
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	149,944	148,820	140,872

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Cost of convertible bonds issue at premium	7,500	7,500	7,500
Less: pay off convertible bonds payable expired	<u>1,507,500</u>	<u>-</u>	<u>-</u>
Ending balance of convertible bonds payable	<u>\$ -</u>	<u>1,506,376</u>	<u>1,498,428</u>

The Group's convertible bonds are fully paid off on February 12, 2023.

The expiration dates of First unsecured convertible bonds is February 12, 2023, so the Group reclassified the convertible bonds of December 31, 2022 and September 30, 2022 as current liabilities.

During January 1 to September 30, 2023 and 2022, the Group did not issue and repurchase the bonds, please refer to note 6 (14) in the consolidated financial report of 2022 for relative information. The conversion price of the convertible bonds is \$175.2 per share while it was issued; Starting from August 2, 2022, which is ex-dividend base date, the conversion price was adjusted to \$153.8 per share.

Equity composition item under capital reserve-stock option, the details are as follows:

	From January to September 2023	From January to September 2022
Closing balance (Initial balance)	<u>\$ -</u>	<u>129,000</u>

The convertible corporate bonds of the Group expired on February 12, 2023, and the originally recognized capital surplus - share options have expired and have been transferred to capital surplus - the recognition of equity composition through the issuance of convertible corporate bonds - expired share options.

(14) Lease Liability

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

	2023.9.30	2022.12.31	2022.9.30
Current	\$ 23,354	21,247	11,685
Non-current	<u>30,423</u>	<u>34,635</u>	<u>2,513</u>
Total	<u>\$ 53,777</u>	<u>55,882</u>	<u>14,198</u>

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

Amounts recognized in profit or loss are as follows:

From July to September 2023	From July to September 2022	From January to September 2023	From January to September 2022
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Interest expense from lease liabilities	\$	665	164	2,192	633
Expense of short-term lease	\$	11,986	2,520	26,248	7,775
Expense of low-value leasing asset (not include low-value short-term lease)	\$	19	9	59	26

Amounts recognized in cash flow statement are as follows:

		From January to September 2023	From January to September 2022
Total cash used in operating activity	\$	28,499	8,434
Total cash used in financing activity		19,380	29,640
Total cash used in lease	\$	47,879	38,074

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.

(15) Employee benefit

The pension expenses of the Group from January 1 to September 30, 2023 and 2022 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 2023	From July to September 2022	From January to September 2023	From January to September 2022
Operating costs	\$ 10,625	6,185	26,196	21,211
Operating expenses	6,968	4,884	18,779	16,775
	\$ 17,593	11,069	44,975	37,986

(16) Income tax

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A. The income tax expense (benefit) details of the Group from January 1 to September 30, 2023 and 2022 are as follows:

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Current				
Current period	\$ 33,624	31,381	55,407	74,763
Adjustment of current income tax for the previous period	265	-	2,860	(9,184)
	<u>33,889</u>	<u>31,381</u>	<u>58,267</u>	<u>65,579</u>
Deferred income tax expense (benefit)				
Occurrence and reversal of temporary differences	10,494	(37,958)	(7,552)	(183,325)
Income tax expense (benefit)	<u>\$ 44,383</u>	<u>(6,577)</u>	<u>50,715</u>	<u>(117,746)</u>

B. Examination and approval of income tax

The Company are exempt from income tax and do not need to declare profit-making enterprise income tax according to the law of the country where the Company is established. Except for the income tax settlement declaration of the Company's Taiwan Branch of 2020, both of which of the Company's Taiwan Branch and the ShunYun (Cayman)'s Taiwan Branch have been approved by the taxation authorities until 2021, respectively.

(17) Capital and other equities

The Group has no significant changes in capital and other equity in the period of January 1 to September 30 for 2023 and 2022, except for the following. Please refer to note 6 (18) in the consolidated financial report of 2022 for relative information.

A. Capital surplus

The capital surplus balance of the Company is as follows:

	2023.9.30	2022.12.31	2022.9.30
Share premium	\$ 2,689,050	2,689,050	2,689,050
Changes in ownership interests in subsidiaries	34,603	67,644	97,124
Employee stock option-expired	4,841	4,841	4,841
Treasury share transactions	37,810	37,810	37,810
Share payment transactions of its subsidiaries	5,603	5,603	5,603

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Issuance of stock option embedded in convertible bonds	-	129,000	129,000
Issuance of stock option embedded in expired convertible bonds	129,000	-	-
	<u>\$ 2,900,907</u>	<u>2,933,948</u>	<u>2,963,428</u>

B. Retained earnings distribution

According to Charter of the Company, the Company's earnings distribution for 2022 and 2021 were decided by the shareholders' meeting on May 10, 2023 and 2022 respectively. The dividend distribution are as follows:

	2022		2021	
	Dividend per share (USD)	Amount	Dividend per share (USD)	Amount
Dividend distributed to ordinary shareholders:				
Cash	\$ 1.17	<u>123,585</u>	2.56	<u>275,110</u>

As of September 30, 2023 and 2022, the cash dividend amounting to \$74,814 thousand and \$163,750 thousands of retained earnings distribution approved by Board of Directors is listed in the account of dividend payable.

C. Treasury Stock

Changes and ending balance of treasury shares bought by the Company are as follows:

Unit: thousand shares

January to September 2023					
Opening balance	Increase	Decrease	Reason of changes	Ending balance	Ending amount
<u>1,802</u>	<u>-</u>	<u>511</u>	<u>-</u>	<u>1,291</u>	<u>\$ 108,347</u>

On August 26, 2022, the Company was approved by Board of Directors 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. The Company intended to repurchase 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 complete the whole 3,000 thousand shares. As of October 28, 2022, the deadline of repurchasing treasury stock, 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. According to "Repurchase of

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shares and transfer of employee method”, the repurchased share could be transferred to employees in batches. On March 14, 2023, the Company was approved by Board of Directors to execute the first transfer, and the number of transferred shares forecast was 627 thousand shares. The record date of transferring is on July 31, 2023. As of September 30, 2023, the number of transferred shares had 511 thousand shares.

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

(18) Share-based payment

The share-based payment of the Group from January 1 to September 30, 2023 has no significant changes except for the following mentioned. Please refer to the note 6 (19) in the consolidated financial report of 2022 for relative information.

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

The details of the employee stock option certificates of ShunYun (Zhongshan), a subsidiary of the Company, are as follow:

	Unit: 1,000	
	From January to September 2023	
	1st time share granted	2nd time share granted
Outstanding stock as of January 1	44,450	37,550
Grant quantity in current period	-	-
Vested during the year	-	-
Quantity lost in current period	-	-
Outstanding stock as of September 30	44,450	37,550

B. Index of fair value on grant day

The Group uses Black-Scholes option evaluation model to measure the fair value of share-based payment on grant day. The indexes are as follows:

	Treasury transferred to employees
Fair value of grant day	0
Stock price of grant day	82.6
Execution price	83.93
Expected volatility (%)	0.94
Option duration (year)	1
Risk-free rate (%)	1.565

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

The Company transferred treasury stock to employees in accordance with the approval by Board of Directors on August 26, 2022 which is based on the Policy Governing First Share Repurchased and Transferred to Employees. The subscription date is on July 31, 2023.

D. Expenses for employees of the share-based payment

The expenses incurred by the Group in the period of January 1 to September 30, 2023 and 2022 due to the share-based payment are as follows:

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Expense from employee stock option	\$ 28,112	-	82,882	-

(19) Earnings per share

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

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Unit: 1,000				
Basic earnings per share of the Company				
Net profit for the current period	\$ 133,139	173,001	267,727	225,878
Weighted average number of outstanding shares	105,963	107,349	105,764	107,426
Basic earnings per share (NT\$)	\$ 1.26	1.61	2.53	2.10
Diluted earnings per share of the Company				
Net profit for the current period	\$ 133,139	173,001	267,727	225,878
The impact of potential common stocks with diluting effect				
Expected reduction in interest expense for convertible bonds conversion	-	7,907	1,124	-
Net profit for the current period	\$ 133,139	180,908	268,851	225,878

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Weighted average number of outstanding shares	105,963	107,349	105,764	107,426
The impact of potential common stocks with diluting effect				
Employees' remuneration	139	213	195	364
The impact of convertible bonds	-	9,753	1,536	-
Weighted average number of outstanding shares	106,102	117,315	107,495	107,790
Diluted earnings per share (NT\$)	\$ 1.25	1.54	2.50	2.10

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.

(20) Revenues from customers' contract

A. Disaggregation of revenue

	From July to September 2023	From July to September 2022	From January to September 2023	From January to September 2022
Primary geographical markets:				
US	\$ 470,182	950,773	1,679,525	1,688,149
Singapore	585,205	486,507	1,383,391	1,203,375
China	157,525	79,420	414,908	334,008
Taiwan	86,040	65,519	242,174	352,214
Malaysia	22,085	14,882	65,433	62,094
Australia	29,197	6,346	62,904	19,546
Other countries	4,554	11,044	28,060	47,120
	\$ 1,354,788	1,614,491	3,876,395	3,706,506

B. Remaining balance of contracts

	2023.9.30	2022.12.31	2022.9.30
Notes receivable	\$ 25,990	-	-
Accounts receivable (including related party)	1,151,015	1,032,240	1,062,962
Total amount	\$ 1,177,005	1,032,240	1,062,962
Contract assets	\$ 332,030	408,006	490,134

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Contract liabilities	\$	<u>73,331</u>	<u>59,862</u>	<u>56,086</u>
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The Group has assessed that there is no need to recognize loss allowance for contract assets as of September 30, 2023, December 31 and September 30, 2022.

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

(21) Profit sharing bonus of employees and directors

According to the Company's Articles of Association, 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. Base on the Articles of Association of the Company revised on June 28, 2023, the Company shall allocate profit sharing bonus to the employees with no less than 3% 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, 2023 and 2022, from January 1 to September 30, 2023 and 2022 are \$15,000 thousand, \$13,345 thousand, \$18,795 thousand and \$18,000 thousand respectively, and \$162 thousand, \$203 thousand, \$242 thousand and \$296 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 2022 and 2021 are \$18,000 thousand and \$43,333 thousand respectively, and \$252 thousand and \$465 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 2022 and the year of 2021. Related information is available at the MOPS.

(22) Non-operating gains and losses

A. Interest income

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Interest incomes of the Group are as follows:

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Bank deposit interest	\$ 46,854	49,789	137,035	160,614

B. Other incomes

Other incomes of the Group are as follows:

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Incomes from government subsidy	\$ 13,743	12,095	42,206	35,090
Gain from modification of lease	43	41	43	41
Other incomes	4,826	10,926	18,939	19,691
Total amount of other incomes	\$ 18,612	23,062	61,188	54,822

C. Other profits and losses

Other profits and losses of Group are as follows:

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Net profits (losses) of foreign currency exchange	\$ (25,355)	77,317	843	120,800
Profits from disposal of property, plant and equipment	-	5,766	312	5,761
(Profits) Losses from financial assets/liabilities at fair value through profit and loss	13,740	(21,715)	42,413	(62,909)
Other losses	(741)	(311)	(1,406)	(2,403)
	\$ (12,356)	61,057	42,162	61,249

D. Financial costs

The financial costs of the Group are as follows:

From July to	From July to	From January	From January
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	September r 2023	September r 2022	to September r 2023	to September r 2022
Interest expenses from bank loans	\$ 45,802	27,185	127,012	59,248
Interest expenses of convertible bonds	-	7,907	1,124	23,594
Interest expenses of lease liabilities	665	164	2,192	633
	<u>\$ 46,467</u>	<u>35,256</u>	<u>130,328</u>	<u>83,475</u>

(23) Financial instruments

The fair value of financial instrument and the situation of credit risk and market risk resulted from financial instrument have no significant changes compared with the consolidated financial report of 2022, except for the following mentioned. Please refer to the note 6 (24) in the consolidated financial report of 2022 for relative information.

A. Credit risks

(a) Credit exposure risk

The book value of financial assets and contract assets represent the maximum amount of credit exposure risk.

(b) Concentration of credit risk

On September 30, 2023, December 31, 2022 and September 30, 2022, 82%, 90% and 87% of the accounts receivable balance of the Group were composed of several customers respectively, which made the Group have a significant concentration of credit risk.

(c) Credit risks of receivables

For credit exposure risk information of notes receivable and accounts receivable, please 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, 2023						
Non-derivative financial liabilities						

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Short-term loans	\$	4,343,141	4,359,236	4,359,236	-	-	-
Accounts payable (including related parties)		356,819	356,819	356,819	-	-	-
Other payables (including related parties)		596,159	596,159	596,159	-	-	-
Dividends payable		74,814	74,814	74,814	-	-	-
Long-term loans		1,757,790	1,861,963	536,900	1,325,063	-	-
Lease liabilities		53,777	57,294	25,725	24,933	6,636	-
Guarantee deposits received		5,065	5,065	1,097	-	3,968	-
Total	\$	7,187,565	7,311,350	5,950,750	1,349,996	10,604	-

December 31, 2022

Non-derivative financial liabilities

Short-term loans	\$	4,327,134	4,330,104	4,330,104	-	-	-
Accounts payable (including related parties)		631,033	631,033	631,033	-	-	-
Other payables (including related parties)		678,896	678,896	678,896	-	-	-
Convertible bonds payable (including derivative financial assets)		1,506,376	1,500,000	1,500,000	-	-	-
Long-term loans		1,923,815	2,212,620	413,498	1,799,122	-	-
Lease liabilities		55,882	60,757	23,958	19,174	17,625	-
Guarantee deposits received		4,884	4,884	1,015	-	3,869	-
Total	\$	9,128,020	9,418,294	7,578,504	1,818,296	21,494	-

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	-	-	-
Dividends 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	-
Total	\$	7,837,480	8,015,709	6,042,673	271,242	1,701,794	-

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:

	2023.9.30			2022.12.31			2022.9.30		
	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
RMB	525,094	4.4150	2,318,290	695	4.4058	3,062	1,521,509	4.4730	6,805,711
USD	16,988	32.2360	547,625	37,683	30.7095	1,157,227	14,824	31.7518	470,689
Yen	2,816	0.2156	607	12,868,122	0.2324	2,990,283	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	2,961	32.0118	94,787	13,566	30.6865	416,293	24,386	31.7500	774,256
Yen	9,541	0.2155	2,056	12,867,203	0.2324	2,990,334	-	-	-

(b) Sensitivity analysis

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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, 2023 and 2022, 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, 2023 and 2022 will increase by approximately \$6,928 thousand and \$16,255 thousand, respectively.

(c) Exchange gains and losses of monetary items

Due to the variety of functional currencies in the Group, the exchange gains and losses of monetary items are disclosed by the method of exchange consolidation. The exchange gains (losses) of foreign currencies from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022 including realized and unrealized ones, are (\$25,355) thousand, \$77,317 thousand, \$843 thousand and \$120,800 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. The significant financial liabilities with interest rate sensitivity held by the Group are long-term borrowings calculated with floating interest rates. It is assessed that the interest rates will not change much, hence it will not cause significant cash flow risks to the Group.

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:

	2023.9.30				
	Fair value				Total amount
	Book value	Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	\$ 17,807	-	-	17,807	17,807

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Non-listed foreign shares	138,748	-	-	138,748	138,748
Private fund	245,826	-	-	245,826	245,826
Subtotal	402,381	-	-	402,381	402,381
Financial assets measured at amortized costs					
Cash and cash equivalents	7,527,819	-	-	-	-
Restricted bank deposit	19,442	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,177,005	-	-	-	-
Other receivables	21,006	-	-	-	-
Guarantee deposits paid	14,504	-	-	-	-
Subtotal	8,759,776	-	-	-	-
Total amounts	\$ 9,162,157	-	-	402,381	402,381
Financial liabilities measured at amortized costs					
Short-term loans	\$ 4,343,141	-	-	-	-
Accounts payable (including related parties)	356,819	-	-	-	-
Other payables (including related parties)	596,159	-	-	-	-
Dividend payable	74,814	-	-	-	-
Long-term loans	1,757,790	-	-	-	-
Lease liabilities	53,777	-	-	-	-
Guarantee deposits received	5,065	-	-	-	-
Total amounts	\$ 7,187,565	-	-	-	-
	2022.12.31				
	Fair value				
	Book value	Grade 1	Grade 2	Grade 3	Total amount
Financial assets at fair value through profit or loss					
Derivative financial assets -current	\$ 6,004	-	6,004	-	6,004
Domestic unlisted stocks	19,913	-	-	19,913	19,913
Non-listed foreign shares	86,118	-	-	86,118	86,118
Private fund	219,207	-	-	219,207	219,207
Subtotal	331,242	-	6,004	325,238	331,242
Financial assets measured at amortized costs					
Cash and cash equivalents	8,819,738	-	-	-	-
Restricted bank deposit	69,742	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,032,240	-	-	-	-
Other receivables	32,178	-	-	-	-
Guarantee deposits paid	14,017	-	-	-	-
Subtotal	9,967,915	-	-	-	-
Total amounts	\$ 10,299,157	-	6,004	325,238	331,242

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Financial liabilities measured at amortized costs

Short-term loans	\$ 4,327,134	-	-	-	-
Accounts payable (including related parties)	631,033	-	-	-	-
Other payables (including related parties)	678,896	-	-	-	-
Convertible bond-liability component	1,506,376	-	-	-	-
Long-term loans	1,923,815	-	-	-	-
Lease liabilities	55,882	-	-	-	-
Guarantee deposits received	4,884	-	-	-	-
Total amounts	\$ 9,128,020	-	-	-	-

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	61,664	-	-	-	-
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	9,754,908	-	-	-	-
Total amounts	\$ 10,109,850	-	-	354,942	354,942

Financial liabilities measured 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	\$ 7,837,480	-	-	-	-

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

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(I) Non-derivative financial instruments

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

(i) Equity instrument without open price: 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.

SWAP contract are usually evaluated based on the bank statement.

(c) Statement of changes of Grade 3

	From January to September 2023			From January to September 2022		
	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	\$ 19,913	86,118	219,207	20,704	113,643	271,655
Gains/ Losses:						
Recognized in gains/ losses	(2,987)	49,824	21,881	(4,269)	(27,114)	(33,382)
The impact of exchange rate	881	2,806	4,738	2,725	3,146	7,834
Balance on September 30	<u>\$ 17,807</u>	<u>138,748</u>	<u>245,826</u>	<u>19,160</u>	<u>89,675</u>	<u>246,107</u>

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

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

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

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Investments in equity instruments classified as the Grade 3 non-active market have significant unobservable input values in the plural. The significant unobservable input values of equity instruments investment in non-active markets are independent of each other, so there is no correlation between them.

The quantitative information of significant unobservable input values is listed as follows:

Items	Evaluation technologies	Significant unobservable input value	The relationship between significant unobservable input values and fair value
Financial assets at fair value through profit or loss — equity vehicle investment without active market	Refer to Listed (OTC) Company Act and Comparable transaction method	• Price-to-Revenue ratio (6.01 on 2023.9.30, 3.81 on 2022.12.31 and 3.45 on 2022.9.30) • Multiplier of enterprise value-to-sales (2.72 on 2023.9.30, 1.85 on 2022.12.31 and 1.23 on 2022.9.30) • Lack of market liquidity discounts: Price-to-Revenue ratio (28% on 2023.9.30 and 2022.12.31, 18% on 2022.9.30) Multiplier of enterprise value-to-sales: 31% on 2023.9.30, 37% on 2022.12.31 and 24% on 2022.9.30)	• The higher the multiplier, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value
Financial assets at fair value through profit or loss- Private fund	Net asset value method	Net asset value	• The higher the net asset value, the higher the

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investment consideration

fair value

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

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

			Changes in fair value reflecting in current profits and losses	
	Input value	Move up or down	Favorable change	Unfavorable change
September 30, 2023				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	Price-to-Revenue ratio	5%	6,823	(6,823)
Equity instrument investment in non-active market	Enterprise value-to-Sales ratio	5%	891	(891)
December 31, 2022				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	Price-to-Revenue ratio	5%	4,308	(4,308)
Equity instrument investment in non-active market	Enterprise value-to-Sales ratio	5%	994	(994)
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 ratio	5%	956	(956)

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.

(24) Financial risk management

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The target and policy of financial risk management of the Group has no significant changes compared with note 6 (25) in the consolidated financial report of 2022.

(25) Capital management

The target, policy, and procedure of capital management of the Group are consistent with those in the consolidated financial report of 2022, the quantified data summary of capital management has no significant changes compared with the consolidated financial report of 2022. Please refer to the note 6 (26) in the consolidated financial report of 2022 for relate information.

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

For the year ended September 30, 2023 and 2022, the Group's non-cash investing and financing activities were derived from acquisition right-of-use asset through finance leasing and the amortization of convertible bonds discount. Please refer to notes 6(9), (13) and (14) for related information.

The adjustment of liabilities from financing activities are as follows:

	Non-cash changes							
	2023.1.1	Cash flow	Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Reduce	Others
Short-term loans	\$ 4,327,134	16,007	-	-	-	-	-	-
Long-term loans	1,923,815	(228,425)	-	62,400	-	-	-	-
Bonds payable	1,506,376	(1,500,000)	1,124	-	-	-	-	(7,500)
Lease liabilities	55,882	(19,380)	-	1,214	-	17,390	(1,329)	-
Total liabilities from financing activities	\$ 7,813,207	(1,731,798)	1,124	63,614	-	17,390	(1,329)	(7,500)

	Non-cash changes							
	2022.1.1	Cash flow	Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Reduce	Others
Short-term loans	\$ 3,142,240	(5,903)	-	-	-	-	-	-
Long-term loans	1,945,900	-	-	162,800	-	-	-	1,300
Bonds payable	1,474,834	-	23,594	-	-	-	-	-
Lease liabilities	39,109	(29,640)	-	1,474	-	4,730	(1,475)	-
Total liabilities from financing activities	\$ 6,602,083	(35,543)	23,594	164,274	-	4,730	(1,475)	1,300

7. Related-party transactions:

(1) Parent Company and ultimate controlling party

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, 2023, December 31, 2022 and September 30, 2022. 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.

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(2) Names and relationship with 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
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
Foxcavity Precision Industry (Shenzhen) 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
Icana Technology Limited	Its ultimate controller is the same as that of Group
Champ Tech Optical (Foshan) Corporation	Other related parties (affiliates of the ultimate controller)

(3) Major transactions with related parties

A. Sales

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

	From July to September 2023	From July to September 2022	From January to September 2023	From January to September 2022
Other related parties				
Foxconn Interconnect Technology Limited	\$ 19,616	31,886	69,323	233,406
Others	283	251	1,005	752
	\$ 19,899	32,137	70,328	234,158

The selling price for related parties approximated the market price. The credit terms are within four months, which is approximated to that with the general customer.

B. Purchase

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

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	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Other related parties	\$ 4,573	22,124	13,522	72,111

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. Payment terms are all within four months, and there is no significant difference with the general vendors.

C. Expenses for professional services

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

	From July to September r 2023	From July to September r 2022	From January to September r 2023	From January to September r 2022
Ultimate controller	\$ 664	64	790	855

D. Accounts receivable from related parties

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

Account items	Related-party categories	2023.9.30	2022.12.31	2022.9.30
Accounts receivable	Other related parties			
	Foxconn Interconnect Technology Limited	\$ 20,258	63,634	34,266
	Others	67	151	179
		<u>\$ 20,325</u>	<u>63,785</u>	<u>34,445</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, 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	2023.9.30	2022.12.31	2022.9.30
Contract assets	Other related parties	<u>\$ 10</u>	<u>10</u>	<u>-</u>

F. Property trading

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

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	From July to September 2023		From July to September 2022	
	Proceeds	Gain (loss) on disposal	Proceeds	Gain (loss) on disposal
Related-party categories				
Triple Win Technology (Shenzhen) Co., Ltd.	\$ -	-	-	-

	From January to September 2023		From January to September 2022	
	Proceeds	Gain (loss) on disposal	Proceeds	Gain (loss) on disposal
Related-party categories				
Triple Win Technology (Shenzhen) Co., Ltd.	\$ -	-	24,532	-

G. Payables to related parties

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

Account	Related-party categories	2023.9.30	2022.12.31	2022.9.30
Accounts payable to related parties	Other related parties	\$ 2,569	8,100	9,157
Other payables to related parties	Other related parties			
	Foxcavity Precision Industry (Shenzhen) Co., Ltd.	10,666	10,464	10,612
	Futaihua Industry (Shenzhen) Co., Ltd.	336	117	2
	Others	5,860	5,592	5,912
		16,862	16,173	16,526
		\$ 19,431	24,273	25,683

H. Dividend payable

As of September 30, 2023 and 2022, the cash dividend belongs to Foxconn (Far East) Limited amounting to \$74,814 thousand and \$163,750 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 2023	From July to September 2022	From January to September 2023	From January to September 2022
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Short-term employee benefits	\$	6,992	10,671	14,199	21,134
Post-employment benefits		67	130	213	360
	\$	7,059	10,801	14,412	21,494

8. Pledged assets

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

Pledged asset	Object	2023.9.30	2022.12.31	2022.9.30
Restricted bank deposit (recognized as financial assets measured at amortized cost-current)	Customs deposit	\$ -	61,732	53,664
Restricted bank deposit (recognized as financial assets measured at amortized cost-current)	Short-term loans and long-term loans (including current portion)	12,233	-	-
Restricted bank deposit (recognized as financial assets measured at amortized cost-non-current)	Long-term loan	7,209	8,010	8,000
Total		\$ 19,442	69,742	61,664

9. Material contingent liabilities and unrecognized contractual commitments

(1) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group has signed contracts for the purchase of property, plant and equipment with a price of 2,322,102 thousand, 2,274,033 thousand and 3,097,931 thousand, respectively, and the paid amounts are 1,814,562 thousand, 1,357,374 thousand and 1,738,563 thousand respectively, which are recognized as property, plant and equipment.

(2) ShunYun (Cayman) Taiwan Branch returned the first batch of material delivered by its vendor, Browave Corporation (hereinafter referred to as Browave), due to its client indicated that the material is defective in quality. Hence Browave accepted. Hereafter, ShunYun (Cayman) Taiwan Branch refused to accept the remaining materials from Browave due to the quality issue. Browave filed a lawsuit on June 8, 2023, requesting payment of USD 549 thousand. The case is currently being handled by lawyers and the first court date is October 23, 2023. The relevant litigation procedures are still in process, the second court date is November 27, 2023. Therefore, no possible liabilities have been estimated yet.

10. Major disaster losses: None.

11. Major subsequent events: None.

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12. Others

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

Functions Items	From July to September 2023			From July to September 2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	145,808	127,589	273,397	111,363	92,738	204,101
Health insurance expenses	4,788	3,821	8,609	4,511	3,569	8,080
Pension expenses	10,625	6,968	17,593	6,185	4,884	11,069
Other employee benefit expenses	5,387	4,883	10,270	15,784	15,578	31,362
Depreciation expenses	104,329	12,066	116,395	113,676	19,405	133,081
Amortization expenses	28	184	212	28	127	155

Functions Items	From January to September 2023			From January to September 2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	377,770	358,374	736,144	301,837	250,497	552,334
Health insurance expenses	14,092	10,900	24,992	12,778	10,347	23,125
Pension expenses	26,196	18,779	44,975	21,211	16,775	37,986
Other employee benefit expenses	14,240	15,277	29,517	46,240	40,044	86,284
Depreciation expenses	312,594	42,428	355,022	328,795	54,875	383,670
Amortization expenses	84	495	579	84	329	413

(2) Seasonal characteristic:

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

13. Disclosure of Note

(1) Information on major transactions

From January 1 to September 30, 2023, 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	Maximum outstanding	Balance at September 30,	Actual amount drawn down	Interest rate (%)	Nature of loan	Amount of transactions	Reason for short-term	Allowance for	Collateral		Limit on loans granted	Ceiling on total loans
													Item	Value		

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				party	balance during the year ended September 30, 2023	2023	(Note 2)		(Note 1)	with the borrower	financing	doubtful accounts			to a single party	
0	The Company	ShunYun (Cayman)	Other receivables	Y	452,768 (RMB 101,860)	-	-	-	2	-	Business operation	-	-	-	658,483 (Note 2)	2,633,933 (Note 2)
0	The Company	ShunSin (Bac Giang)	Other receivables	Y	565,560 (USD 18,000)	-	-	-	2	-	Business operation	-	-	-	658,483 (Note 2)	2,633,933 (Note 2)
1	ShunYun (Cayman)	ShunYun (Hong Kong)	Other receivables	Y	718,335 (USD 17,800+ RMB 32,600)	718,335 (USD 17,800+ RMB 32,600)	143,699 (RMB 32,548)	-	2	-	Business operation	-	-	-	8,131,182 (Note 3)	8,131,182 (Note 3)

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 to subsidiaries which ShunYun (Cayman) directly own 100% voting shares is as follows: the total amount shall not exceed 400% of the lender's net worth, and the limit for individual objects shall not exceed 400% of the lender's net worth.

Note 4: The aforementioned transactions between consolidated entities have been offset at the time of preparing consolidated financial statements.

B. Endorsement/Guarantee provided:

No	Guarantor/Endorser	Party being guaranteed/endorsed		Limited on guarantees/endorsements provided for a single party (Note 2)	Maximum outstanding guarantee/endorsement amount as of September 30, 2023	Outstanding guarantee/endorsement amount as of September 30, 2023	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 (Note 2)	Provision of guarantees/endorsements by subsidiary to parent company	Provision of guarantees/endorsements to the party in Mainland China	Amount of guarantees/endorsements secured with collateral
		Company name	Relationship with the guarantor/endorser (Note 1)										
0	The Company	ShunYun (Cayman)	2	3,292,416	1,936,200 (USD 60,000)	1,936,200 (USD 60,000)	1,161,720 (USD 36,000)	-	29.40%	6,584,832	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 (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	270,000 (Note 2)	17,807	5.56%	17,807	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Corporation Limited	—	"	3,044,625	138,748	0.76%	138,748	
ShunSin (Zhongshan)	Private Fund: Ji Nan Fu Jie industrial investing joint venture	—	"	-	245,826	6.67%	245,826	

Note : DYNA IMAGE reduced its capital to make up for a loss amounting to 48,585 thousand on June 26, 2023. Its total number of issued shares was changed from 9,717,000 shares to 4,858,000 shares, causing the number of shares held by the Company to decrease from 540,000 shares to 270,000 shares.

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

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

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

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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)	
ShunSin (Zhongshan)	The Company	Parent company	Sale	713,839	71.65%	4 months	-		377,052	75.64%	Note 2
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Sale	328,786	96.15%	4 months			-	- %	Note 2
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Sale	667,885	99.48%	4 months			19,535	93.88%	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): 377,052	3.59	-		95,514	-
ShunSin (Zhongshan)	The Company	Parent and subsidiary company	Other receivable (Note 1): 1,850,960	-	-		53,646	-
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Other receivable (Note 1): 905,621	-	-		-	-
ShunYun (Cayman)	ShunYun (Zhongshan)	Affiliate	Other receivable (Note 1): 647,036	-	-		-	-
ShunYun (Cayman)	ShunYun (Ha Noi)	Affiliate	Other receivable (Note 1): 127,751	-	-		-	-
ShunYun (Cayman)	ShunYun (Hong Kong)	Affiliate	Other receivable (Note 1): 143,699	-	-		-	-

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

Note 2: As of November 1, 2023.

I. Engaging in derivatives trading: Please refer to note 6 (2) 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)

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0	The Company	ShunSin (Zhongshan)	1	Purchases	713,839	The price is based on the price agreed by both	18.40
0	"	"	1	Accounts payable	377,052	Within 4 months	2.49
0	"	"	1	Other payables	1,850,960	Pay/receive on behalf, no general customers for comparison	12.20
1	ShunYun (Cayman)	ShunYun (Zhongshan)	3	Purchases	328,786	Pay/receive on behalf, no general customers for comparison	8.48
1	"	"	3	Other payables	905,261	The price is based on the price agreed by both	5.97
1	ShunYun (Cayman)	ShunYun (Ha Noi)	3	Purchases	667,885	The price is based on the price agreed by both	17.22
2	ShunYun (Zhongshan)	ShunYun (Cayman)	3	Other payables	647,036	Within 4 months	4.26
3	ShunYun (Ha Noi)	ShunYun (Cayman)	3	Other payables	127,751	Pay/receive on behalf, no general customers for comparison	0.84
3	"	"	3	Contract assets	284,898	Recognition by completion ratio	1.88
4	ShunYun (Hong Kong)	ShunYun (Cayman)	3	Other payables	143,699	Capital Loan, no general customers for comparison	0.95

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

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

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

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

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

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

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

(2) Information on re-investment business:

The information of the reinvested business of the Group from January 1 to September 30, 2023, 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, 2023	December 31, 2022	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%	10,091,205	368,684	338,452	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	472,575 (Note 5)	287,928	15,516,327	100.00%	911,003	27,230	27,230	subsidiary
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	8.20%	901,393	368,684	30,232	affiliate
ShunYun (Cayman)	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234	(Note 4)	100.00%	670,537	331,368	331,368	affiliate
ShunYun (Cayman)	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	2,099,906 (Note 6)	1,655,196	(Note 4)	100.00%	2,149,726	(29,700)	(29,700)	affiliate

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ShunYun (Zhongshan)	ShunYun (Hong Kong)	Hong Kong	Holding Company	1,206,830 (Note 7)	781,478	39,000,000	100.00%	1,891,872	308,859	308,859	affiliate
ShunYun (Hong Kong)	ShunYun (Cayman)	Cayman	Holding Company	1,699,090 (Note 8)	1,274,008	58,279,661	100.00%	2,032,796	305,954	305,954	affiliate

Note 1: According to the financial statements checked by CPA of the parent company, the invested company shall be appraised and recognized at equity.

Note 2: Long-term and current investment gains and losses at the closing period have been written off in the preparation of consolidated financial statements.

Note 3: The above original investment amount is calculated at historical exchange rate.

Note 4: ShunYun (Ha Noi) and ShunSin (Bac Giang) does not issue shares due to it is limited corporation thus it has no shares.

Note 5: The Company has invested total US\$ 6,006 thousand from January 1 to September 30, 2023.

Note 6: ShunYun (Cayman) has invested total US\$ 14,500 thousand from January 1 to September 30, 2023.

Note 7: ShunYun (Zhongshan) has invested total US\$ 14,000 thousand from January 1 to September 30, 2023.

Note 8: ShunYun (Hong Kong) has invested total US\$ 14,000 thousand from January 1 to September 30, 2023.

(3) Information on investment in Mainland China:

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

Unit: NTS 1,000

Name of investee	Main business and products	Paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (losses) of investee	Percentage of ownership	Share of profits/losses of investee (Note 2 and 3)	Carrying value as of September 30, 2023 (Note 2 and 3)	Accumulated inward remittance of earnings as of September 30, 2023
					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	247,340 (RMB 56,292)	100.00%	247,340 (RMB 56,292)	9,106,818 (RMB 2,030,207)	Note 4
Talentek (Hefei)	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	196,995 (RMB 44,726)	(2)	Note 4	Note 4	Note 4	Note 4	(41,281) (RMB (9,395))	39.50%	(16,897) (RMB (3,846))	148,612 (RMB 33,065)	Note 4
ShunYun (Zhongshan)	Produce high speed optical transceiver	1,645,231 (RMB 373,496)	(2)	Note 4	Note 4	Note 4	Note 4	168,503 (RMB 38,349)	78.05%	131,517 (RMB 29,931)	2,002,738 (RMB 445,588)	Note 4

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

(1) Direct investment in mainland China.

(2) 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 9,106,818 thousand has deducted the unrealized benefits of the fixed assets sold to affiliated companies which amounting to 18,150 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, 2023 (exchange rate at closing period RMB: NTD = 1: 4.4946), and the remainder is calculated at the average exchange rate (RMB: NTD = 1: 4.3939).

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, 2023 (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	Number of shares held	Shareholding ratio
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Foxconn (Far East) Limited	63,964,800	59.52%
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- (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.