

**SHUNSIN TECHNOLOGY HOLDINGS LIMITED
AND SUBSIDIARY
Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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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:

Audit Opinion

We have audited the consolidated financial statements of ShunSin Technology Holdings Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, and the related consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policy.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgements, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4 (13) for accounting policy related to revenue recognition, and notes 6 (21) for the information related to revenue of the consolidated financial report.

Description of key audit matter:

Due to sales transactions of the Group are depending on contracts, we need to judge individually to confirm the adequacy of revenue recognition. Additionally, the Group adopts IFRSs 15, which involves complex accounting treatments and policy may result in inappropriate performance obligations and recognition of revenue under IFRSs 15. In addition, it is necessary to evaluate and verify the completeness and accuracy of the relevant materials used, as well as the new disclosure requirements revenue recognition is listed as one of the important items in the audit of the financial statements of this year.

Our audit procedures included:

- Assess the appropriateness of accounting policy in accordance with the requirements of the IFRSs 15 and the understanding of operating and industry characteristics.
- Testing the effectiveness of the design and implementation of internal control over sales and collection cycle, and to examine major contracts to assess revenue recognition.
- Performing comparison analysis on sale of the current period to last period and the latest quarter, and performing trend analysis on sales from each top ten customer to assess the existence of any exceptions, and further identify and analyze the causes if there is any significant exception.
- Check the annual sales transactions to evaluate the authenticity of the sales transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the recording time.
- Performing sales cut-off test of a period before and after the financial position date by vouching relevant documents of sales transactions to determine whether the sales of goods, sales returns and allowances have been the appropriately recognized.

2. Financial Assets at Fair Value through Profit and Loss

Please refer to note 4 (7) “Financial Instrument” for the accounting policies of financial assets measured at fair value through profit and loss; note 5 for accounting assumptions and estimation uncertainties of impairment of financial assets measured at fair value through profit and loss, and note 6 (2) and (24) “Financial Instrument” for the property and evaluation statements of financial assets measured at fair value through profit and loss.

Description of key audit matter:

The financial assets measured at fair value through profit and loss of the Group are susceptible to the operating conditions of the companies and the economic environment that the fund invests, resulting in greater changes in the subsequent profits or losses recognized as gains and losses at fair value re-measurement, thus adjusting the value of financial assets. Assessing the fair value of this financial asset often requires complicated evaluation techniques. Therefore, we listed the evaluation of financial assets measured at fair value of profits and losses as one of the key audit matters in the audit of Financial Statements of this year.

Our audit procedures included:

- Obtain the appraiser's appraisal report of the invested Company entrusted by the Group, and evaluate the appraiser's qualification and independence.
- Evaluate the rationalities of the assumptions used in the appraisal report in estimating the price of an investment.
- Evaluate the rationalities of the recognition of profit and loss of financial assets in the accounts of the Group.

3. Business combination

For the accounting policies for business combinations, please refer to Note 4 (18) Business Combinations in the consolidated financial statements; for disclosures related to business combinations, please refer to Note 6 (8) Acquisition of Subsidiaries in the consolidated financial statements.

Description of key audit matter:

The Group acquired 100% of the equity of SFA SEMICON (SUZHOU) CO., LTD. (hereinafter referred to SFA (Suzhou)) for 579,222 thousand in cash in July, 2024. Due to these transactions toward the fair value assessment of the original equity interest and identifiable net assets of SFA (SUZHOU) are significant to the financial statements. Therefore, we have listed the business combination transactions as one of the key audit matters in the audit of the financial statements for this year.

Our audit procedures included:

- Review the minutes of board meeting and the procedures for acquiring or disposing of assets to confirm whether the acquisition should be properly evaluated and approved, and to assess whether the design and implementation of internal controls for major asset transactions are effective.
- Evaluate the professional experience, suitability and independence of the evaluation experts appointed by management, and inquire about their scope of work and terms of appointment to confirm that there are no issues that affect their independence or limit their scope of work.
- Evaluate the reasonableness of the consideration recognized and measured by management for such acquisitions and the fair value of the identifiable net assets of the acquirees, including evidence such as the equity-related transaction agreements acquired by management when measuring fair value and the price reasonableness allocation report issued by external valuation experts.
- Appoint our valuation experts to assist us in evaluating the appropriateness of the identified intangible assets in accordance with the relevant accounting standards.
- Review the appropriateness of accounting treatment and financial reporting disclosures in business combination.

Responsibilities of management and those charged with governance for the consolidated financial statements

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Accountant’s Responsibility for Auditing Consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related

disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the years ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

Expressed in Thousands of New Taiwan Dollars

		2024.12.31		2023.12.31				2024.12.31		2023.12.31	
Assets		Amount	%	Amount	%	Liabilities and equities		Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6 (1))	\$ 6,928,431	41	8,070,508	55	2100	Short-term loans (note 6 (3), (12) and 8)	\$ 4,653,480	28	4,438,513	30
1137	Financial assets at amortized costs- current (note 6 (3), (12), (13) and 8)	1,482,488	9	21,125	-	2130	Current contract liabilities (note 6 (21))	16,309	-	67,564	1
1140	Current contract assets (note 6 (21) and 7)	265,288	2	280,459	2	2170	Accounts payable	678,518	4	320,688	2
1151	Notes receivable (note 6 (4) and (21))	38,563	-	-	-	2180	Accounts payable to related parties (note 7)	12,610	-	4,655	-
1170	Accounts receivable (note 6 (4) and (21))	902,357	5	718,183	5	2200	Other payables (note 6 (22))	616,445	4	614,821	4
1181	Accounts receivable— related parties (note 6 (4), (21) and 7)	19,480	-	66	-	2220	Other payables to related parties (note 7)	5,977	-	5,729	-
1206	Other receivables (note 6 (5))	54,396	-	125,943	1	2230	Current tax liabilities	755	-	42,605	-
1220	Current tax assets	37,922	-	4,246	-	2280	Current lease liabilities (note 6 (15))	46,782	-	57,102	-
1310	Inventories (note 6 (6))	589,817	5	371,596	2	2322	Long-term borrowings, current portion (note 6 (3), (13) and 8)	-	-	1,528,536	11
1410	Prepayments	188,982	1	99,521	1	2399	Other current liabilities	15,255	-	25,833	-
1470	Other current assets	4,122	-	1,778	-			6,046,131	36	7,106,046	48
		10,511,846	63	9,693,425	66	25xx	Non-current liabilities:				
15xx	Non-current assets:					2540	Long-term loans (note 6 (3), (13) and 8)	2,619,750	16	-	-
1510	Financial assets measured at fair value through profit or loss-non-current (note 6 (2))	194,817	1	147,577	1	2570	Deferred tax liabilities (note 6 (17))	237,947	1	238,278	2
1535	Financial assets at amortized costs- non -current (note 6 (3), (12), (13) and 8)	2,903	-	-	-	2580	Non-current lease liabilities (note 6 (15))	6,118	-	50,814	-
1600	Property, plant and equipment (note 6 (9) and 9)	5,121,168	30	4,161,066	28	2630	Long-term deferred revenue	90,380	1	109,183	1
1755	Right-of-use assets (note 6 (10))	471,262	3	400,698	3	2645	Guarantee deposits received	2,670	-	4,961	-
1780	Intangible assets (note 6 (11))	12,897	-	1,461	-			2,956,865	18	403,236	3
1840	Deferred tax assets (note 6 (17))	437,219	3	322,898	2	2xxx	Total liabilities	9,002,996	54	7,509,282	51
1915	Prepayments for business facilities (note 6 (9) and 9)	14,714	-	4,027	-	31xx	Total equity attributable to owners of parent (note 6 (7), (18) and (19)):	1,074,648	6	1,074,648	7
1920	Guarantee deposits paid	17,687	-	19,959	-	3110	Ordinary share	2,946,912	18	2,903,693	20
		6,272,667	37	5,057,686	34	3200	Capital surplus				
						3300	Retained earnings:				
						3310	Legal reserve	577,540	4	534,118	4
						3320	Special reserve	376,209	2	162,447	1
						3350	Unappropriated retained earnings	1,667,845	10	2,143,560	15
								2,621,594	16	2,840,125	20
						3400	Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	129,907	1	(376,209)	(3)
						3500	Treasury shares	(108,347)	(1)	(108,347)	(1)
							Total equity attributable to owners of parent	6,664,714	40	6,333,910	43
						36xx	Non-controlling interests (note 6 (7))	1,116,803	6	907,919	6
						3xxx	Total equity	7,781,517	46	7,241,829	49
1xxx	Total assets	\$ 16,784,513	100	14,751,111	100	2-3xxx	Total liabilities and equity	\$ 16,784,513	100	14,751,111	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
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, except for Earning Per Share)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (note 6 (21) and 7):	\$ 5,188,000	100	5,212,222	100
5000	Operating costs (note 6 (6), (9), (10), (11), (15), (16), (19), (22) and 7)	4,504,402	87	3,991,035	77
5900	Gross profit from operations	683,598	13	1,221,187	23
6000	Operating expenses (note 6 (4), (9), (10), (11), (15), (16), (19), (22) and 7):				
6100	Selling expenses	50,236	1	48,375	1
6200	Administrative expenses	495,196	9	501,892	10
6300	Research and development expenses	363,990	7	386,959	7
6450	Expected credit loss	1,043	-	-	-
	Total operating expenses	910,465	17	937,226	18
6900	Net operating profits (losses)	(226,867)	(4)	283,961	5
7000	Non-operating income and expenses (note 6 (8), (14), (15), (23)):				
7100	Interest revenue	165,762	3	191,856	4
7010	Other income	195,153	3	78,700	1
7020	Other gains and losses	35,444	1	190,147	4
7050	Finance costs	(177,808)	(3)	(178,005)	(3)
	Total non-operating income and expenses	218,551	4	282,698	6
7900	Profit (Loss) from continuing operations before tax	(8,316)	-	566,659	11
7950	Loss: Tax expense (benefit) (note 6 (17))	(47,265)	(1)	99,243	2
8200	Profit	38,949	1	467,416	9
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	520,550	10	(236,695)	(5)
8399	Loss: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income, net	520,550	10	(236,695)	(5)
8500	Total comprehensive income	\$ 559,499	11	230,721	4
	Profit (Loss), attributable to:				
8610	Owners of parent	\$ 42,656	1	434,217	8
8620	Non-controlling interests	(3,707)	-	33,199	1
		\$ 38,949	1	467,416	9
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 548,772	11	220,455	4
8720	Non-controlling interests	10,727	-	10,266	-
		\$ 559,499	11	230,721	4
	Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (20))				
9750	Basic earnings per share	\$ 0.40		4.10	
9850	Diluted earnings per share	\$ 0.40		4.06	

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

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Retained earnings						Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non- controlling interests	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropria ted retained earnings	Total					
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	-	-	-	-	434,217	434,217	-	-	434,217	33,199	467,416
Other comprehensive income (loss)	-	-	-	-	-	-	(213,762)	-	(213,762)	(22,933)	(236,695)
Total comprehensive income (loss)	-	-	-	-	434,217	434,217	(213,762)	-	220,455	10,266	230,721
Proceeds from sale of treasury shares	-	-	-	-	-	-	-	42,889	42,889	-	42,889
Changes in ownership interests in subsidiaries	-	(30,255)	-	-	-	-	-	-	(30,255)	30,255	-
Share-based payment transactions	-	-	-	-	-	-	-	-	-	111,580	111,580
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	302,028	302,028
Balance as of December 31, 2023	1,074,648	2,903,693	534,118	162,447	2,143,560	2,840,125	(376,209)	(108,347)	6,333,910	907,919	7,241,829
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	43,422	-	(43,422)	-	-	-	-	-	-
Special reserve	-	-	-	213,762	(213,762)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(261,187)	(261,187)	-	-	(261,187)	-	(261,187)
Profit (Loss)	-	-	-	-	42,656	42,656	-	-	42,656	(3,707)	38,949
Other comprehensive income (loss)	-	-	-	-	-	-	506,116	-	506,116	14,434	520,550
Total comprehensive income (loss)	-	-	-	-	42,656	42,656	506,116	-	548,772	10,727	559,499
Changes in ownership interests in subsidiaries	-	43,219	-	-	-	-	-	-	43,219	(43,219)	-
Share-based payment transactions	-	-	-	-	-	-	-	-	-	71,745	71,745
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	169,631	169,631
Balance as of December 31, 2024	\$ 1,074,648	2,946,912	577,540	376,209	1,667,845	2,621,594	129,907	(108,347)	6,664,714	1,116,803	7,781,517

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

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Profit (Loss) before tax	\$ (8,316)	566,659
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	634,841	492,928
Amortization expense	1,702	792
Expected credit loss	1,043	-
Net profit on financial assets and liabilities at fair value through profit or loss	(42,114)	(34,958)
Interest expense	177,808	178,005
Interest income	(165,762)	(191,856)
Share-based payments	71,745	111,580
Gain on bond redemption	-	(7,500)
Net (gain) loss on disposal and scrapping of property, plant and equipment	(3,522)	1,277
Property, plant and equipment transferred to expenses	2,347	323
Gain on disposal of investments	-	(148,397)
Gain from modification of lease	(372)	(43)
Gain recognised in bargain purchase transaction	(119,338)	-
Total adjustments to reconcile profit (loss)	558,378	402,151
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	-	269,328
Contract assets	15,171	127,547
Notes receivable	(38,563)	-
Accounts receivable	(111,113)	250,272
Accounts receivable—related parties	(19,414)	63,719
Other receivables	109,677	3,221
Inventories	(162,947)	432,432
Prepayments	(88,328)	(22,868)
Other current assets	(2,344)	1,610
Total changes in operating assets	(297,861)	1,125,261
Changes in operating liabilities:		
Contract liabilities	(51,255)	7,702
Accounts payable	315,298	(302,245)
Accounts payable—related parties	7,955	(3,445)
Other payable	48,970	56,406
Other payable—related parties	(248)	-
Other current liabilities	(10,578)	19,074
Long-term deferred income	(18,803)	27,482
Total changes in operating liabilities	291,339	(195,026)
Total changes in operating assets and liabilities	(6,522)	930,235
Total adjustments	551,856	1,332,386
Cash inflow generated from operations	543,540	1,899,045
Interest received	129,455	205,044
Interest paid	(173,974)	(172,800)
Income taxes paid	(104,401)	(66,720)
Net cash flows from (used in) operating activities	394,620	1,864,569
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized costs	(1,443,436)	(13,133)
Proceeds from disposal of financial assets at amortized cost	19,539	64,033
Net cash flow from acquisition of subsidiaries	(494,568)	-
Acquisition of property, plant and equipment	(977,732)	(863,804)
Proceeds from disposal of property, plant and equipment	3,522	312
Increase in guarantee deposits paid	2,272	(5,942)
Acquisition of intangible assets	(1,390)	(813)
Increase in prepayments for business facilities	(13,525)	(4,009)
Net cash flows from (used in) investing activities	(2,905,318)	(823,356)
Cash flows from (used in) financing activities:		
Increase in short-term loans	4,215,365	7,011,487
Decrease in short-term loans	(4,000,398)	(6,900,108)
Repayments of bonds	-	(1,500,000)
Proceeds from long-term debt	2,602,750	-
Repayments of long-term loans	(1,575,574)	(398,096)
Increase in guarantee deposits received	(2,291)	77
Payments of lease liabilities	(63,245)	(35,804)
Cash dividends paid	(261,187)	(123,585)
Proceeds from sale of treasury shares	-	42,889
Changes in non-controlling interests	169,631	302,028
Net cash flows from (used in) financing activities	1,085,051	(1,601,112)
Effect of exchange rate changes on cash and cash equivalents	283,570	(189,331)
Net decrease in cash and cash equivalents	(1,142,077)	(749,230)

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

Cash and cash equivalents at beginning of period	8,070,508	8,819,738
Cash and cash equivalents at end of period	<u>\$ 6,928,431</u>	<u>8,070,508</u>

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

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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 March 11, 2025.

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, 2024, and it does not cause significant impact on consolidated financial report.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS16 “Lease Liability in a Sale and Leaseback”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.

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

As of the date, the following IFRSs that have been issued by the International Accounting

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Standards Board (IASB), but have yet to be endorsed by the FSC:

New or Amended Standards	Main revision contents	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	2027/1/1

The Group is evaluating the impact of its initial adoption of the above mentioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

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- 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” Guidance on the application of sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

4. Summary of Major Accounting Policies

The significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements which are summarized as follows:

(1) Statement on compliance

These consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(2) Basic of preparation

A. The basis of measurement

The consolidated financial report is prepared on the basis of historical cost, except for financial instruments (including derivative financial instruments) measured at fair value through profit and loss at fair value.

B. Functional and presentation currency

The functional currency of a Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements

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from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The Group attributes the profit or loss and each component of other comprehensive income to the owners of parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements

Investor	Name of subsidiary	Primary Business	Shareholding Ratio	
			2024.12.31	2023.12.31
The Company	ShunSin Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunSin (Hong Kong))	Holding Company	93.82% (Note 1)	91.80%
The Company	ShunSin Technology (Samoa) Corporation Limited (hereinafter referred to as ShunSin (Samoa))	Overseas material and equipment purchase	100.00%	100.00%
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	6.18% (Note 1)	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%
ShunSin (Hong Kong)	ShunYun Technology (Zhongshan) Limited (hereinafter referred to as ShunYun (Zhongshan))	High-speed optical transceivers manufacturing	78.05%	78.05%
ShunSin (Hong Kong)	ShunSin Technology (Vietnam) Company Limited (hereinafter referred to ShunSin (Vietnam))	Assembly, testing and sales of high-speed optical transceiver module, high-frequency wireless communication module and various integrated circuits	100.00% (Note 2)	- %
ShunSin (Hong Kong)	SFA SEMICON (SUZHOU) CO., LTD (hereinafter referred to SFA (SUZHOU))	Packaging and testing OEM services based on lead frame	100.00% (Note 3)	- %
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	34.29% (Note 4)	39.21%

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ShunYun (Zhongshan)	ShunYun Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunYun (Hong Kong))	Holding Company	100.00%	100.00%
ShunYun (Hong Kong)	ShunYun Technology Holdings Limited (hereinafter referred to ShunYun (Cayman))	Sales of high-speed optical transceiver module	100.00%	100.00%
ShunYun (Cayman)	ShunYun Technology (Ha Noi, Vietnam) Limited (hereinafter referred to ShunYun (HaNoi))	High-speed optical transceivers manufacturing	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%
Talentek (Hefei))	Talentek Microelectronics (Zhongshan) Limited (hereinafter referred to as Talentek (Zhongshan))	Design, R&D, measurement and sales of electrical equipment, communication equipment and automation	100.00% (Note 5)	- %

Note 1: The company increased its capital in ShunSin (Hong Kong) by US\$ 37,991 thousand in 2024, resulting in the company's shareholding ratio in ShunSin (Hong Kong) from 91.80% to 93.82%, while the shareholding ratio of ShunSin (Samoa) to ShunSin (Hong Kong) decreased from 8.20% to 6.18%.

Note 2: On December 19, 2023, the company indirectly established ShunSin (Vietnam) by increasing the capital of ShunSin (Hong Kong) which is approved by the Board of Directors, and on January 18, 2024, ShunSin (Vietnam) was established in Bac Giang Province, Vietnam. The authorized capital is US\$ 20,000 thousand. As of December 31, 2024, ShunSin (Hong Kong) has invested US\$ 20,000 thousand and the shareholding ratio is 100%.

Note 3: ShunSin (Hong Kong) was approved by Board of Directors on January 29, 2024 to acquire SFA SEMICON (SUZHOU) CO., LTD. ShunSin (Hong Kong) paid the amount of USD 17,890 thousand in July, 2024 to acquire 100% of the equity of SFA (SUZHOU), and completed the amendment registration of SFA (SUZHOU) on July 29, 2024.

Note 4: Non-controlling shareholders of Talentek (Hefei) continue to invest in 2024. The actual shareholding ratio ShunSin (Zhongshan) hold is 34.29% according to invested capital as of December 31, 2024. 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 5: Talentek (Hefei) was approved by Board of Directors on December 28, 2023 to set up its subsidiary, Talentek (Zhongshan) in Zhongshan city, Guangdong Province in China on January 10, 2024. The authorized capital is RMB 40,000 thousand. The expected shareholding ratio of Talentek (Hefei) is 100%. As of December 31, 2024, Talentek (Hefei) has invested RMB 20,000 thousand.

Subsidiaries not included in the consolidated financial report: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated

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into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated into the functional currencies using exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

B. Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rate at the reporting date. The income and expense of foreign operations, are translated into presentation currency at the average rate. Exchange differences are recognized in other comprehensive income.

When the Group disposes of a foreign operating organization results in the loss of control, joint control or significant influence, the accumulated exchange differences related to the foreign operating organization shall be fully reclassified as profit or loss. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income.

(5) Standards of classifying current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is realized within twelve months after the reporting period; or
- D. The asset is cash or cash equivalents (as defined in IAS 7) unless the asset is exchanged or used to settle a restricted liability at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- A. It is expected to be settled in the normal operating cycle;

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- B. It is held primarily for purpose of trading;
- C. It is settled within 12 months after the reporting period; or
- D. No right to defer settlement of the liability for at least twelve months at the end of the reporting period.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposit. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

Accounts receivables and debt securities issued are initially recognized when transactions occurred. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

Where the purchase or sale of financial assets conforms to conventional transactions, all purchases and sales of financial assets classified in the same way by the Group shall be accounted for on the transaction date or settlement date.

On initial recognition, a financial asset is classified as measured at: amortized cost and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments

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of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial assets are measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on writing off is recognized in profit or loss.

(b) Fair value through profit or loss(FVTPL)

Financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(c) Impairment of financial assets

The Group recognize losses allowances for expected credit losses (ECL) on financial assets (including cash and cash equivalents, notes receivable, accounts receivable, other receivables and guarantee deposits paid, etc.) and contractual assets measured at post-amortization costs.

If the credit risk of bank deposits, other receivables and guarantee deposits paid (that is, the risk of default in the expected duration of the existence of financial instruments) has not increased significantly since the original recognition, it shall be measured as the loss allowance based on the expected 12-month credit loss amount.

Notes receivable, accounts receivable and contractual assets are measured against the expected amount of credit loss during the term of the contract.

Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (of a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and

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supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.) ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or delay of payments;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
- or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost and contractual assets are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(d) Writing off financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of

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the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury stocks

When repurchasing the equity instruments recognized by the Company, the Company recognized as a decrease in equity base on the paying amount. (including directly attributable costs). The repurchased shares are classified as treasury stocks. Subsequent sales or reissue of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a paid-in capital or retained earnings (if the paid-in capital is insufficient).

(d) Compound financial instruments

Compound financial instruments issued by the Group are convertible bonds (denominated in New Taiwan dollars) that the holder has the option to convert into share capital, and the number of shares issued will not vary with changes in their fair value.

The original recognized amount of a compound financial liability is measured by the fair value excluding equity conversion rights. The original recognized amount of the equity component is measured by the difference between the fair value of the overall composite financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liabilities and equity components based on the proportion of the original debt and equity book value.

After the initial recognition, the liability component of the composite financial

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instrument is measured using the effective interest rate method after amortization. The equity components of compound financial instruments are not remeasured after they are initially recognized.

Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity at the time of conversion, and the conversion does not generate profit or loss.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group excludes financial liabilities when contractual obligations have been fulfilled, cancelled or expired. When the terms of financial liabilities changed and the cash flow of the modified liabilities is significantly different, the original financial liabilities are excluded and the new financial liabilities are recognized at fair value based on the revised terms.

When excluding financial liabilities, the difference between their carrying amount and the total payment (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset when the Group has the legal right to offset and intend to deliver or simultaneously realize the assets and settle the liabilities, expressing them in the balance sheet in net.

C. Derivative financial instruments

The Group hold derivative financial instruments to hedge its foreign currency and interest rate exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and change therein are generally recognized in profit or loss.

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(8) Inventories

The original cost of inventory refers to the acquisition, production or processing costs and other costs incurred when the inventory reaches the available location and status, and the moving weighted average method is adopted for calculation.

The subsequent measurement of inventory is based on the lower cost and net realizable value of each category of inventory, while the net realizable value is calculated on the basis of the reduction of the estimated selling price on the balance sheet day from the cost and sales cost of the completed investment. When the cost of inventory exceeds the net realized value, the inventory cost shall be reduced to the net realized value and the amount of such write-off shall be recognized as the cost of goods sold. If the net realizable value increases in the subsequent period, the net realizable value of the revolving inventory increases within the original deduction amount and is recognized as a reduction in the cost of current sales.

(9) Property, plant and equipment

A. Recognition and measurement

Property, plant and equipment are measured by cost less accumulated depreciation and any accumulated impairment.

When the major components of property, plant and equipment have different economic lives, they are treated as separate items (main components) of property, plant and equipment.

The gain or loss generated from the disposal of property, plant and equipment are recognized as profit or loss.

B. Subsequent cost

Subsequent expenditures are capitalized when their future economic benefits are likely to flow into the Group.

C. Depreciation

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is adopted to recognize profit or loss within the estimated useful life.

The estimated service life of various assets in the current period and comparison period is as follows:

(a) Buildings and structures	21 to 40 years
(b) Machinery and equipment	1 to 10 years
(c) Office equipment (including computer and telecommunication equipment)	4 to 7 years
(d) Inspection equipment	1 to 10 years

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(e) Other facilities	1 to 10 years
(f) Lease improvement	1 to 10 years

The Group reviews the depreciation method, useful life and residual value on each reporting day, and makes appropriate adjustments if necessary.

(10)Lease— As a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that are cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- A. Fixed payments, including in-substance fixed payments;
- B. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. Amounts expected to be payable under a residual value guarantee; and
- D. Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- A. There is a change in future lease payments arising from the change in an index or rate; or
- B. There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- C. There is charge in the lease term resulting from a change of its assessment on whether it will

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exercise an option to purchase the underlying assets, or

D. There is a change of its assessment on whether it will exercise an extension or termination option; or

E. There are any lease modifications.

When the lease liability is remeasured due to the changes of index or rate, residual value deposit, and the assessment of purchase, extend or terminate option, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The rental periods of office, parking, staff dorm, and machinery are short-term lease, the Group chose to apply exemption recognition requirements instead of recognizing its relative right-of-use assets and lease liabilities, and recognized as expenses during the lease period on a straight-line basis.

(11) Intangible assets

A. Recognition and measurement

The Group obtains intangible assets with limited service life, which is measured by cost less accumulated amortization and accumulated impairment.

B. Subsequent expenditure

Subsequent expenditures may be capitalized only if they increase the future economic benefit of the particular asset concerned. All other expenditures are recognized as gains and losses when incurred.

C. Amortization

Intangible assets are computer software and customer relation, which are amortized on a straight-line basis over the estimated service life from the moment they become available for use.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|-----------------------|--------------|
| (a) Computer software | 1 to 5 years |
| (b) Customer relation | 8 years |

The Group reviews the amortization method, useful life and residual value of intangible assets

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on each reporting day, and makes appropriate adjustments if necessary.

(12) Impairment of non-financial assets

The Group assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventory, contract assets and deferred income tax assets) may be impaired. If any signs exist, the Group shall re-estimate the asset's recoverable amount.

For the purpose of impairment test, a group of assets whose cash inflow is mostly independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group.

The recoverable amount is the greater of the fair value of individual assets or cash-generating units minus the disposal cost and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized immediately in profit or loss, and the book value of each asset is reduced in proportion to the book value of each other asset in the unit.

Non-financial assets other than goodwill will only be reversed within its book value (less depreciation or amortization) determined when the asset did not recognize impairment losses in previous years.

(13) Revenue recognition

Most products producing by the Group as work-in-process are under control of client, thus, the Group recognized revenue during the process of produce. Main revenue items are as follows:

A. Revenues from packaging and testing service

The Group provides processing services such as packaging and testing, and recognizes the relevant income during the reporting period of providing processing services. The Group shall recognize revenue on the basis of the proportion of the standard cost of services provided as at the reporting date to the total standard cost of services.

If conditions change, estimates of revenues, costs and levels of completion will be revised and changes made during the period when management is informed of the changes will be reflected in profit and loss.

B. Revenue from merchandise sales

Revenue from merchandise sales comes from sales of automotive electronics, fingerprint identification and thick film products. The goods promised by the Group will be shipped or delivered to the place designated by the customer according to the transaction conditions, and the customer will recognize the income and accounts receivable when the customer obtains

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the control of the goods and meets the performance obligations.

C. Financial components

The Group expect that the time interval between the transfer of goods or services to customers by all customer contracts and the payment of goods or services by customers will not exceed one year. Therefore, the Group do not adjust the monetary time value of the transaction price.

(14) Employees benefits

The obligation to allocate a pension plan is defined as the employee's welfare expenses recognized as profit and loss during the period of service provided by the employee.

Short-term employee welfare obligations are measured on a non-discounted basis and are recognized as expenses in the provision of related services.

The amount of expected payment under a short-term cash bonus or bonus scheme is recognized as a liability if the Group have a current statutory or presumptive obligation to pay due to the past service provided by its employees and the obligation can be reliably estimated.

Subsidiaries in mainland China shall, in accordance with local government decrees, allocate pensions in proportion to one of the basic salaries of their employees and pay them to the relevant government departments, and deposit them exclusively in separate accounts of their employees.

(15) Government subsidies

The Group recognizes an unconditional government subsidy related to the business in profit or loss as other income when the subsidy becomes receivable. Subsidies that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(16) Share-based payment transactions

The employee shall be entitled to a share-based award for the fair value of the day, and shall recognize the remuneration cost and increase the relative rights and interests within the period when the employee can get the remuneration unconditionally. The recognized remuneration costs shall be adjusted in accordance with the quantity of the award which is expected to meet the conditions of service and which is not obtained at the market price; The final recognition amount is based on the amount of rewards that meet the conditions of service and non-market price on the vested day.

The non-vested conditions of share-based payment have been reflected in the measurement of the fair value of share-based payment and the difference between expected and actual results need not be verified and adjusted.

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(17) Income tax

Income tax expenses include current and deferred income taxes. The current income tax and deferred income tax shall be recognized as profit and loss, except for those project stakeholders who are directly recognized as equity or other comprehensive gains and losses after consolidation. The Group determines that interest or penalties related to income tax (including uncertain tax treatment) do not meet the definition of income tax, therefore, the accounting treatment of International Accounting Standard 37 is applicable.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profit (losses) for the year and any adjustment to the tax payable of receivable in respect of previous years. The amount is based on the statutory tax rate at the reporting date or the tax rate of the substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred income tax is a measure of the temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and their tax basis. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

- A. Originally recognized as assets or liabilities which are not belong to entities consolidating transactions, besides, (i) it did not affect accounting profit and taxable income (loss), and (ii) it did not generate equivalent taxable & deductible temporary differences when transactions happen.
- B. Arising from investments in subsidiaries and joint venture interests which are likely not to be converted in the foreseeable future.
- C. Original recognition of goodwill.

For unused taxation losses and unused income tax deduction in the later period of transfer, it may be considered as deferred income tax assets to the extent that future taxable income may be available. It will be re-assessed on each reporting day and adjusted to the extent that the relevant income tax benefits are not likely to be realized; such reduction are reversed when the probability of future taxable profit improves.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to revert, and is based on the legal tax rate or substantive legislative tax rate at the reporting date.

Deferred income tax assets and deferred income tax liabilities shall be offset only when the Group simultaneously meets the following conditions:

- A. Having the legal enforcement power to offset the current income tax assets and current

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income tax liabilities; and

B. Deferred income tax assets and deferred income tax liabilities are related to any of the following entities that are subject to income tax levied by the same tax authority;

(a) The same taxpayer; or

(b) Different tax payers, however, each tax payer intends to pay current income tax liabilities and assets on a net basis for each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be paid, or to realize assets and liabilities at the same time.

(18) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

(19) Earnings per share

The Group list the basic and diluted earnings per share attributable to the ordinary shareholders of the Company. The basic earnings per share of the Group shall be calculated by dividing the profits and losses attributable to the ordinary shareholders of the Company by the weighted average number of common shares outstanding in the current period. Shares added due to surplus or capital reserve transferred to capital increase shall be calculated by retroactive adjustment. If the base date of the transfer of surplus or capital reserve to capital increase is prior to the submission of financial statements, the adjustment shall be made retroactively.

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Diluted earnings per share are calculated after adjusting for the effect of all potential diluted common shares on the profits and losses attributable to holders of the Company's common shares and the weighted average number of outstanding common shares. The Company's potential dilution of common share includes employee compensation and bonds.

(20) Information of the departments

The operations department is an integral part of the Group and engages in business activities that may generate revenue and incur expenses (including revenues and expenses related to transactions between other components of the Group), together with separate financial information. The operating results of all operating departments are regularly reviewed by the major operating decision makers of the Group to determine the allocation of resources to the decisions of the department and to evaluate its performance.

5. Major Sources of Uncertainty in Accounting Judgments, Estimates and Assumptions

In preparing these consolidated financial reports, management must make estimates of future (including climate-related risks and opportunities) that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, earnings and expenses. The actual results may differ from the estimates.

Management continues to review the consistency between the estimates and basic assumptions and the Group's commitments. Revisions to estimates are recognized in the period of the change and future periods affected.

The information relating to the uncertainty of the assumptions and estimates that there is a material risk that will cause a material adjustment in the next financial year is measured by the fair value of the financial asset as measured by profit and loss at fair value, In the process of re-measurement of its fair value, the Group must rely on the external appraisal report. The evaluation in the report is easy to be affected by the operating status of the invested companies and the changes in the overall industrial boom, so that the subsequent re-measurement of the interests or losses generated by the fair value will have a large range of changes in the recognition of gains and losses, so that the value of financial assets will be adjusted. Please refer to note 6 (24) for the description of financial asset evaluation through profit and loss at fair value.

6. Description of important accounting items

(1) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand	\$ 83	47
Current deposit	4,705,363	5,942,309

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Time deposits with original maturity within three months	2,222,985	2,128,152
Cash and cash equivalents as shown in the consolidated cash flow statement	\$ 6,928,431	8,070,508

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

(2) Financial assets measured at fair value through profit or loss-non-current

	2024.12.31	2023.12.31
Financial assets designated at fair value through profit and loss:		
Non-derivative financial assets		
Stocks of domestic unlisted companies	\$ -	7,237
Stocks of foreign unlisted companies	194,817	140,340
	\$ 194,817	147,577

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

The Group disposed the private equity fund's securities investment on November 16, 2023, and recognized gain on disposal of investment amounting to 148,397 thousand. As of December 31, 2023, there are still outstanding receivables of 110,174 thousand which are recorded under other receivables.

(3) Financial assets at amortized cost

A. Current

	2024.12.31	2023.12.31
Restricted bank deposits	\$ -	19,488
Time deposits with original maturity exceeding three months	1,482,488	1,637
	\$ 1,482,488	21,125

The Group used the bank loans on December 31, 2023. According to the deal of bank, the Group saved NTD 19,488 thousand into the syndicated loan interest custody account.

On December 31, 2024 and 2023, the Group held a foreign currency time deposits with original maturity exceeding three months amounting to 1,482,488 thousand (RMB 325,000 thousand) and 1,637 thousand (VND 1,300,000 thousand) respectively, with effective rate of 1.5% to 1.95% and 4.5% respectively. The time deposit matures in February, 2025, May, 2025 and November, 2024 respectively.

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B. Non-current

	2024.12.31	2023.12.31
Restricted bank deposits	\$ 2,903	-

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.

For details of the power guarantee mortgage, please refer to Note 8 as of December 31, 2024 and 2023.

(4) Notes receivable and accounts receivable

	2024.12.31	2023.12.31
Notes receivable	\$ 38,563	-
Accounts receivable	903,425	718,183
Accounts receivable-related party	19,480	66
Less: Loss allowance	(1,068)	-
	\$ 960,400	718,249

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 December 31, 2024 and 2023, are analyzed as follows:

		2024.12.31	
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not overdue	\$ 915,880	-	-
Past due 1-30 days	29,791	-	-
Past due 31-60 days	2,861	-	-

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Past due 61-90 days	10,043	-	-
Past due 121-365 days	1,825	-	-
	\$ 960,400	-	-

On December 31, 2024, the Group has recognized whole amount of \$1,068 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

	2023.12.31		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not overdue	\$ 682,840	-	-
Past due 1-30 days	34,659	-	-
Past due 31-60 days	48	-	-
Past due 61-90 days	702	-	-
	\$ 718,249	-	-

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

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

	2024	2023
Opening balance	\$ -	-
Recognized loss allowance	1,043	-
Exchange gains (losses)	25	-
Ending balance	\$ 1,068	-

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

(5) Other receivables

	2024.12.31	2023.12.31
Other receivables	\$ 54,396	125,943

Other receivables of the Group were not overdue on December 31, 2024 and 2023.

(6) Inventories

	2024.12.31	2023.12.31
Raw materials	\$ 469,337	342,928
Work-in-process	77,368	16,752
Finished products (including semi-finished products)	43,112	11,916
	\$ 589,817	371,596

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Operating costs recognized for the year of 2024 and the year of 2023 of the Group:

	2024	2023
Cost of selling inventories	\$ 4,511,081	3,961,614
Loss allowance for inventory valuation losses and slow-moving inventories	(18,003)	9,186
Inventory Obsolescence	5,125	9,594
Unallocated manufacturing overhead	9,761	13,197
Inventory short	-	134
Revenue from sale of scraps	(3,562)	(2,690)
	<u>\$ 4,504,402</u>	<u>3,991,035</u>

As of December 31, 2024 and 2023, 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 in 2023. In order to encourage outstanding employees to continue 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%. The Company and its subsidiary paid a one-time compensation payment to ShunYun (Zhongshan) in the second quarter of 2023, and recognized payroll cost base on restricted right of employee shares, resulting in a change of 6,810 thousand in Capital surplus in 2024.

Talentek (Hefei) has finished the cash capital increase in 2024 and 2023, hence the shareholding rate of the Company toward Talentek (Hefei) decreased by 4.92% and 4.68%. The impact of changes in the Group's ownership interest in the aforementioned subsidiary to equity attributable to parent company is listed below:

	2024	2023
ShunYun (Zhongshan)	\$ 6,810	(56,428)
Talentek (Hefei)	36,409	26,173
	<u>\$ 43,219</u>	<u>(30,255)</u>

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

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Subsidiaries	Bussiness location/ Country of company registration	Proportion of ownership interests and voting rights of non-controlling interests	
		2024.12.31	2023.12.31
ShunYun (Zhongshan)	China	21.95%	21.95%
Talentek (Hefei)	China	65.71%	60.79%

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:

	2024.12.31	2023.12.31
Current assets	\$ 534,031	1,048,196
Non-current assets	2,041,419	1,978,832
Current liabilities	(83,706)	(463,193)
Non-current liabilities	(50,416)	(65,356)
Net asset	\$ 2,441,328	2,498,479
Book value of ending balance on non-controlling interests	\$ 694,557	651,105

	2024	2023
Operating revenue	\$ 131,578	468,159
Profit (Loss)	\$ (94,049)	103,373
Other comprehensive income	(3,821)	80,827
Total comprehensive income (loss)	\$ (97,870)	184,200
Profit (Loss) attributable to non-controlling interests	\$ (20,644)	22,690
Comprehensive income (loss) attributable to non-controlling interests	\$ (21,483)	3,530

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

	2024.12.31	2023.12.31
Current assets	\$ 296,176	252,266

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Non-current assets	496,755	342,713
Current liabilities	(126,929)	(137,305)
Non-current liabilities	(23,412)	(35,213)
Net asset	<u><u>\$ 642,590</u></u>	<u><u>422,461</u></u>
Book value of ending balance on non-controlling interests	<u><u>\$ 422,246</u></u>	<u><u>256,814</u></u>

	2024	2023
Operating revenue	<u><u>\$ 376,892</u></u>	<u><u>400,529</u></u>
Profit	\$ 25,974	16,132
Other comprehensive income	20,577	(6,173)
Total comprehensive income	<u><u>\$ 46,551</u></u>	<u><u>9,959</u></u>
Profit attributable to non-controlling interests	<u><u>\$ 16,937</u></u>	<u><u>10,509</u></u>
Comprehensive income attributable to non-controlling interests	<u><u>\$ 32,210</u></u>	<u><u>6,736</u></u>

(8) Acquired a subsidiary

In order to expand the product line to basic packaging and testing OEM services, the Group acquired 100% of the equity of SFA (Suzhou) for 579,222 thousand (USD 17,890 thousand) on July 29, 2024, and acquired the rights of control to the company.

During the five-month period from the acquisition date to December 31, 2024, the income and net loss contributed by SFA (Suzhou) were 201,261 thousand and 22,647 thousand respectively. If this acquisition occurs on January 1, 2024, management estimates that the revenue of the Group in 2024 will reach 467,742 thousand, and the net loss will be 113,964 thousand. When measuring acquisition amount, the management assumed that the acquisition occurs on January 1, 2024, and that the provisional fair value adjustments incurred on the acquisition date are the same.

The fair values of the main categories of transfer price on the acquisition date are as follows:

Cash	<u><u>\$ 579,222</u></u>
------	--------------------------

The details of the fair values of identifiable assets and liabilities as of August 1, 2024 are as follows:

Cash and cash equivalents	\$ 84,654
Net accounts receivable	74,104
Other receivables	1,823
Inventories	55,274

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Prepayments	1,133
Property, plant and equipment	392,024
Intangible assets	521
Intangible assets –customer relation	10,878
Right-of-use assets	110,268
Deferred tax assets	70,412
Accounts payable	(42,532)
Other payables	(23,982)
Deferred tax liabilities	<u>(36,017)</u>
The fair values of identifiable net assets	<u>\$ 698,560</u>
Gain resulted from acquisition recognized in bargain purchase transaction	
Transfer price	\$ 579,222
Less: the fair values of identifiable net assets	<u>698,560</u>
Gain resulted from acquisition (recognized as other incomes)	<u>\$ (119,338)</u>

The total amount of inventory is 66,515 thousand, and the amount of slow-moving inventory loss on the acquisition date is 11,241 thousand.

The deferred income tax assets represent the income tax impact of 70,412 thousand on the acquisition date due to losses on allowance for accounts receivable, losses on slow-moving inventory, losses on impairment of fixed assets and the provision for loss deductions.

The deferred income tax liability represents the income tax impact of 36,017 thousand on the increase in value of right-of-use assets (land) and building construction on the acquisition date.

The Group will continue to review the aforementioned during the measurement period. The accounting for the acquisition will be modified if new information is obtained within one year from the acquisition date regarding facts and circumstances that existed at the acquisition date and it is possible to identify adjustments to the provisional amounts described above or any additional liability provisions that existed at the acquisition date.

(9) Property, plant and equipment

The changes in the costs, depreciation and impairment losses of the real estate, plant and equipment of the Group in the year of 2024 and the year of 2023 are as follows:

	Buildings	Machinery and equipment	Office equipment (including computer communication equipment)	Inspection equipment	Other equipment	Lease improvement	Unfinished construction and equipment to be inspected	Total
Cost:								

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Balance as of January 1, 2024	\$	3,099,861	3,203,681	79,251	683,490	482,258	50,938	70,992	7,670,471
Acquired by merge (please refer to note 6 (8))		475,530	1,060,828	57,667	56,212	179,650	-	-	1,829,887
Acquisition		-	284,235	14,427	50,767	162,094	739	393,876	906,138
Disposal		-	(169,962)	(6,672)	(46,455)	(7,951)	-	-	(231,040)
Re-classification (Note 1)		(2,078)	21,897	-	11,825	2,175	-	(36,896)	(3,077)
Impact of exchange rate changes		107,336	211,426	6,251	45,814	36,873	2,668	16,192	426,560
Balance as of December 31, 2024	\$	3,680,649	4,612,105	150,924	801,653	855,099	54,345	444,164	10,598,939
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		203,258	383,709	6,803	28,430	70,198	1,027	61,990	755,415
Disposal		-	-	(974)	(637)	(8,006)	(3,868)	-	(13,485)
Re-classification (Note 2)		1,706,121	21,749	-	5,377	29,080	185	(1,766,628)	(4,116)
Impact of exchange rate changes		(82,632)	(51,964)	(1,503)	(15,841)	(12,234)	(872)	9,780	(155,266)
Balance as of December 31, 2023	\$	3,099,861	3,203,681	79,251	683,490	482,258	50,938	70,992	7,670,471
Accumulated depreciation and impairment losses:									
Balance as of January 1, 2024	\$	398,362	2,088,817	69,499	561,776	362,233	28,718	-	3,509,405
Acquired by merge (please refer to note 6 (8))		217,392	983,818	50,630	47,392	138,631	-	-	1,437,863
Annual depreciation		115,209	333,941	5,922	60,558	51,204	6,228	-	573,062
Disposal		-	(169,962)	(6,672)	(46,455)	(7,951)	-	-	(231,040)
Impact of exchange rate changes		27,167	100,553	6,198	20,819	32,099	1,645	-	188,481
Balance as of December 31, 2024	\$	758,130	3,337,167	125,577	644,090	576,216	36,591	-	5,477,771
Balance as of January 1, 2023	\$	343,459	1,863,102	66,210	521,965	319,211	27,216	-	3,141,163
Annual depreciation		61,704	270,974	5,552	58,720	52,194	5,851	-	454,995
Disposal		-	-	(974)	(637)	(6,417)	(3,868)	-	(11,896)
Re-classification (Note 2)		-	1,676	-	(2,275)	-	-	-	(599)
Impact of exchange rate changes		(6,801)	(46,935)	(1,289)	(15,997)	(2,755)	(481)	-	(74,258)
Balance as of December 31, 2023	\$	398,362	2,088,817	69,499	561,776	362,233	28,718	-	3,509,405
Carrying amount:									
Balance as of December 31, 2024	\$	2,922,519	1,274,938	25,347	157,563	278,883	17,754	444,164	5,121,168
Balance as of December 31, 2023	\$	2,701,499	1,114,864	9,752	121,714	120,025	22,220	70,992	4,161,066

Note 1: In 2024, the amounts reclassified from prepayments for business facilities is \$2,838 thousand respectively and the amounts of reclassifying into expenses is \$2,347 thousand. The amounts of unfinished construction and equipment and building is \$3,568 thousand. And the aforementioned unfinished construction and equipment under acceptance was reversed because the quality of the equipment failed to meet the acceptance conditions. After negotiation between the two parties, it was confirmed that the Company did not need to pay for the equipment, hence it was reversed.

Note 2: In 2023, the amounts reclassified from prepayments for business facilities is \$8,404 thousand respectively and the amounts of reclassifying into inventories and expenses is \$2,691 thousand. The amounts of unfinished construction and equipment is \$9,230 thousand. And the aforementioned unfinished construction and equipment under acceptance was reversed because the quality of the equipment failed to meet the acceptance conditions. After negotiation between the two parties, it was confirmed that the Company did not need to pay for the equipment, hence it was reversed.

(10) Right-of-use asset

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

		Land	Building	Vehicle	Total
Cost:					
Balance as of January 1, 2024	\$	314,699	213,121	1,916	529,736
Acquired by merge		115,662	-	-	115,662
Acquisition		-	14,191	1,641	15,832

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Disposal (contract expired and early termination of contract)	-	(91,617)	-	(91,617)
Impact of exchange rate changes	13,862	993	144	14,999
Balance as of December 31, 2024	\$ 444,223	136,688	3,701	584,612
Balance as of January 1, 2023	\$ 295,505	153,473	6,285	455,263
Acquisition	26,765	89,865	-	116,630
Decrease (contract expired)	-	(26,874)	(4,322)	(31,196)
Impact of exchange rate changes	(7,571)	(3,343)	(47)	(10,961)
Balance as of December 31, 2023	\$ 314,699	213,121	1,916	529,736
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2024	\$ 29,662	98,786	590	129,038
Acquired by merge	5,394	-	-	5,394
Depreciation	10,526	50,342	911	61,779
Disposal (contract expired and early termination of contract)	-	(81,945)	-	(81,945)
Impact of exchange rate changes	919	(1,888)	53	(916)
Balance as of December 31, 2024	\$ 46,501	65,295	1,554	113,350
Balance as of January 1, 2023	\$ 21,432	100,787	2,195	124,414
Depreciation	9,005	27,208	1,720	37,933
Decrease (contract expired)	-	(26,600)	(3,311)	(29,911)
Impact of exchange rate changes	(775)	(2,609)	(14)	(3,398)
Balance as of December 31, 2023	\$ 29,662	98,786	590	129,038
Carrying amount:				
Balance as of December 31, 2024	\$ 397,722	71,393	2,147	471,262
Balance as of December 31, 2023	\$ 285,037	114,335	1,326	400,698

(11) Intangible assets

The cost, amortization and impairment losses of the Group' intangible assets for the year of 2024 and 2023 are as follows:

	Software	Customer relation	Total
Cost:			
Balance as of January 1, 2024	\$ 32,332	-	32,332
Acquired by merge	101,917	10,878	112,795

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Acquisition	1,390	-	1,390
Impact of exchange rate changes	4,222	267	4,489
Balance as of December 31, 2024	\$ 139,861	11,145	151,006
Balance as of January 1, 2023	\$ 32,499	-	32,499
Acquisition	813	-	813
Disposal	(333)	-	(333)
Impact of exchange rate changes	(647)	-	(647)
Balance as of December 31, 2023	\$ 32,332	-	32,332
Amortization and impairment losses:			
Balance as of January 1, 2024	\$ 30,871	-	30,871
Acquired by merge	101,396	-	101,396
Amortization	1,135	567	1,702
Impact of exchange rate changes	4,127	13	4,140
Balance as of December 31, 2024	\$ 137,529	580	138,109
Balance as of January 1, 2023	\$ 30,933	-	30,933
Amortization	792	-	792
Disposal	(333)	-	(333)
Impact of exchange rate changes	(521)	-	(521)
Balance as of December 31, 2023	\$ 30,871	-	30,871
Carrying amount:			
Balance as of December 31, 2024	\$ 2,332	10,565	12,897
Balance as of December 31, 2023	\$ 1,461	-	1,461

The amortization expenses of intangible assets for 2024 and 2023 are reported under the consolidated income statement as follows:

	2024	2023
Operating costs	\$ 129	111
Operating expenses	1,573	681
	\$ 1,702	792

(12) Short-term loans

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

	2024.12.31	2023.12.31
Unsecured bank loans	\$ 4,653,480	4,438,513
Line of credit	\$ 5,107,380	4,751,670

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Interest rate range (%) **0.90%-2.38%** **1.89%-6.17%**

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

(13) Long-term loans

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

2024.12.31			
	Currency	Period	Amount
Unsecured loan from China CITIC Bank	NTD	2024.11~2027.11	\$ 600,000
Unsecured loan from Taipei Fubon Bank	NTD	2024.12~2027.12	500,000
Unsecured loan from Taishin Bank	NTD	2024.12~2027.12	700,000
Unsecured loan from E.SUN Bank	USD	2024.12~2027.12	491,850
Unsecured loan from Taiwan Cooperative Bank	USD	2024.12~2027.12	<u>327,900</u>
Subtotal			2,619,750
Less: past due within one year			<u>-</u>
Total			<u>\$ 2,619,750</u>
Line of credit			<u>\$ -</u>
Interest rate range (%)			<u>2.43-5.64</u>

2023.12.31			
	Currency	Period	Amount
Syndicated loan from China CITIC Bank	NTD	2022.12~2024.12	\$ 496,725
Unsecured loan from MUFG Bank	USD	2021.12~2024.12	859,880
Unsecured loan from E.SUN Bank	USD	2021.12~2024.12	<u>171,931</u>
Subtotal			1,528,536
Less: past due within one year			<u>(1,528,536)</u>
Total			<u>\$ -</u>
Line of credit			<u>\$ -</u>
Interest rate range (%)			<u>2.21-6.58</u>

A. Collateral for loans

The Group started to use syndicated loan from China CITIC Bank in October 2020. According to the contract, an amount of interest equivalent to six months is required to be deposited in the custody account. The amount should be deposited in the custody account please refer to note 6 (3). And please refer to note 8 for more information on the collateral loans.

B. Bank loan endorsement guarantee

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The subsidiary of the Company, ShunYun (Cayman), started to use the secured loans from E.SUN Bank and MUFG Bank in December 2021 which were guaranteed by the Company. The guaranteed amount is 1,842,600 thousand (USD 60,000 thousand). ShunYun (Cayman), a subsidiary of the Company, revised the contract with the two banks in December 2023 and no longer provided endorsement guarantees for the bank loans.

C. Loan contract

(a) In 2024, the Company entered into separate credit contracts with CTBC Bank Co., Ltd., Taipei Fubon Bank, and Taishin International Bank Co., Ltd. with the covenants as follows:

(I) CTBC Bank Co., Ltd.

According to the contract, the first installment will be repaid two years after the first activation date, with each installment consisting of six months, for a total of three installments, with a repayment ratio of 15%, 15% and 70%. The financial ratio limit should be reviewed based on the annual consolidated financial statements and semi-annual financial statements, with the review period being March 31 and August 31 each year. The financial ratio restrictions are as follows:

- (i) Debt ratio (total debt/tangible net worth) $\leq$ 170%
- (ii) Tangible Net Worth $\geq$ TWD 6 billion

(II) Taipei Fubon Bank

According to the contract, the first installment is the day 2 years after the automatic use date, and thereafter every 6 months is an installment, with a total of 3 installments, with 20%, 20% and 60% of the principal repaid in each installment. The annual consolidated financial statements and the second quarterly consolidated financial statements audited or reviewed by certified public accountants every half year. The financial ratio limits are as follows:

- (i) Current ratio: [Current assets/Current liabilities] shall not be less than 100%
- (ii) Net debt ratio: [(bank loans + net corporate bonds payable - cash and cash equivalents) / (net worth - intangible assets)], not more than 70%
- (iii) Net interest coverage ratio: [(profit or loss before tax + interest expense + depreciation + amortization) / (financial cost - interest income)], which shall not be less than five times. If (financial cost - interest income) is negative, it is considered to meet the conditions.

(III) Taishin International Bank Co., Ltd.

According to the contract, the principal shall be repaid when the loan matures. The

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annual consolidated financial statements shall be reviewed every year. If the following financial ratios are not met, a semi-annual report shall be submitted within six months from April 1st of the year following the review year to confirm that the financial ratios have been improved, and the direct/indirect shareholding ratio of the ultimate controller of the Company, Hon Hai Precision Industry Co., Ltd., in the Company shall be reviewed to be greater than or equal to 50%. The financial ratio limits are as follows:

- (i) Current ratio (current assets/current liabilities) $\geq 100\%$
 - (ii) Debt ratio (total liabilities/total equity) $\leq 170\%$
 - (iii) Net worth (total equity - intangible assets) $\geq$ TWD 4.5 billion
- (b) The subsidiary ShunYun Cayman signed credit agreements with E.Sun Bank and Taiwan Cooperative Bank in 2024. The main commitments are summarized as follows:

(I) E.Sun Bank

According to the contract, the first installment will be 1.5 years from the date of use, and there will be an installment every 6 months thereafter, for a total of 4 installments, with each installment being 25% of the outstanding principal. Review the financial statements of the Group upon initial mobilization and before April 13, June 13, September 13 and December 13 of each year thereafter, and review the annual report of the shareholders' meeting of Hon Hai Precision Industry Co., Ltd., the ultimate controller of the Group, on June 30 of each year. The Group must be a subsidiary of the consolidated financial statements of Hon Hai Precision Industry Co., Ltd.

(II) Taiwan Cooperative Bank

According to the contract, the principal will be repaid in five installments starting from the end of the second year, with each installment every three months. The first to fourth installments will be 12.5% each, and the remaining principal will be repaid in one lump sum in the fifth installment.

- (c) In 2023, according to the provisions of the syndicated loan contract from China CITIC Bank and the secured loan contract from MUFG Bank, during the loan period, the Group shall calculate and maintain financial covenants based on the consolidated financial report of each year for which the accountant audited, and the consolidated financial report for the second quarter of each year reviewed by the accountant, Financial covenants such as debt ratio, interest protection multiples and tangible net worth. And since the date of first use, it will be checked every half of the fiscal year. If it does not conform to the above ratio, within three months from April 1 of the following year of the audit year or August 15 (the syndicated loan contract from China CITIC Bank) and August 31 (the secured loan contract from MUFG Bank) of the year of the audit year, the financial ratio shall be improved by cash increase or other methods to meet the financial covenants, is

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not considered as default.

When the Group performed the semi-annual audit in 2024 and annual audit in 2024 and 2023, it was not found that there was a violation of the requirement of financial coverage ratio.

According to the provisions of the syndicated loan contract from China CITIC Bank, the Group will repay the principal in one lump sum when it expires, and may apply for extension of the credit term before the expiry date. If the banks agree to the extension, the unpaid principal balance shall be repaid in five installments. The first installment is on the date after thirty-six months of the first use, and thereafter every six months shall be an installment for repayment. 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 has been repaid on December 26, 2022. According to the contract, starting from December 2022, total amount 397,380 thousand will be repaid in four installments amounting to 99,345 thousand every six months respectively. The remaining amount 397,380 thousand will be repaid upon maturity. The Syndicated loan from China CITIC Bank is fully paid off in December 2024. In addition, according to the provisions of the loan contract between MUFG Bank and E.SUN Bank, the principal will be repaid in one lump sum when it is due. And it is fully paid off in December 2024.

(14) Convertible bonds payable

	2023.12.31
The total amount of convertible bonds issued	\$ 1,500,000
Less: amount of discount on issuing convertible bonds	142,650
Underwriting expenses	<u>7,294</u>
Compound present value of bonds converted at issuance	1,350,056
Amortization of Company debt payable at discount	149,944
Cost of convertible bonds issue at premium	7,500
Less: pay off convertible bonds payable expired	<u>1,507,500</u>
Ending balance of convertible bonds payable	<u><u>\$ -</u></u>

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

The convertible bonds issued by the Group shall be separated from the liabilities and shall be recognized as equity and liabilities in accordance with the provisions of IFRS 9.

The value of the convertible bonds at the time of issue	\$ 1,357,350
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Embedded derivative financial product at issue (i.e., put and call)	13,650
Composition of equity at issue (i.e. conversion rights)	<u>129,000</u>
	<u>\$ 1,500,000</u>

A. The main terms of issuance of the above convertible bonds are as follows:

First unsecured convertible bonds

- (a) The total amount of convertible bonds issued: 1,500,000 thousand.
- (b) Coupon rate: 0%.
- (c) Duration: five years (from February 12, 2018 to February 12, 2023).
- (d) Re-payment method: In addition to the redemption by the Group and the request of the creditors to sell back or convert into stocks, the maturity of the bond will be repaid in cash at one time according to the face value of the bond.
- (e) Conversion period: from the next day after the third months of the issuance of the convertible bonds (May 13, 2018) to the maturity date (February 12, 2023), the creditor shall, in accordance with the conversion method, request the Group to convert the convertible bonds into common shares.
- (f) Redemption of the Group on the convertible bonds: from the next day after the third months of the issuance of the convertible bonds (May 13, 2018) to the maturity date (February 12, 2023), if the closing price of the common stock of the Company exceeds 30% of the conversion price at that time for 30 consecutive business days, or if the total amount of the bond that has not yet been converted is less than 10% of the total amount of the bond issued, the Group may send to the creditor a notice of bond recovery at the expiration of 30 days, and request the OTC to make a public announcement to exercise the right to redeem the convertible bonds.
- (g) Put provision of bond holders: The date of expiration of three years after the issuance of the convertible Company bonds (February 12, 2021) shall be the base date on which the bondholders sell back the bonds to the Group in advance, and the convertible bonds held by the bondholders shall be sold back in cash; In accepting the resale request, the Group shall, within five business days after the base date of resale, deliver the money to the bondholders by means of remittance.
- (h) Conversion price: The conversion price of the converted Company's bonds shall be determined on February 2, 2018 as the base date of the conversion price. The simple arithmetic average of the closing price of the Company's common shares shall be the base price, multiplied by the conversion premium of 113%. This is the basis for calculating the conversion price (calculated to \$ 0.1, and rounded below). In the case of ex-dividend before the datum for determining the conversion price, the ex-dividend price shall be calculated as the closing price of the conversion price after the adoption; The conversion price shall be adjusted according to the conversion price adjustment formula in the event of deduction or interest deduction from the decision to the actual issuance date. The conversion price of the convertible bonds is \$175.2 per share while it was issued; from August 2, 2022, which is ex-dividend base date, the conversion price is \$153.8 per share.

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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.

(15) Lease Liability

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

	2024.12.31	2023.12.31
Current	\$ 46,782	57,102
Non-current	6,118	50,814
Total	\$ 52,900	107,916

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

Amounts recognized in profit or loss are as follows:

	2024	2023
Interest expense from lease liabilities	\$ 4,406	3,339
Expense of short-term lease	\$ 20,445	36,412
Expense of low-value leasing asset (not include low-value short-term lease)	\$ 74	78

Amounts recognized in cash flow statement are as follows:

	2024	2023
Total cash used in operating activity	\$ 24,925	39,829
Total cash used in financing activity	63,245	35,804
Total cash used in lease	\$ 88,170	75,633

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 3 to 4 years.

Besides, the rental periods of office, parking lot, staff dorm, and machinery are 1 to 3 years, which are short term or low value lease, the Group chose to apply exemption recognition requirements instead of recognizing its relative right-of-use assets and lease liabilities.

(16) Employee benefit

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The Taiwan branch of the Group shall adopt a defined contribution plan, which shall be transferred to the individual pension account of the labor insurance bureau at the rate of 6% of the monthly salary of the employees in accordance with the provisions of the Labor Pension Act. There is no statutory or presumed obligation to pay additional amounts after a fixed amount is paid to the labor insurance bureau by the Group under the scheme.

In accordance with the pension insurance system stipulated by the government of the People's Republic of China, a company incorporated in the People's Republic of China shall allocate a certain proportion of its employees' total salary to the pension fund each month, and the proportion rate is 13%. And the pension fund is deposit into the individual account of each employee. The pension of each employee shall be managed and arranged by the government, and the Company shall have no further obligation except monthly allocation.

The pension expenses of the Group in 2024 and 2023 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:

	2024	2023
Operating costs	\$ 39,058	35,995
Operating expenses	28,622	25,282
	<u>\$ 67,680</u>	<u>61,277</u>

(17) Income tax

A. Income tax expenses (benefits)

Income tax declarations of the Group shall be made separately by each company, and shall not be consolidated.

The income tax expense (benefit) details of the Group for the year of 2024 and the year of 2023 are as follows:

	2024	2023
Current		
Current period	\$ 30,018	94,088
Underestimate (overestimate) of income tax for previous year	(2,615)	3,473
	<u>27,403</u>	<u>97,561</u>
Deferred income tax expense (benefit)		
Occurrence and reversal of temporary differences	\$ (85,117)	11,169
Previous year's loss deduction against (underestimates) overestimates	<u>10,449</u>	<u>(9,487)</u>

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	(74,668)	1,682
Income tax expense (benefit)	<u><u>\$ (47,265)</u></u>	<u><u>99,243</u></u>

The income tax expense (benefit) details of the Group for the year of 2024 and the year of 2023 are as follows:

	2024	2023
Pre-tax net profit (loss)	<u><u>\$ (8,316)</u></u>	<u><u>566,659</u></u>
Income tax calculated according to the local tax rate of each company	\$ (7,638)	91,840
Deferred income tax related to the global minimum top-up tax	6,238	-
Adjustment according to tax law	(50,608)	17,229
(Overestimate) Underestimate of income tax for previous year	(2,615)	3,473
Previous year's loss deduction against overestimates (underestimates)	10,449	(9,487)
Reversal of previous year's temporary differences	(29,328)	-
Reverse the estimated tax on the income distribution of subsidiaries	(155)	(3,812)
Losses deduction not recognized as deferred tax assets	26,392	-
Income tax expense (benefit)	<u><u>\$ (47,265)</u></u>	<u><u>99,243</u></u>

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

Board of Directors of ShunSin (Zhongshan) decided not to distribute the undistributed earnings of 2023 and 2022 on November 29, 2024. On September 30, 2021, June 29, 2015 and November 24, 2014, respectively, Board of Directors of ShunSin (Zhongshan) decided not to distribute the undistributed earnings of 2016. Therefore, as of December 31, 2024 and 2023, the Group did not recognize the deferred income tax liabilities arising from the taxable earnings of long-term equity investment under the Equity Law of the Republic of China in 2016. The relevant amounts are as follows:

	2024.12.31	2023.12.31
Taxable surplus of long-term equity investment in Equity method	<u><u>\$ 375,467</u></u>	<u><u>346,139</u></u>

(b) Unrecognized deferred tax assets

Unrecognized deferred tax assets are as follows:

2024.12.31	2023.12.31
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Tax losses	<u><u>\$ 26,392</u></u>	<u><u>-</u></u>
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Loss deduction are deducted from the net profit of the current year according to the local income tax law of the subsidiary ShunYun (HaNoi) and the subsidiary ShunSin (Vietnam), as determined by the tax authorities. Due to the Group will not have enough taxable income in the future to fulfill loss deduction, these items are not recognized as deferred tax assets.

As of December 31, 2024, the loss deduction of the Group that have not been recognized as deferred tax assets shall be deducted as follows:

Year of loss	Unused amount	Year of Expiry
2024	<u><u>\$ 438,146</u></u>	2029

(c) Recognized deferred tax assets and liabilities

The changes of deferred tax assets and liabilities in 2024 and 2023 are as follows:

Deferred tax assets:

	Unrealized exchange gains (losses)	Loss deduction	Difference between tax base and accountin g base for useful life of fixed assets	Restricted stock	Impairme nt of fix asset	Others	Total
Balance as of January 1, 2024	\$ 56,276	178,650	14,836	19,958	-	53,178	322,898
Acquired by merge	-	38,141	-	-	32,271	-	70,412
Income Statement	(18,862)	37,534	2,214	11,733	-	(5,127)	27,492
The impact of exchange rate change	256	10,955	808	1,033	-	3,365	16,417
Balance as of December 31, 2024	<u><u>\$ 37,670</u></u>	<u><u>265,280</u></u>	<u><u>17,858</u></u>	<u><u>32,724</u></u>	<u><u>32,271</u></u>	<u><u>51,416</u></u>	<u><u>437,219</u></u>
Balance as of January 1, 2023	\$ -	269,340	29,250	36,204	-	60,995	395,789
Income Statement	56,789	(87,090)	(14,143)	(36,085)	-	12,754	(67,775)
The impact of exchange rate change	(513)	(3,600)	(271)	(119)	-	(613)	(5,116)
Balance as of December 31, 2023	<u><u>\$ 56,276</u></u>	<u><u>178,650</u></u>	<u><u>14,836</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>73,136</u></u>	<u><u>322,898</u></u>

Deferred tax liabilities:

	Long-term equity investment	One-time expense of equipmen t (Note)	Unrealize d exchange gains (losses)	Unrealize d evaluate gains (losses)	Evaluati on of building and land and customer relation	Others	Total
Balance as of January 1, 2024	\$ 100,319	117,268	-	11,295	-	9,396	238,278
Acquired by merge	-	-	-	-	36,017	-	36,017
Income Statement	(29,483)	(30,750)	-	6,910	(611)	6,758	(47,176)
The impact of exchange rate change	3,663	5,362	-	754	871	178	10,828
Balance as of December 31, 2024	<u><u>\$ 74,499</u></u>	<u><u>91,880</u></u>	<u><u>-</u></u>	<u><u>18,959</u></u>	<u><u>36,277</u></u>	<u><u>16,332</u></u>	<u><u>237,947</u></u>
Balance as of January 1, 2023	\$ 106,433	153,617	7,453	-	-	41,523	309,026

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Income Statement	(3,812)	(34,251)	(7,356)	11,450	-	(32,124)	(66,093)
The impact of exchange rate change	(2,302)	(2,098)	(97)	(155)	-	(3)	(4,655)
Balance as of December 31, 2023	\$ 100,319	117,268	-	11,295	-	9,396	238,278

Note: According to Cai-Shui [2018] 54 issued by the State Taxation Administration of the Ministry of Finance of the Mainland of China, newly purchased equipment and appliances with unit value not exceeding 5 million yuan between 2018 and 2023 are allowed to be deducted in the calculation of income tax payable at one time, and depreciation is not calculated annually.

C. Examination and approval of income tax

The Company is exempt from income tax and do not need to declare profit-making enterprise income tax according to the law of the country where the Company is established.

The income tax return of the Company's Taiwan Branch and the ShunYun (Cayman)'s Taiwan Branch have been approved by the taxation authorities until 2022 and 2021, respectively.

(18) Capital and other equities

As of December 31, 2024 and 2023, the amount of issued share of the Company are both 1,440,000 thousand with par value of \$10 for 144,000 thousand ordinary shares respectively. The issued shares are 107,465 thousand ordinary shares and all outstanding shares were collected.

Reconciliation of outstanding shares is as follows:

	Ordinary shares (thousands of shares)	
	2024	2023
Opening balance on January 1 (Ending balance on December 31)	107,465	107,465

A. Capital surplus

The capital surplus balance of the Company is as follows:

	2024.12.31	2023.12.31
Share premium	\$ 2,689,050	2,689,050
Changes in ownership interests in subsidiaries	80,608	37,389
Employee stock option-expired	4,841	4,841
Treasury share transactions	37,810	37,810
Share payment transactions of its subsidiaries	5,603	5,603
Issuance of stock option embedded in expired convertible bonds	129,000	129,000
	\$ 2,946,912	2,903,693

B. Retained earnings distribution

The rule of earnings distribution of the Company's Articles of Association as follows:

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- (a) The Board of Directors understands that the Company operates in a mature industry with stable earnings and sound financial structure. For the decision on dividends or other allotments (if any) established with the consent of shareholders in each fiscal year, the Board of Directors shall:
- (I) Consider the Company's earnings, overall development, financial planning, capital needs, industry prospects and future prospects of the company in each fiscal year to ensure the protection of shareholders' rights and interests; and
 - (II) Recognize below items in the Company's earnings in each fiscal year: (i) the reserve for the payment of taxes in the relevant fiscal year; (ii) the amount of compensation for past losses; (iii) one-tenth of the general reserve and (iv) the reserve required by Board of Directors in accordance with Article 14.1 or the special surplus required by the securities authorities in accordance with the rules of the publicly issued company.
- (b) In the absence of any violation of the law, and after the prescribed allocation of remuneration to employees and directors and the allocation policy set forth in accordance with Article (1) of the Board of Directors as appropriate amounts, the Board of Directors shall allocate not less than 10% of the allowable amount which belongs to the surplus of the previous fiscal year (excluding the accumulated surplus of the previous year) as shareholder dividends, which shall be distributed after the adoption of the resolution of the shareholders' meeting.
- (c) The distribution of shareholders' dividends and employees' remuneration may, upon the decision of the Board of Directors, be distributed to employees or shareholders in cash, or in such amount as to make full payment of the outstanding shares, or both; For the shareholders' dividend, the cash dividend shall not be less than 50% of the total dividend. The Company pays no interest on undistributed dividends and remuneration.

The Company's earnings distribution for 2023 and 2022 were decided by the shareholders' meeting on May 14, 2024 and May 10, 2023 respectively. According to Charter of the Company, Board of Directors are authorized to determine cash dividends through a special resolution, and resolution of shareholders' meeting determine the rest. The dividend distribution are as follows:

2023		2022	
<u>Dividend</u>		<u>Dividend</u>	
<u>per share</u>	<u>Amount</u>	<u>per share</u>	<u>Amount</u>

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Dividend distributed to ordinary shareholders:

Cash	\$	2.46	<u>261,187</u>	1.17	<u>123,585</u>
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As of December 31, 2024 and 2023, all cash dividends have been paid.

Information on the decision of the Board of Directors and earnings distribution determined by the shareholders' meeting of the company can be obtained from MOPS.

C. Treasury Stock

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

Unit: thousand shares

2024					
Opening balance	Increase	Decrease	Reason of changes	Ending balance	Ending amount
1,291	-	-	-	1,291	\$ 108,347

2023					
Opening balance	Increase	Decrease	Reason of changes	Ending balance	Ending amount
1,802	-	511	-	1,291	\$ 108,347

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 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 December 31, 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.

(19) Share-based payment

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A. Restricted stock plan for employees

ShunYun (Zhongshan) was approved by Board of Directors on August 26, 2022, and November 10, 2022, respectively, to execute cash capital increase and issue new shares of 44,450 thousand shares and 37,550 thousand shares. In order to encourage outstanding employees to continue working in the Group, the Company and its subsidiary, ShunSin (Hong Kong) gave up the subscription, and grant all the shares for the employees of the Company and the employees of 100% owned subsidiary. The grant prices are RMB 1.10 yuan and RMB 1.21 yuan per share respectively. The duration of the plan is expected to be six years.

As of December 31, 2024 and 2023, the Group have the following underlying share payment transactions:

	Equity transactions	
	ShunYun (Zhongshan)'s first restricted stock plan for employees	ShunYun (Zhongshan)'s second restricted stock plan for employees
Grant date	2022.9.30	2022.11.30
Fair value of grant day	CNY 1.57	CNY 1.46
Grant quantity (1,000 share)	44,450	37,550
Contract period	expect 6 years	expect 6 years
Grant objects	Full-time employees of the Company and its subsidiaries	Full-time employees of the Company and its subsidiaries
Acquired conditions	40% of shares are exercisable on the unlocking date	40% of shares are exercisable on the unlocking date
	70% of shares are exercisable on the date which is one year after the unlocking date	70% of shares are exercisable on the date which is one year after the unlocking date
	100% of shares are exercisable on the date which is two years after the unlocking date	100% of shares are exercisable on the date which is two years after the unlocking date

Note: The unlocking date is the day that ShunYun (Zhongshan) becomes a listed company in China for one year.

B. The information about restricted stock plan for employees is as follows:

The details of the restricted stock plan for employees of ShunYun (Zhongshan), a subsidiary of the Company, are as follow:

2024		2023	
1st time share	2nd time share	1st time share	2nd time share

Unit: 1,000

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	<u>granted</u>	<u>granted</u>	<u>granted</u>	<u>granted</u>
Outstanding stock as of January 1	44,450	37,550	44,450	37,550
Grant quantity in current period	-	-	-	-
Vested during the year	-	-	-	-
Quantity lost in current period	-	-	-	-
Outstanding stock as of December 31	<u>44,450</u>	<u>37,550</u>	<u>44,450</u>	<u>37,550</u>

C. Relative information of Policy Governing 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 and the fair value of the subscription is \$0 per share.

D. 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:

	<u>Treasury transferred to employees</u>
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

E. Expenses for employees of the share-based payment

The expenses incurred by the Group in the year of 2024 and 2023 due to the share-based payment are as follows:

	<u>2024</u>	<u>2023</u>
Expense from restricted stock plan for employees	<u>\$ 71,745</u>	<u>111,580</u>

(20) Earnings per share

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

	<u>2024</u>	<u>2023</u>
		Unit: 1,000

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Basic earnings per share of the Company

Net profit for the current period	\$	<u>42,656</u>	<u>434,217</u>
Weighted average number of outstanding shares		<u>106,174</u>	<u>105,853</u>
Basic earnings per share (NT\$)	\$	<u>0.40</u>	<u>4.10</u>

Diluted earnings per share of the Company

Net profit for the current period	42,656	434,217
The impact of potential common stocks with diluting effect		
Expected reduction in interest expense due to conversion of corporate bonds	-	1,124
Net profit for the current period	<u>\$ 42,656</u>	<u>435,341</u>
Weighted average number of outstanding shares	106,174	105,853
The impact of potential common stocks with diluting effect		
Employees' remuneration	31	221
The impact of convertible bonds	-	1,149
Weighted average number of outstanding shares	<u>106,205</u>	<u>107,223</u>
Diluted earnings per share (NT\$)	<u>\$ 0.40</u>	<u>4.06</u>

(21) Revenues from customers' contract

A. Disaggregation of revenue

	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
US	\$ 2,570,028	1,986,262
China	1,442,804	761,230
Singapore	470,918	1,847,528
Taiwan	354,051	318,596
Australia	129,346	98,160
Korea	129,293	-
Other countries	<u>91,560</u>	<u>200,446</u>
	\$ <u>5,188,000</u>	<u>5,212,222</u>

B. Remaining balance of contracts

<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.1.1</u>
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Notes receivable	\$	38,563	-	-
Accounts receivable (including related party)		922,905	718,249	1,032,240
Less: Loss allowance		(1,068)	-	-
Total amount	\$	960,400	718,249	1,032,240
Contract assets	\$	265,288	280,459	408,006
Contract liabilities	\$	16,309	67,564	59,862

The Group has assessed that there is no need to recognize loss allowance for contract assets as of December 31 2024 and December 31, 2023.

The amount of the balance of contract liabilities on January 1, 2024 and 2023 are recognized as revenue in 2024 and 2023 are 67,564 thousand and 54,452 thousand, respectively.

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

(22) Profit sharing bonus of employees and directors

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 for 2024 and 2023 are \$1,446 thousand and \$24,801 thousand respectively, and \$48 thousand and \$441 thousand for the directors, which are based on the pre-tax net profit before minus the employees' and directors' profit sharing bonus in each period of the Company multiplied by the employee profit sharing bonus and director' profit sharing bonus allotment stipulated in the Company's Articles of Association, and are included as operating cost and operating expenses of 2024 and 2023. 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 employees' profit sharing bonus is paid by shares, the number of shares shall be calculated based on the closing price of the day before the Board of Directors. There is no difference between the amount of profit sharing bonus for employees and directors as determined by the Board of Directors and the estimated amount in the consolidated financial

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report of the Company for the year of 2024 and the year of 2023. Related information is available at the MOPS.

(23) Non-operating gains and losses

A. Interest income

Interest incomes of the Group are as follows:

	2024	2023
Bank deposit interest	<u><u>\$ 165,762</u></u>	<u><u>191,856</u></u>

B. Other incomes

Other incomes of the Group are as follows:

	2024	2023
Gain recognised in bargain purchase transaction	\$ 119,338	-
Incomes from government subsidy	37,509	52,581
Gain from modification of lease	372	43
Other incomes	<u>37,934</u>	<u>26,076</u>
Total amount of other incomes	<u><u>\$ 195,153</u></u>	<u><u>78,700</u></u>

C. Other profits and losses

Other profits and losses of Group are as follows:

	2024	2023
Net foreign exchange profits (losses)	\$ (6,503)	10,586
Profits (Losses) from disposal of property, plant and equipment	3,522	(1,277)
Gains on disposals of investments	-	148,397
Profits from financial assets/liabilities at fair value through profit and loss	42,114	34,958
Other losses	<u>(3,689)</u>	<u>(2,517)</u>
	<u><u>\$ 35,444</u></u>	<u><u>190,147</u></u>

D. Financial costs

The financial costs of the Group are as follows:

	2024	2023
Interest expenses from bank loans	\$ 173,402	173,542

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Interest expenses of convertible bonds	-	1,124
Interest expenses of lease liabilities	4,406	3,339
	\$ 177,808	178,005

(24) Financial instruments

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 December 31, 2024 and 2023, 67% and 78% of the accounts receivable balance of the Group were composed of several customers, 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
December 31, 2024						
Non-derivative financial liabilities						
Short-term loans	\$ 4,653,480	4,662,723	4,662,723	-	-	-
Accounts payable (including related parties)	691,128	691,128	691,128	-	-	-
Other payables (including related parties)	622,422	622,422	622,422	-	-	-
Long-term loans	2,619,750	2,885,211	89,982	89,982	2,705,247	-
Lease liabilities	52,900	54,701	48,475	6,127	99	-
Guarantee deposits received	2,670	2,670	-	2,670	-	-
Total	\$ 8,642,350	8,918,857	6,114,732	98,779	2,705,346	-
December 31, 2023						
Non-derivative financial liabilities						
Short-term loans	\$ 4,438,513	4,450,830	4,450,830	-	-	-

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Accounts payable (including related parties)	325,343	325,343	325,343	-	-	-
Other payables (including related parties)	620,550	620,550	620,550	-	-	-
Long-term loans	1,528,536	1,598,425	1,598,425	-	-	-
Lease liabilities	107,916	113,364	61,074	46,952	5,338	-
Guarantee deposits received	4,961	4,961	1,184	3,777	-	-
	\$ 7,025,819	7,113,473	7,057,406	50,729	5,338	-

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:

	2024.12.31			2023.12.31		
	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	408,302	4.4780	1,828,377	485,157	4.3270	2,099,274
USD	13,616	32.7705	446,203	13,720	30.7091	421,329
Yen	2,580,810	0.2099	541,598	5,945	0.2178	1,295
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	3,035	32.7779	99,481	2,028	30.7041	62,268
Yen	2,588,659	0.2098	543,224	12,178	0.2173	2,646

(b) Sensitivity analysis

The exchange rate risk of the Group mainly comes from the foreign currency-denominated cash and the cash equivalents, accounts receivable and other receivables, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during the conversion. On December 31, 2024 and December 31, 2023, when the Taiwan dollar depreciates by 0.25% against the US dollar and the Chinese Yuan, while all other factors remain unchanged, the net profit before tax for the year of 2024 and 2023 will increase by approximately \$5,434 thousand and \$6,145 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 in 2024 and 2023, including realized and unrealized

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ones, are (\$6,503) thousand and \$10,586 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 of the Group that are sensitive to interest rates are long-term loans calculated using floating interest rates, exposing the Group to cash flow interest rate risk. In 2024 and 2023, the floating rate borrowings of the Group are denominated in New Taiwan Dollars and U.S. Dollars.

The Group simulated multiple scenarios to analyze interest rate risk, including refinancing, renewal of existing positions, other available financing and hedging, etc., to calculate the impact of changes in certain interest rates on profit and loss.

When the benchmark interest rate for floating rate loans rises or falls by 0.25%, and all other factors remain unchanged, the tax before net profit for the fiscal years 2024 and 2023 will decrease or increase by \$6,550 and \$2,580 thousand, respectively.

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:

	2024.12.31				
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Non-listed foreign shares	\$ 194,817	-	-	194,817	194,817
Financial assets measured at amortized costs					
Cash and cash equivalents	6,928,431	-	-	-	-
Financial assets measured at amortized costs	1,485,391	-	-	-	-
Notes receivable and accounts receivable (including related parties)	960,400	-	-	-	-
Other receivables	54,396	-	-	-	-
Guarantee deposits paid	17,687	-	-	-	-
Subtotal	9,446,305	-	-	-	-
Total amounts	<u>\$ 9,641,122</u>	<u>-</u>	<u>-</u>	<u>194,817</u>	<u>194,817</u>

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Financial liabilities measured at amortized costs

Short-term loans	\$ 4,653,480	-	-	-	-
Accounts payable (including related parties)	691,128	-	-	-	-
Other payables (including related parties)	622,422	-	-	-	-
Long-term loans	2,619,750	-	-	-	-
Lease liabilities	52,900	-	-	-	-
Guarantee deposits received	2,670	-	-	-	-
Total amounts	\$ 8,642,350	-	-	-	-

2023.12.31

Fair value

	Book value	Grade 1	Grade 2	Grade 3	Total amount
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	\$ 7,237	-	-	7,237	7,237
Non-listed foreign shares	140,340	-	-	140,340	140,340
Subtotal	147,577	-	-	147,577	147,577

Financial assets measured at amortized costs

Cash and cash equivalents	\$ 8,070,508	-	-	-	-
Financial assets measured at amortized costs	21,125	-	-	-	-
Accounts receivable (including related parties)	718,249	-	-	-	-
Other receivables	125,943	-	-	-	-
Guarantee deposits paid	19,959	-	-	-	-
Subtotal	8,955,784	-	-	-	-
Total amounts	\$ 9,103,361	-	-	147,577	147,577

Financial liabilities measured at amortized costs

Short-term loans	\$ 4,438,513	-	-	-	-
Accounts payable (including related parties)	325,343	-	-	-	-
Other payables (including related parties)	620,550	-	-	-	-
Long-term loans	1,528,536	-	-	-	-
Lease liabilities	107,916	-	-	-	-
Guarantee deposits received	4,961	-	-	-	-
Total amounts	\$ 7,025,819	-	-	-	-

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

(I) Non-derivative financial instruments

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

(i) Equity instrument without open price: to use comparable company method and comparable transaction method. The main assumption of comparable company method is based on the profit after tax or the enterprise value of the investee and

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the listed earnings and enterprise value-to-sales multiplier derived from the market prices of comparable companies. This estimate has adjusted for the discounted effect of the lack of marketability of the equity securities.

- (ii) Beneficiary certificate without open price: The fair value is estimated using the asset method. Total value of the beneficiary certificate is determined by the value covered by it.

(II) Derivative financial instruments

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

Forward foreign exchange contract is usually evaluated based on the bank statement.

(c) Statement of changes of Grade 3

	2024			2023			
	Domestic unlisted stocks	Non-listed foreign company shares	Total	Domestic unlisted stocks	Non-listed foreign company shares	Private equity fund	Total
Balance on January 1	\$ 7,237	140,340	147,577	19,913	86,118	219,207	325,238
Gains/ Losses:							
Evaluate gains (losses)	(7,518)	46,066	38,548	(12,857)	56,421	21,881	65,445
Gain (loss) on disposal	-	-	-	-	-	148,397	148,397
Disposal	-	-	-	-	-	(395,607)	(395,607)
The impact of exchange rate	281	8,411	8,692	181	(2,199)	6,122	4,104
Balance on December 31	\$ -	194,817	194,817	7,237	140,340	-	147,577

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

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

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

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

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

Items	Evaluation method	Significant unobservable input value	The relationship
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			<u>between significant unobservable input values and fair value</u>
Financial assets at fair value through profit or loss—equity investment without active market	Refer to Listed (OTC) Company method and Comparable transaction method	• Price-to-Revenue ratio (3.21 on 2024.12.31 and 5.44 on 2023.12.31) • Multiplier of enterprise value-to-sales (2.95 on 2023.12.31) • Lack of market liquidity discounts: Price-to-Revenue ratio (24% on 2024.12.31 and 23% on 2023.12.31) - Multiplier of enterprise value-to-sales: 31% on 2023.12.31	• 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 investment consideration	Net asset value method	Net asset value	• The higher the net asset value, the higher the fair value

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

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

Changes in fair value
reflecting in current profits
and losses

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	Input value	Move up or down	Favorable change	Unfavorable change
December 31, 2024				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	Price-to-Revenue ratio	5%	9,493	(9,493)
December 31, 2023				
Financial assets measured at fair value through profit and loss				
Equity instrument investment in non-active market	Price-to-Revenue ratio	5%	7,093	(7,093)
Equity instrument investment in non-active market	Enterprise value-to-Sales ratio	5%	362	(362)

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.

(25) Financial risk management

A. Overview

The Group has exposure the following risks arising from financial instruments:

- (a) Credit risk.
- (b) Liquidity risk.
- (c) Market risk.

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Please see other related notes for quantitative information.

The Group adopt a comprehensive financial risk management and control system to clearly identify, measure and control various financial risks of the Group: market risks (including exchange rate risks, interest rate risks and price risks), credit risks and liquidity risks.

B. Risk management framework

(a) Management targets

- (I) Except that market risk is controlled by external factors, all the above risks can be

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eliminated by internal control or operation process, so their management aims at minimizing each risk.

(II) In the aspect of market risk, the overall position should be adjusted to the optimal target through rigorous analysis, suggestion, execution and process, and proper consideration of the overall external trend, internal operation status and the actual impact of market fluctuations.

(III) The Group' overall risk management policy focuses on financial market uncertainties and seek to mitigate potential adverse effects on the Group' financial position and performance.

(b) Management system

(I) Risk management shall be carried out by the financial department of the Group in accordance with the policies approved by the Board of Directors. To identify, assess and mitigate financial risks through close collaboration with the Group' operating units.

(II) The Board of Directors has written principles for overall risk management, and provides written policies for specific scope and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus working capital.

C. Credit risk

(a) Credit risk refers to the risk of financial loss caused by the failure of Group to perform its contractual obligations by its customers or counterparties to financial instruments.

(b) According to the internal credit policy of the Group, each operator of the Group shall conduct management and credit risk analysis for each new customer before making payment and proposing delivery terms and conditions. Internal risk management assesses customers' credit quality by taking into account their financial position, past experience and other factors.

The Board of Directors establishes limits for individual risks based on internal or external ratings, and regularly monitor the use of credit lines. The main credit risk is the credit risk of cash and cash equivalents, accounts receivable and other receivables, which is measured and monitored by the financial department of the Group. Since the transaction objects and performance objects of the Group are mainly banks with good credit, the company and

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financial institutions with investment grade or above, and there are no significant performance doubts, there is no significant credit risk.

D. Liquidity risk

The cash flow forecast is executed by each operator in the Group and summarized by the financial department of the Group. The financial department of the Group monitors the forecast of the Group's liquidity needs and maintains appropriate funds and bank credit lines to meet contractual obligations.

E. Market risk

(a) Exchange rate risk

(I) Nature

The Group operates multinationally, thus its exchange rate risk is affected by several kinds of currencies, mainly from US dollar, RMB and Yen, generated from :

- (i) The exchange rate risks arising from the differences in the exchange rates of functional currencies due to the differences in the time of setting up accounts receivable and accounts payable of non-functional foreign currencies.
- (ii) In addition to the business transactions (business activities) on the income statement, there are also exchange rate risks associated with the assets and liabilities recognized on the balance sheet and the net investment in foreign operating institutions.

(II) Management

- (i) The management of the Group has established a policy for the financial department to manage the exchange rate risks of the subsidiaries of the Group against their functional currencies.
- (ii) The Group hold investments of several foreign operating institutions, and their net assets bear the risk of foreign currency conversion. Exchange rate risks arising from the operation of foreign operating institutions of the Group will be hedged by various financial instruments through assets or liabilities denominated in relevant foreign currencies when necessary.

(b) Interest Rate Risk

The short-term borrowings of the Group are debt of fixed interest rate, free from interest rate market fluctuation risk and fair value interest rate risk.

The interest rate risk of the Group mainly comes from long-term loans issued at floating interest rates, which exposes the Group to cash flow interest rate risk. In 2024 and 2023, the Group's floating-rate loans are denominated in New Taiwan Dollars.

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The Group simulates several plans to analyze interest rate risks, including refinancing, renewal of existing positions, other available financing and hedging, etc., to calculate the impact of changes in specific interest rates on profit and loss.

(26) Capital management

The Group manages capital to safeguard the capacity to operate, to continue to provide a return on shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, issue new shares, or sell assets to settle any liabilities. The Group uses the debt-to-equity ratio to manage capital. This ratio is debt divided by equity. Net debt is calculated by deducting cash and cash equivalents from total borrowings (including “current and non-current borrowings” as reported in the consolidated balance sheet). The total net value shall be calculated by deducting the total amount of intangible assets from the “equity” as stated in the consolidated balance sheet. On this basis, the management of the Group decides on the optimal capital of the Group and, on the basis of maintaining a sound capital base, optimizes the balance of debt and equity to improve the remuneration of shareholders.

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

For the year ended December 31, 2024 and 2023, the Group’s non-cash investing and financing activities were derived from acquisition right-of-use asset through finance leasing and the amortization of convertible bonds discount. Please refer to notes 6 (10), (14) and (15) for related information.

Reconciliation of liabilities from financing activities are as follows:

	2024.1.1	Cash flow	Non-cash changes					2024.12.31
			Discount and amortization	Exchange rate changes	Acquire	Reduce	Others	
Short-term loans	\$ 4,438,513	214,967	-	-	-	-	-	4,653,480
Long-term loans	1,528,536	1,027,176	-	64,038	-	-	-	2,619,750
Lease liabilities	107,916	(63,245)	-	2,441	15,832	(10,044)	-	52,900
Total liabilities from financing activities	<u>\$ 6,074,965</u>	<u>1,178,898</u>	<u>-</u>	<u>66,479</u>	<u>15,832</u>	<u>(10,044)</u>	<u>-</u>	<u>7,326,130</u>

	2023.1.1	Cash flow	Non-cash changes					2023.12.31
			Discount and amortization	Exchange rate changes	Acquire	Reduce	Others	
Short-term loans	\$ 4,327,134	111,379	-	-	-	-	-	4,438,513
Long-term loans	1,923,815	(398,096)	-	2,817	-	-	-	1,528,536
Bonds payable	1,506,376	(1,500,000)	1,124	-	-	-	(7,500)	-
Lease liabilities	55,882	(35,804)	-	(699)	89,865	(1,328)	-	107,916
Total liabilities from financing activities	<u>\$ 7,813,207</u>	<u>(1,822,521)</u>	<u>1,124</u>	<u>2,118</u>	<u>89,865</u>	<u>(1,328)</u>	<u>(7,500)</u>	<u>6,074,965</u>

7. Related-party transactions:

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(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 December 31, 2024 and 2023. Hon Hai Precision Industry Co., Ltd. is the ultimate controller of the Group to which the Group belongs. Hon Hai Precision Industry Co., Ltd. has prepared a consolidated financial report for public use.

(2) Names and relationship with related parties

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

<u>Name of related parties</u>	<u>Relation with Group</u>
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
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 Fertile Plan International Logistics Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fulian Fugui Precision Industry Co.,Ltd	Its ultimate controller is the same as that of Group
Fulian Yuzhan Technology (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Icana Technology Limited	Its ultimate controller is the same as that of Group

(3) Significant transactions with related parties

A. Sales

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

	<u>2024</u>	<u>2023</u>
Ultimate controller	\$ 17,519	-
Other related parties		
Foxconn Interconnect Technology Limited	35,965	69,323
Others	580	1,079
	<u>\$ 54,064</u>	<u>70,402</u>

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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:

	2024	2023
Other related parties	<u>\$ 64,107</u>	<u>20,206</u>

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:

	2024	2023
Ultimate controller	<u>\$ 341</u>	<u>1,058</u>

D. Accounts receivable from related parties

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

Account items	Related-party categories	2024.12.31	2023.12.31
Accounts receivable	Ultimate controller	\$ 4,980	-
Accounts receivable	Other related parties		
	Foxconn Interconnect Technology Limited	14,500	-
	Others	-	66
		<u>\$ 19,480</u>	<u>66</u>

As of December 31, 2024 and December 31, 2023, 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	2024.12.31	2023.12.31
Contract assets	Ultimate controller	\$ 1,813	-
Contract assets	Other related parties	12	10
Total		<u>\$ 1,825</u>	<u>10</u>

F. Payables to related parties

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

Account items	Related-party categories	2024.12.31	2023.12.31
Accounts payable to related parties	Other related parties	\$ 12,610	4,655
Other payables to related parties	Other related parties		
	Others	5,977	5,729
		<u>\$ 18,587</u>	<u>10,384</u>

(4) Remuneration of major management personnel

Key management personnel compensation comprised:

	2024	2023
Short-term employee benefits	\$ 13,114	19,277
Post-employment benefits	260	282
	<u>\$ 13,374</u>	<u>19,559</u>

8. Pledged assets

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

Pledged asset	Object	2024.12.31	2023.12.31
Restricted bank deposit (recognized as financial assets measured at amortized cost-current)	Short-term loans and long-term loans (including current portion)	\$ -	19,488
Restricted bank deposit (recognized as financial assets measured at amortized cost-non-current)	Power guarantee	2,903	-
Total		<u>\$ 2,903</u>	<u>19,488</u>

9. Significant commitments and contingencies

As of December 31, 2024 and 2023, the Group has signed contracts for the purchase of property, plant and equipment with a price of 894,462 thousand and 311,996 thousand, respectively, and the paid amounts are 271,832 thousand and 19,002 thousand respectively, which are recognized as unfinished construction of property, plant and equipment and prepayments for business facilities.

10. Losses due to major disasters: None.

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11. Subsequent events

- (1) The Group issued the second domestic unsecured convertible corporate bonds on January 9, 2025, with the letter of the Financial Supervisory Commission No. 1130367927. The total issuance amount is capped at NT\$2,500,000,000, with February 27, 2025 as the issuance date. Each convertible corporate bond has a par value of NT\$100,000, with an annual interest rate of 0% and a face value of 104.08%. The total number of bonds issued is 25,000, with a total issuance amount of NT\$2,500,000,000. The fundraising amount is NT\$2,602,049 thousand. The expiration date is three years after the issuance date.
- (2) On January 10, 2025, the subsidiary of the Group, ShunSin (Zhongshan), was approved by the Board of directors to acquire a portion of the equity of SFA (SUZHOU) by cash capital increase method. The total transaction amount was USD 17,000 thousand or equivalent RMB 122,311 thousand as the upper limit of the transaction price.
- (3) On December 9, 2024, the board of directors of the Group approved ShunSin (Vietnam), a subsidiary of the Group, to construct factories on leased land, and the contract amount of VND 568,800,000 thousand was signed on February 25, 2025.

12. Others

A summary of personnel benefit costs, depreciation, depletion and amortization is as follows:

Functions Account	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel benefit costs						
Salaries	548,605	430,675	979,280	533,559	497,295	1,030,854
Health insurance	24,745	16,431	41,176	19,076	14,889	33,965
Pension	39,058	28,622	67,680	35,995	25,282	61,277
Other personnel expense	19,630	24,611	44,241	19,916	22,465	42,381
Depreciation	494,919	139,922	634,841	419,846	73,082	492,928
Amortization	129	1,573	1,702	111	681	792

13. Disclosure of Note

- (1) Information on significant transactions

The following were the information on the significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2024:

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A. Loan to other parties:

Unit: NT\$1,000

No	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024	Balance at December 31, 2024	Actual amount drawn down (Note 2)	Interest rate (%)	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans
													Item	Value		
1	ShunYun (Cayman)	ShunYun (Hong Kong)	Other receivables	Y	146,276 (RMB 32,600)	-	-	-	2	-	Business operation	-	-	-	7,283,196 (Note 2)	7,283,196 (Note 2)

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

B. Guarantee and endorsements for other parties: none.

C. Securities held as of December 31, 2024 (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	-	5.56%	-	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Corporation Limited	—	"	3,044,625	194,817	0.76%	194,817	

D. Accumulative purchase or sale of the same securities amounted to NT\$300 million or more than 20% of the paid-in capital:

Company purchasing and selling securities	Types and names of marketable securities	Account subjects	Object	Relation	Opening period		Buy into		Sell out				Closing period	
					Number of share	Amount	Number of share	Amount	Number of share	Amount	Book cost (Note 1)	Gain (Loss) on disposal (Note 2)	Number of share	Amount
ShunSin (Hong Kong)	SFA (Suzhou)	Investments accounted for using equity method	(Note 1)	None	-	-	(Note 2)	579,222	-	-	-	-	(Note 2)	692,546 (Note 3)

Note 1: Former shareholder were SFA SEMICON CO., LTD. and CHUN CAN CAPITAL GROUP.

Note 2: SFA (Suzhou) does not issue shares due to it is limited corporation thus it has no shares.

Note 3: Profit or loss using equity method and exchange differences on translation of foreign financial statements are included.

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

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

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

Transaction situation	Reason of trading terms differs from normal transaction	Notes receivable (payable), accounts receivable (payable)
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Companies purchasing and selling goods	Counter party	relation	Purchase/ (sale)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable, accounts receivable (payable)	Remarks
ShunSin (Zhongshan)	The Company	Parent company	Sale	(530,940)	(36.03)%	4 months	-		88,697	40.58%	Note 2
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Sale	(126,901)	(96.45)%	4 months			52,656	95.90%	Note 2
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Sale	(1,004,509)	(99.91)%	4 months			334,894	99.82%	Note 2
ShunSin (Bac Giang)	ShunYun (Ha Noi)	Affiliate	Sale	(879,520)	(95.69)%	4 months			301,203	100.00%	Note 2
The Company	ShunSin (Zhongshan)	Parent company	Purchase	530,940	50.61%	4 months			(88,697)	64.63%	Note 2
ShunYun (Cayman)	ShunYun (Zhongshan)	Affiliate	Purchase	126,901	2.47%	4 months			(52,656)	4.47%	Note 2
ShunYun (Cayman)	ShunYun (Ha Noi)	Affiliate	Purchase	1,004,509	19.56%	4 months			(334,894)	28.45%	Note 2
ShunYun (Ha Noi)	ShunSin (Bac Giang)	Affiliate	Purchase	879,520	39.84%	4 months			(301,203)	99.12%	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	Name of transaction objects	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		
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Accounts receivable (Note 1): 334,894	6.00	-		129,038	-
ShunSin (Bac Giang)	ShunYun (Ha Noi)	Affiliate	Accounts receivable (Note 1): 301,203	5.21	-		-	-
ShunSin (Zhongshan)	The Company	Parent and subsidiary company	Other receivable (Note 1): 2,406,732	-	-		328	-
ShunSin (Zhongshan)	ShunSin (Vietnam)	Affiliate	Other receivable (Note 1): 117,473	-	-		-	-
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Other receivable (Note 1): 378,917	-	-		2,472	-
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Other receivable (Note 1): 197,697	-	-		-	-
The Company	ShunSin (Vietnam)	Parent and subsidiary company	Other receivable (Note 1): 135,250	-	-		-	-

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

Note 2: As of February 25, 2025.

I. Engaging in derivatives trading: none.

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

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No. (Note 1)	Trader's name	Business trading objects	Relation between trader (Note 2)	Transaction situation			
				Subject	Amount	Transaction conditions	Ratio to consolidated total operating income or total assets (Note 3)
0	The Company	ShunSin (Zhongshan)	1	Purchases	530,940	The price is based on the price agreed by both	10.23
0	"	"	1	Other payables	2,406,732	Pay/receive on behalf, no general customers for comparison	14.34
1	ShunYun (Cayman)	ShunYun (Zhongshan)	3	Purchases	126,901	The price is based on the price agreed by both	2.45
1	"	"	3	Other payables	378,917	Pay/receive on behalf, no general customers for comparison	2.26
1	ShunYun (Cayman)	ShunYun (Ha Noi)	3	Purchases	1,004,509	The price is based on the price agreed by both	19.36
1	"	"	3	Accounts payable	334,894	Within 4 months	2.00
1	"	"	3	Other payables	197,697	Pay/receive on behalf, no general customers for comparison	1.18
2	ShunSin (Vietnam)	The Company	2	Other payables	135,250	Pay/receive on behalf, no general customers for comparison	0.81
2	"	ShunSin (Zhongshan)	3	Other payables	117,473	Pay/receive on behalf, no general customers for comparison	0.70
3	ShunYun (Ha Noi)	ShunYun (Cayman)	3	Contract assets	268,379	Recognition by completion ratio	1.60
3	ShunYun (Ha Noi)	ShunSin (Bac Giang)	3	Purchases	879,520	The price is based on the price agreed by both	16.95
3	"	"	3	Accounts payable	301,203	Within 4 months	1.79

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 investees:

The information of investees of the Group in 2024 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
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value (Note 1 and 2)			
The Company	ShunSin (Hong Kong)	Hong Kong	Holding Company	4,354,242 (Note 7)	3,134,106	1,127,004,737	93.82%	11,889,744	166,961	155,679	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment	472,575	472,575	15,516,327	100.00%	774,771	3,670	3,670	subsidiary

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

For the year ended December 31, 2024 and 2023

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

			procurement								
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	6.18%	783,187	166,961	11,282	affiliate
ShunYun (Cayman)	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234	(Note 4)	100.00%	799,452	79,828	79,828	affiliate
ShunYun (Cayman)	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	2,415,871 (Note 6)	2,099,906	(Note 4)	100.00%	2,313,886	6,796	6,796	affiliate
ShunYun (Zhongshan)	ShunYun (Hong Kong)	Hong Kong	Holding Company	1,206,830	1,206,830	39,000,000	100.00%	1,824,053	64,181	64,181	affiliate
ShunSin (Hong Kong)	ShunSin (Vietnam)	Vietnam	Assembly, testing and sales of high-frequency wireless communication module and various integrated circuits	637,707 (Note 5)	(Note 5)	(Note 5)	100.00%	557,734	(96,032)	(96,032)	affiliate
ShunYun (Hong Kong)	ShunYun (Cayman)	Cayman	Holding Company	1,699,090	1,699,090	58,279,660	100.00%	1,820,799	63,512	63,512	affiliate

Note 1: According to the financial statements reviewed 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: ShunSin (Hong Kong) set up ShunSin (Vietnam) in Bac Giang Province, Vietnam on January 18, 2024. The authorized capital is US\$ 20,000 thousand. In 2024, ShunSin (Hong Kong) has invested US\$ 20,000 thousand and the shareholding ratio is 100%. ShunSin (Vietnam) does not issue shares due to it is limited corporation thus it has no shares.

Note 6: ShunYun (Cayman) has invested total US\$ 10,000 thousand in 2024.

Note 7: In 2024, the Company has invested US\$ 37,991 thousand and the shareholding ratio is 93.82%.

(3) Information on investment in Mainland China:

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

Unit: NT\$ 1,000

Name of investee	Main business and products	Paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from January 1, 2024	Investment flows		Accumulated outflow of investment from December 31, 2024	Net income (losses) of investee	Percentage of ownership	Share of profits/losses of investee (Note 2 and 3)	Carrying value as of December 31, 2024 (Note 2 and 3)	Accumulated inward remittance of earnings as of December 31, 2024
					Outflow	Inflow						
ShunSin (Zhongshan)	Assembly, testing and sales of high-frequency wireless communication module and various integrated circuits	3,030,692 (RMB 722,637)	(2)	Note 4	Note 4	Note 4	Note 4	200,714 (RMB 45,061)	100.00%	200,714 (RMB 45,061) (Note 5)	9,742,246 (RMB 2,139,349) (Note 5)	Note 4
Talentek (Hefei)	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	227,634 (RMB 51,520)	(3)	Note 4	Note 4	Note 4	Note 4	25,974 (RMB 5,831)	34.29%	9,037 (RMB 2,029)	220,344 (RMB 48,305)	Note 4
Talentek (Zhongshan)	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	90,074 (RMB 20,000)	(3)	Note 4	Note 4	Note 4	Note 4	22,568 (RMB 5,067)	34.29%	7,752 (RMB 1,740)	39,208 (RMB 8,595)	Note 4
ShunYun (Zhongshan)	Produce high speed optical transceiver	1,645,231 (RMB 373,496)	(2)	Note 4	Note 4	Note 4	Note 4	(94,049) (RMB (21,114))	78.05%	73,405 (RMB 16,480)	1,746,771 (RMB 382,938)	Note 4
SFA (SUZHOU)	Complete packaging and testing OEM services based on lead frame	2,253,126 (RMB 506,093)	(2)	Note 4	Note 4	Note 4	Note 4	(22,647) (RMB (5,084))	100.00%	(22,647) (RMB (5,084))	692,546 (RMB 151,824)	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 reviewed 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 9,742,246 thousand has deducted the unrealized benefits of the fixed assets sold to affiliated companies which amounting to 16,393 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.

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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 December 31, 2024 (exchange rate at closing period RMB: NTD = 1: 4.5615), and the remainder is calculated at the average exchange rate (RMB: NTD = 1: 4.4543).

B. Investment limits in China: Not applicable.

C. Significant transactions in China:

For the major direct or indirect transactions between the Group and the mainland invested company in 2024 (which were written off at the time of compiling the consolidated financial report). Please refer to “Information on Major Transactions”.

(4) Major shareholders:

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

A. The main shareholder information in this table is calculated by Taiwan Depository and Clearing Company on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration (including treasury shares) is more than 5%.

B. The information aforementioned if shareholders deliver their shares to the trust was disclosed by the individual trustee who opened the trust account. As for shareholders who handle the declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their delivery to the trust and the use of decision making shares in the trust property, please refer to the Market Observation Post System for information on insider equity declaration.

14. Information on Departments

(1) General information

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.

(2) Information on product category and service

The Group operates in a single industry. Hence, the disclosure of business segment information is not required.

(3) Geographic financial information

Export sales revenue by country is based on the billing location of the customer, and non-current assets by location are based on where the assets are located. The information is as follows:

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Revenues from external customers:

<u>Region</u>	<u>2024</u>	<u>2023</u>
United States	\$ 2,570,028	1,986,262
Mainland China	1,442,804	761,230
Singapore	470,918	1,847,528
Taiwan	354,051	318,596
Australia	129,346	98,160
Korea	129,293	-
Other countries	91,560	200,446
Total	<u><u>\$ 5,188,000</u></u>	<u><u>5,212,222</u></u>

Non-current assets:

<u>Region</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Vietnam	\$ 2,849,572	2,264,718
Mainland China	2,770,469	2,233,870
Hong Kong	-	68,655
Taiwan	-	9
Total	<u><u>\$ 5,620,041</u></u>	<u><u>4,567,252</u></u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and prepayment for equipment, not including financial instruments, deferred tax assets and non-current assets with guarantee deposits paid.

(4) Information on important customers

Revenue from major customers for more than 10% of the Group's total revenue are as follows:

<u>Customer name</u>	<u>2024</u>	<u>2023</u>
A	\$ 2,131,512	-
B	615,566	237,888
C	373,010	1,978,066
D	226,225	1,098,331
E	246,745	779,491
Total	<u><u>\$ 3,593,058</u></u>	<u><u>4,093,776</u></u>