



Common Stock Code:6451

ShunSin Technology Holdings Limited

2023 Annual Report

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6. Trading places name of overseas securities flotation and the method of inquire the information of this overseas securities: none.

7. Company Website: <http://www.shunsintech.com>

8. Roster of Board of Directors:

Title	Name	Nationality or Place of Registration	Main Working (Educational)Experience
Chairman	Foxconn (Far East) Limited Representative: Chiang, Shang-Yi	Cayman Islands R.O.C.	Ph.D. in Electrical Engineering, Stanford University Vice President, Senior Vice President, and Chief Operating Officer of Taiwan Semiconductor Manufacturing Co., Ltd. Vice Chairman of Semiconductor Manufacturing International Corporation Semiconductor Chief Strategy Officer, Hon Hai Precision Industry Co., Ltd.
Director	Foxconn (Far East) Limited Representative: Hsu, Wen-Yi	Cayman Islands R.O.C.	Bachelor Degree in Chemistry, Chinese Culture University Vice General Manager, Siliconware Precision Industries Co., Ltd. Vice General Manager, Ambit Corporation Senior Vice General Manager, Hon Hai Precision Industry Company Ltd.
Director	Foxconn (Far East) Limited Representative: Ho, Chia-Hua	Cayman Islands R.O.C.	Doctor's degree in physics, National Taiwan University Winbond Electronics Corporation R & D director National Nano Device Laboratories Factory Chief / Deputy Account Manager Taiwan Semiconductor Manufacturing Co., Ltd. R & D assistant manager IBM R & D manager
Director	Foxconn (Far East) Limited Representative: Huang, Ying-Shih	Cayman Islands R.O.C.	Institute of Accounting, National Chung Cheng University Senior Assistant Manager, EY Transaction Advisory Services Inc. Senior Assistant Manager, Systex Corporation Senior Assistant Manager, HP Inc.
Independent Director	Ting, Hung-Hsun	R.O.C.	Bachelor Degree in Accounting, Chinese Culture University Independent Director, Test Rite Retail Co., Ltd. Independent Director, Test Rite Internaional Co., Ltd. Supervisor, TIEN LIANG BIOTECH CO., LTD Independent Director / Member of the Compensation Committee & Chairman of the Audit Committee, ICARES Medicus,Inc Supervisor, Emerging Display Technologies Partner, BAKER TILLY CLOCK & CO

Title	Name	Nationality or Place of Registration	Main Working (Educational)Experience
Independent Director	Dai, Shu-Huei	R.O.C.	Master of Business Administration, School of Management, National Taiwan Normal University SME Credit Guarantee Fund/Finance Manager SME Credit Guarantee Fund/Vice President
Independent Director	Chuang, Chang-Hsing	R.O.C.	Bachelor of Land Politics, National Chung Hsing University Business Manager, GEN-REAL ENTERPRISE CO., LTD. Business Manager, TAIWAN ASPIRE LIGHTING CO., LTD Legal Persons as Corporate Director, HUI YU PLASTICS CO., LTD. Legal Persons as Corporate Director, TAIWAN ASPIRE LIGHTING

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I. Letter to Shareholders

i. Operation Results of 2022

The operating performance indicators of the Group in 2023 are as follows:

Currency: NT\$ thousand, %

Item		FY2023		FY2022		Diff.	Note
Profitability	Consolidated Revenue	5,212,222		5,317,941		(105,719)	Mainly due to changes in product sales mix
	Consolidated Gross Profit (margin)	1,221,187	23.43%	649,724	12.22%	571,463	Mainly due to factors such as changes in product sales mix, the gross profit margin increased
	Consolidated Net Income (margin)	467,416	8.97%	182,731	3.44%	284,685	Mainly due to changes in product sales structure, gross profit margins increased, and profits also increased simultaneously.
	Return on Asset	3.92%		1.82%		2.10%	Same as above
	Return on Equity	6.71%		2.76%		3.95%	Same as above
	Earnings per share	\$4.11		\$1.91		2.19	Same as above
Capital Structure	Debts ratio	50.90%		59.01%		(8.11%)	Mainly due to the repayment of convertible corporate bonds
Liquidity	Current ratio	135.91%		150.98%		(15.07%)	The main long-term loans will mature within one year and will be reclassified to current liabilities according to their nature.
	Quick ratio	129.30%		139.21%		(9.91%)	Same as above
Operating Performance	Average collection turnover (times)	5.84		5.95		(0.11)	Mainly due to the slight decrease in revenue due to changes in product sales mix
	Average collection days	62.5		61.34		1.16	Same as above
	Average inventory turnover (times)	6.8		4.8		2.00	Mainly due to changes in product sales mix, which increased the rate of raw material removal
	Average inventory turnover days	53.67		75.96		(22.29)	Same as above

Due to changes in product mix, the overall operating performance in 2023 will see an increase in gross profit margin, and the overall net profit after tax performance will exceed that in 2022. In 2024, we will rely on the growth of our production bases in mainland China and Vietnam and the global semiconductor market to establish close cooperative relationships with customers and provide more comprehensive services to continue to drive the Group's operating performance in 2024.

Income Share of Product Sales in 2023 and 2022

	FY 2023	FY 2022
High-speed optical transceiver	58.72%	75.09%
SiP & Sensor	41.28%	24.91%
Total	100%	100%

ii. Summary of Operational Plans for the Year

The Group's main products are SiP packaging and high-speed optical fiber transceiver modules, and the business model is based on these two types of products, which are in the stage of continuous market growth. The development of 5G and the demand for excessive data transmission brought about by big data with AI applications such as ChatGPT have driven the growth of the Group's SiP products and high-speed optical fiber transceiver module business. Project research and development, investing in next-generation technology applications, the Group will respond to market changes and establish closer cooperation with customers to develop forward-looking and competitive products.

Against the backdrop of geopolitics such as the Sino-US trade war, the Group has established a production base in Vietnam. Since it was put into production in the fourth quarter of 2021, the operation of the Vietnam factory has gradually come on track, which has also injected a lot of growth momentum into the company. The factory is opened in the third quarter of 2023. It is expected that with the production capacity of the Vietnam factory and the existing momentum of the Zhongshan factory, the Group can carry out better planning and control to provide customers with more comprehensive business services.

iii. Future Development Strategies of the Company

The Group's short-term future development strategy will focus on the development of two terminal markets:

- **Smartphone market**

The Group has been engaged in SiP products for many years and is mainly used in fields such as power amplifiers and sensors. In addition to being used in smartphones, as the Internet of Things technology becomes increasingly mature, the application of sensors in automotive electronics is one of the keys to the development. According to a report by research firm IDC, global smartphone shipments will resume growth in 2024, and the automotive electronics market, which has attracted much attention in recent years, is rapidly replacing or integrating with traditional cars. For example, the automotive LiDAR market continues to hit highs. According to the Yole report, the global market size of automotive LiDAR has reached US\$300 million in 2022. By 2028, the global market size of automotive LiDAR will reach US\$4.5 billion. From 2022 to 2028, the global market size of automotive LiDAR will reach US\$4.5 billion. The market compound growth rate is approximately 55%.

- **Optical Communication Market:**

The application of technologies such as 5G and AI is driving up the demand for high-speed transmission in the global optical communications market. According to data from the research institute LightCounting, it is predicted that starting from 2024, the global optical transceiver module market is expected to grow rapidly at a compound growth rate of 16% in the next five years. , the total sales of optical transceiver modules used in AI will reach 17.6 billion US dollars, accounting for 38% of the total global market. It will be the main application market for optical transceiver modules in the next five years. AI's demand for network speed is 10 times that of the

current Above, in this context, CPO is expected to reduce the power consumption of the existing pluggable optical module architecture by 50%, which will effectively solve high-speed and high-density interconnection transmission scenarios. The penetration rate of CPO in large data center switches is estimated in 2027 will reach 40%. According to the Yole report, the revenue generated by the CPO market is expected to reach US\$2.6 billion in 2033, with a compound annual growth rate of 46% from 2022 to 2033. The Group has many years of experience in high-yield optical transceiver module product technology, and its production technology has reached CPO 51.2T level and continues to improve. It is expected that high-speed optical fiber transceiver module products will continue to inject business capabilities in 2024.

iv. Impacts of External Competition Environment, Regulatory Environment and Overall Operation Environment

The 2023 Global Economic Outlook Report (OECD Economic Outlook 2023) points out that the economic recovery after the epidemic in mainland China is not as good as expected, and geopolitical risks continue to rise. Surrounded by factors such as high inflation and high inventory, corporate operations are facing higher operating conditions globally. pressure, but as market demand stabilizes and inventories are reduced, the semiconductor industry is expected to usher in a new round of growth opportunities.

In response to changes in the global industrial and economic environment, the Group's management team has adopted the policy of product diversification and establishing a production base in Vietnam. At the same time, it has deeply engaged in technology research and development, seizing opportunities to expand horizontal and vertical cooperation with customers, so that the Group can survive the rapid changes in the industry. , can still stably create value for investors. The Group will continue to adhere to this principle, meet the needs of customers, and continue to deepen its presence in Vietnam. It is expected that in the semiconductor terminal market in 2024, the smartphone market will resume growth, and terminal applications such as AI, optical communications, and automotive electronics will become the main driving force for overall market growth. ShunSin has long been recognized by customers, whether it is produced in Vietnam or mainland China The bases have successively introduced new customers and new products, laying a good foundation for continued growth.

The International Monetary Fund (IMF) and the Organization for Economic Co-operation and Development (OECD) have successively raised their economic growth rates in 2024 based on the fact that the global inflation rate has declined faster than expected and that the economic performance of the United States and emerging markets may be better than expected. As far as the current situation is concerned, the global economy is still affected by high inflation and high interest rates, which puts pressure on corporate operating costs and terminal consumption. However, with the resilience shown by the global economy so far, the possibility of a soft landing has increased significantly. Looking forward to 2024, as the negative impact of the external environment is gradually weakening, the Group will continue to diversify its product portfolio and coordinate with market trends such as 5G, AI, and automotive electronics, relying on high-speed optical fiber transceiver modules, SiP & sensors and other tools With the advantages of products with market potential, rich industrial experience, high-yield packaging technology and production capacity in mainland China and Vietnam, we will continue to maintain a positive and steady attitude and strive to create better operating results for investors in the coming year.

Chairman: Chiang, Shang-Yi

II. Introduction to the Company

i. Profile of the Company and Group:

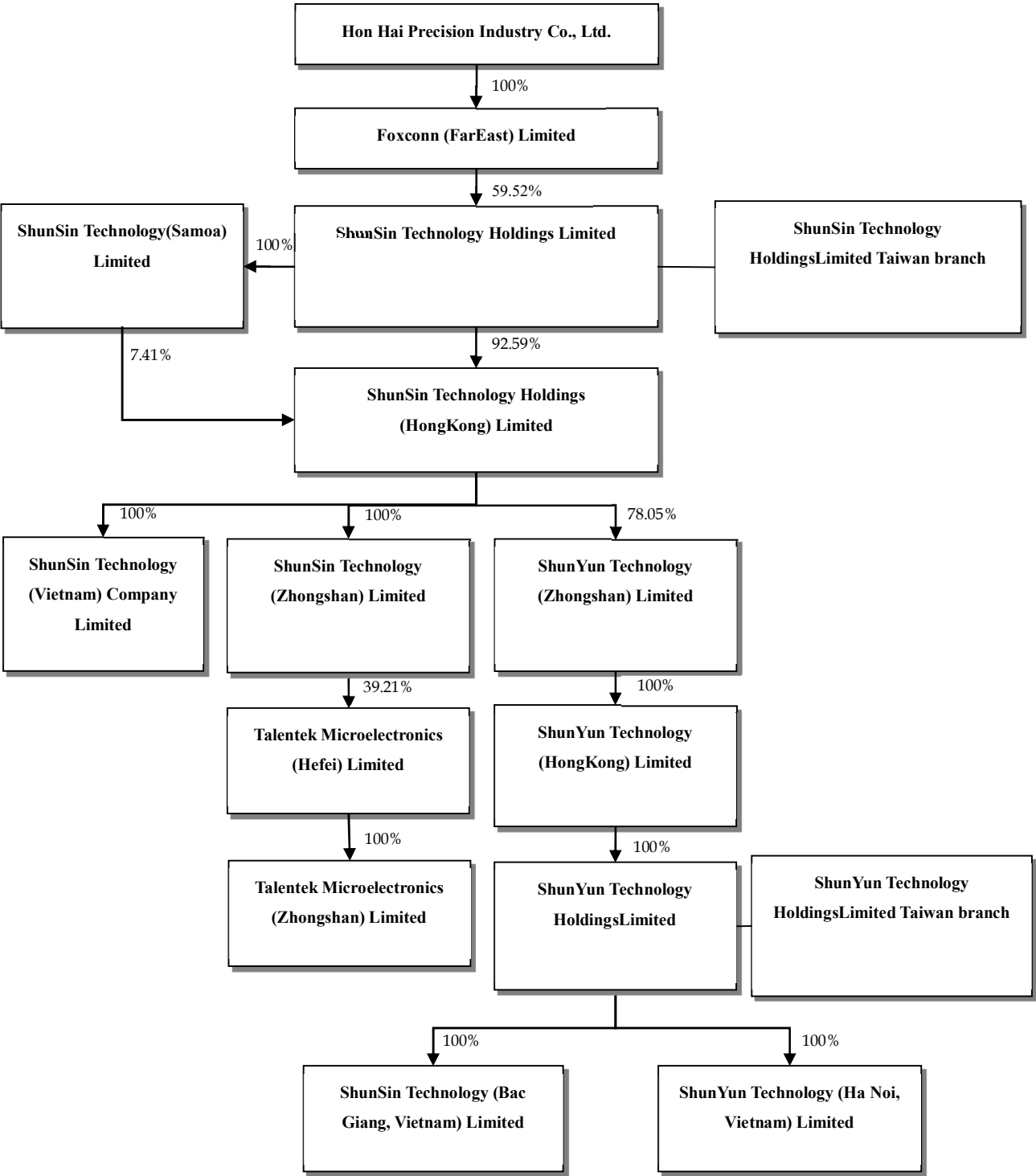
1. Establishment Date and the Profile of the Group:

ShunSin Technology Holdings Limited (hereinafter referred to as “the Company” or “ShunSin”) was established on January 8, 2008 as an overseas holding Company registered in the Cayman Islands, formerly known as Amtec Holdings Limited. On August 28, 2013, the shareholders’ meeting adopted a resolution to change the name of the Company; as of the date of publication of the annual report, the Company has affiliated investment companies including ShunSin Technology Holdings (HongKong) Limited (hereinafter referred to as “ShunSin HongKong”), ShunSin Technology (Zhong Shan) Limited (hereinafter referred to as “ShunSin Zhongshan”), ShunSin Technology (Samoa) Corporation Limited (hereinafter referred to as “ShunSin Samoa”), ShunYun Technology (Ha Noi, Vietnam) Limited (hereinafter referred to as “ShunYun Ha Noi”), ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to as “ShunSin Bac Giang”), ShunYun Technology Holdings Limited (hereinafter referred to as “ShunYun Cayman”) and ShunYun Technology (Zhong Shan) Limited (hereinafter referred to as “ShunYun Zhongshan”), and ShunYun Technology Holdings (HongKong) Limited (hereinafter referred to as “ShunYun HongKong”), ShunSin Technology (Vietnam) Company Limited (hereinafter referred to as “ShunSin Vietnam”), Talentek Microelectronics (Zhong Shan) Limited (hereinafter referred to as “Talentek Zhong Shan”), Talentek Microelectronics (Hefei) Limited. The above subsidiaries are except for Talentek Microelectronics (Hefei) Limited is 39.21% indirectly held, and the rest are both directly and indirectly above 50% owned subsidiaries.

The Group is mainly engaged in System in Package (hereinafter referred to as “SiP”) products, high-speed Optical transceivers (hereinafter referred to as “Optical TXR”), and other integrated circuit modules for packaging, testing, and sales. The Group has advanced semiconductor packaging technology, research and development capabilities, and nearly thousands of square meters of clean production workshops. The Group has successfully cooperated with customers to develop various products and obtained the product verification of major international mobile phone, wireless communication, and optical transmission manufacturers so that the industrial scale and technical level of the Group can continue to lead the industry and become an important partner of many internationally renowned enterprises.

2. Structure of the Group:

Date: March 31, 2024



3. Risks

<1> The Impact of Interest Rate, Exchange Rate Change and Inflation on Corporate Damage and Countermeasures

(A) Interest rate change

The Group has been continuously planning to expand its operating scale to strengthen its competitiveness and maintain good relationships with its counterparty banks to facilitate access to lower-cost funds in the future. In addition to using the capital market to raise funds, the Group will also observe Depending on interest rate trends, you choose to borrow money with fixed or floating interest rates to avoid the risk of interest rate fluctuations. The Group's interest expense in 2023 will be NT\$178,005 thousand, accounting for the annual operating income ratio (3.4%). Therefore, future interest rate changes will not have a significant impact on the Group's operations.

(B) Exchange rate change

The main import and sales of the Group are denominated in US dollars, so the foreign currency positions of receivables and payables of import and sales can offset each other. However, as the receivables denominated in foreign currency are larger than the payables, the risk aversion cannot be completely realized. In order to reduce the impact of exchange rate fluctuations on the profit of the Group, the financial department will collect exchange rate data at any time, make trend judgment and risk assessment, keep close contact with the bank, and timely adjust foreign currency positions to avoid exchange risk.

The Group's net exchange benefits in 2023 and 2022 are NT\$10,586 thousand and NT\$28,880 thousand respectively, accounting for 0.2% and 0.5% of the current year's operating income respectively. On December 31, 2023, when the New Taiwan dollar depreciated or appreciated by 0.25 relative to the US dollar, %. If all other factors remain unchanged, the pre-tax profit and loss will increase or decrease by RMB 6,145,000. The impact on the Group's profit and loss should be limited.

(C) Inflation

The Group's past profits has not yet been significantly affected by inflation. The Group will keep an eye on fluctuations in market prices and maintain good interaction with customers and suppliers. In case of higher purchase costs due to inflation, the Group will adjust its sales prices appropriately when necessary to minimize its impact on the Group's operations.

<2> Main Reasons for Policies, Profits or Losses in High Risk and High Leverage Investment, Lending funds to Others, Endorsements and Guarantees and Derivative Commodity Transactions and Countermeasures

Based on the prudent principles and pragmatic business concepts, the Group does not engage in high-risk, highly leveraged investment transactions, except for the businesses of the Group

The Group has stipulated "Procedures for Lending Funds to Others", "Procedures for Endorsements & Guarantees", "Procedures for Acquisition or Disposal of Assets" and "Procedures for Dealing with Derivatives Trade". The Group will comply with the above procedures, so the relevant risks should be limited.

<3> Future R&D plan and Estimated R&D cost

Because of the future demand for products integrating 5G and AI-related applications, the Group will continue to expand. As the 5G and AI application ecosystem gradually improves, various products will be combined with RF front-end modules, sensors, and optical fibers required for 5G and AI-related applications. The demand and technology for transceiver modules are constantly rising. To comply with the current trend of market products requiring high integration and high-speed transmission, the Group's annual R&D expenses in the past were approximately NT\$250

million to NT\$400 million. It is expected that the R&D expenses will be invested in 2024. range, and continues to improve the needs of various product specifications in the existing packaging technology market. The Group is also constantly designing and developing new power amplifiers, filters, sensors, optical fiber transceiver modules, optoelectronic co-packaged transceiver modules, and silicone-integrated coherent light. Packaging technology in various product fields such as modules, passive optical network equipment terminals, and automotive electronics to expand customer markets.

The R&D expenses invested in 2023 and 2022 accounted for 7.42% and 5.84% of operating income respectively. The Group is actively engaged in technology development, continuously investing in R&D resources and personnel, and developing high-end packaging process technology, including process optimization and high automation, and Actively developing diversified products. The proportion of R&D expenses in 2023 will increase compared with 2022. This is mainly due to the continued growth of the customer base in 2023 and the increase in demand for projects and samples, increasing related R&D expenses.

<4> Impacts of Important Policy and Law Changes at Home and Abroad on Corporate Financial Business and Countermeasures

The Company is incorporated in the Cayman Islands and operates mainly in Hong Kong, Samoa, Taiwan, Vietnam and China. The Group carries out all business in accordance with important domestic and foreign policies and laws and regulations, keeps an eye on important domestic and foreign policy development trends and legal changes, and takes appropriate measures in response to changes in the market environment. The Group has also discussed with external experts about the economic substance identification regulations promulgated by the Cayman Islands recently, and preliminarily determined that there is no significant impact on the Group. Therefore, there is no case that there is a significant impact on the financial business due to important domestic and foreign policies and laws.

<5> The Impact of Technological Change (including information security risks) and Industrial Change on Corporate Financial Business and Countermeasures

The Group keeps abreast of the terminal product market trends and evaluates the impact of market changes on the Group's operations. 5G-related products will become the mainstream of the market. Most of the Group's customers are leading terminal product manufacturers or significant suppliers. The Group continues to work closely with customers. To respond to the latest market trends, launch products in line with market patterns, and continue to diversify product portfolios to avoid the impact of market fluctuations in a single product. The Group has established a sound information security control mechanism responding to information security risks. Pay attention to market-related risk information, so technological changes (including information security risks) and industry changes will not have a material adverse impact on the Group's financial business.

<6> Impact of Corporate Image Change on Corporate Crisis Management and Countermeasures

The Group focuses on the operation of its own industry, continuously pursues the sustainable operation and growth of the enterprise, actively strengthens internal management, and improves product quality and production efficiency. In addition, the Group constantly introduces excellent talents, cultivates the strength of the business team, and returns the business results to shareholders and the public, so as to fulfill the social responsibility of the enterprise. The Group's business results and the Company's good reputation, as of the date of publication of the annual report, there is no corporate image change caused by the enterprise crisis.

<7> Expected Effectiveness, Possible Risks and Countermeasures of Mergers and Acquisitions

The Group's board of directors approved the acquisition of SFA Semicon (Suzhou) Co., Ltd(hereinafter referred to as "SFA Suzhou") on March 14, 2024. The expected benefits of the merger can accelerate the expansion of the company's business scope to metal lead frame-based

packaging and testing foundry services, leveraging SFA Suzhou's rich packaging experience. Our manufacturing team and sound manufacturing system, combined with ShunSin's existing advantages, will expand the scope of cooperation in response to the needs of existing customers and explore potential markets such as EV/vehicle, power management IC, MCU, etc. The relevant risks have been set up to conduct prudent assessments and commissioned External professional organizations assist in handling relevant matters to ensure the company's interests and overall shareholder rights, so the risks it brings are considered to be limited.

<8> Anticipated Efficiency, Possible Risks and Countermeasures of the Expanded Plant:

In response to the continuous growth of operation scale and risks related to the trade war, the Board of Directors approved the establishment of a second production base in Vietnam on October 17, 2019, and brought into production in the fourth quarter of 2020. The Group also started integrating local resources to form a Vietnamese operation team based on the successful experience of China to meet local manpower needs and policies. The Vietnamese production base will help the Group increase order capacity and productivity, disperse geopolitical risks, and reduce the proportion of management and production costs, thus enabling the expansion of operation scale and enhancement of overall competitiveness, while still limiting the risks thereof.

In response to the continued growth of the Group's operating scale and risks related to trade wars, the board of directors approved the establishment of a second production base for optical communication products in Vietnam on October 17, 2019. The Ha Noi Vietnam factory started production in the fourth quarter of 2020. The Bac Giang Vietnam factory was put into use, and the production capacity of optical communication products further increased. On December 19, 2023, the board of directors approved the establishment of ShunSin Vietnam as the second production base for SiP products in Vietnam. In response to local manpower needs and policies, the Group successfully experienced an integration of local resources to form a Vietnam operation team. The Vietnam production base will help the Group strengthen its order-taking capabilities, increase production capacity, diversify geographical risks, reduce the proportion of management and production costs, expand operation scale, and enhance overall competitiveness, which brings Risks that are still limited.

The Group's board of directors approved the acquisition of SFA Suzhou on March 14, 2024, which can increase ShunSin's operating base in the Yangtze River Delta region of mainland China, get closer to the semiconductor supply chain in mainland China, provide customers with more timely services, and help To increase customers' reliance on ShunSin, relevant risks have been carefully assessed by setting up a project, and external professional organizations have been entrusted to assist in handling relevant matters to ensure the interests of the company and the interests of the overall shareholders. Therefore, the risks it brings are considered to be limited.

<9> Risks and Countermeasures Encountered in Purchasing or Marketing Concentration

(A) Purchasing Concentration Risks

The purchase proportions of the Group's top ten suppliers in 2023 and 2022 were 59.98% and 61.08% respectively. The concentration of purchases in 2023 decreased mainly due to changes in the Group's sales mix. The demand for ShunSin sensor products has increased in 2023, making the overall product structure more even, which in turn affects corresponding supplier purchases. Therefore, the purchase proportion of the top ten suppliers shows a downward trend.

(B) Marketing Concentration Risks

The sales ratios of the Group's top ten customers in 2023 and 2022 were 92.39% and 96.09% respectively. The top two customers accounted for approximately 59% and 74% of the overall revenue respectively in both years. The concentration of sales in both years has declined. The trend is mainly due to the Group's active expansion of new customers and new products, which affects the concentration of sales. The Group has long-standing relationships with its customers,

who are also industry leaders and have good trading conditions. In addition, the Group is also actively developing new products and improving packaging technology, developing new customers striving to diversify its product portfolio, and supporting customers in developing new design concepts. Reduce the operational risks associated with transferring orders from important customers.

<10> The impact, risks and countermeasures of the transfer or exchange of shareholdings of directors, supervisors or major shareholders holding more than 10% of the shares on the Company

The directors or major shareholders holding more than 10% of the shares of the Company in the most recent year and up to the date of the publication of the annual report of the Company have no substantial transfer or change of shares.

<11> The Impact, Risks and Countermeasures of the Change of Management Right on the Company

The Company has not changed its management rights in recent years or as of the date of publication of the annual report. The Company has strengthened various corporate governance measures, introduced independent directors and established Audit Committee in order to enhance the protection of the rights of the overall shareholders. In addition, the Company relies on professional managers for its operation, and its good performance should be supported by shareholders. Moreover, the Company has formulated a complete internal control system and relevant management rules. Therefore, the change of the right to operate should not result in the significant impact on the Company's operation.

<12> Major litigation, non-litigation, or administrative disputes involving the company and its directors, supervisors, general managers, substantial persons in charge, major shareholders with a shareholding ratio of more than 10%, and affiliated companies, the results of which may affect shareholders' rights or securities. If the price has a significant impact, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the disposition up to the date of publication of the annual report should be disclosed.

Courts (agencies) and their case numbers	parties involved in litigation	Litigation start date	Disputed facts and subject amount	Current processing situation	Manager's views and plans on this case
Taiwan Taipei District Court 2023 Heavy Litigation No. 527	Plaintiff : Browave Corporation Defendant : ShunYun Technology Holdings Limited Taiwan branch	June 8, 2023	The plaintiff requested the defendant to accept the ordered goods and pay the purchase and sale price and interest until the settlement date.	The two parties have reached a settlement, and the plaintiff has made a request to the court to withdraw the lawsuit. The defendant has also filed a petition indicating that it agrees to withdraw, and the court is waiting for the court to send a notice of cancellation of the court date.	Claim rights according to law.

<13> Other Important Risks and Countermeasures

(A) The impact of changing demand for consumer electronics

One of the main sales products of the Group is high-frequency wireless communication modules, ambient light sensors, and various proximity and ranging modules used in consumer electronics products. The products are used in mobile phones (smartphones), wearable Mobile devices, wireless networks, and other communication products, as far as consumer electronics products are concerned, are characterized by short life cycles and rapidly changing functions, and are easily affected by the consumption habits of Christmas and New Year shopping. The peak period of shipments is mostly concentrated in the fourth quarter, so the demand for suppliers will be responded to in advance in the third to fourth quarters, so the revenue in the second half of the year will usually be significantly higher than that in the first half.

The Group's main customer terminal application market is high-end smartphones, and the Group's revenue is related to its sales. Therefore, in terms of market demand, the Group's industry is quite related to changes in downstream terminal application market demand.

5G applications are currently the main growth driver for global shipments of future smartphones. There is a new wave of replacement opportunities in the 5G smartphone market demand, and market shipments are picking up. However, the end consumer market is currently hit by economic uncertainty, which is expected to be Growth resumes as the economy recovers. The Group will monitor relevant market demand and closely contact and cooperate with terminal brand manufacturers to seize market opportunities, develop more innovative and advanced products, and launch new products that meet consumer tastes and preferences before competitors. We will pay close attention to Changes in government policies, which will reduce the adverse effects caused by policy changes. At the same time, we will actively maintain a diversified product layout, hoping to reduce risks caused by changes in demand for consumer electronics products.

(B) Relevant Risks of Market Competition

The Group mainly engages in the assembly, testing and sales of SiP, high-speed optical transceiver module and other types of integrated circuit module. It is a professional semiconductor packaging and testing Company. SiP products include high frequency wireless communication module and the wireless module and so on, main products are applied to the mobile phone of the Radio Frequency Power Amplifier (RFPA), domestic and foreign packaging factory, such as ASE's South Korea Plant, Amkor Technology's South Korea Plant, Jiangsu Changjiang Electronics Technology Co., Ltd., Luxshare Precision Industry Co., LTD, Ltd. and LINGSEN PRECISION INDUSTRIES, LTD. all provide such module sealing and testing services. Our high-speed optical transceiver module is in competition with Fabrinet Co., ltd. and PCL Technologies, Inc.. Therefore, in the fierce market competition, the Group not only focuses on diversification of products and diversification of operating risks, but also maintains the leading technology and quality of the process, and continuously obtains orders of new products from customers to reduce risks.

The Group has SiP, Flip Chip technology, Various light source sensor modules and other assemble and testing technology capabilities, and provides customized services, according to customer demand development and production of related module products, to provide customers with one-stop service. In addition, the Group has achieved heterogeneous integration through SiP to accelerate the integration of more functions in the module. Therefore, the Group will improve the difficulty of the manufacturing process to increase and meet the order demand of customers, which has the advantages of economies of scale and improving the barriers for new manufacturers to enter. In the future, we will continue to deepen the cooperation with customers, expand product diversification, and develop new customers, to consolidate the source of orders.

(C) Risks of Shareholders' Rights and Interests Protection

There are many differences between the Company Law of the Cayman Islands and the Company Law of the Republic of China. Although the Company has amended its Articles of Association in accordance with the “Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation” stipulated by the Taiwan Stock Exchange. However, there are still many differences between the two laws and regulations regarding the operation of the Company, and investors are not able to take the legal rights and safeguards of investing in a Taiwan Company as the case may be. In comparison with the Cayman Islands Company in which they have invested, investors should really know and consult with experts to discover whether the Cayman Islands Company has shareholders’ rights and safeguards that are not available to them.

(D) Risks Associated with the Presentation of this Annual Report

A. Facts and Statistics

Some of the data and statistics in this annual report are drawn from different statistical publications. However, such information may be inaccurate, incomplete or not up to date. The Company makes no representations as to the truth or accuracy of such statements, and investors shall not rely excessively on such information for investment judgment.

B. Forward-looking Statements and Risks and Uncertainties Contained in this Annual Report

The annual report contains a number of forward-looking statements and information about our Company and related enterprises. These statements and information are based on the beliefs, assumptions and information available to the management of the Company. In this annual report, “estimate”, “believe”, “can” and “expect”, “future”, “intentionally”, “or”, “must”, “plan”, “forecast” and “seek”, “should” and “will”, “may” and “could” and similar words, when used in the Company or the Company's management, namely the forward-looking statements. Such statements reflect the current views of the Company's management regarding future events, operations, working capital, sources of funds, etc. Some of these views may not be realized or may change. These statements are subject to a number of risks, uncertainties and assumptions, including other risk factors described in this annual report. Investors should carefully consider and rely on any forward-looking statement involving known and unknown risks and uncertainties. The risks and uncertainties faced by the Company may affect the accuracy of the forward-looking statements, including but not limited to:

(A) The statements in V. Operation Overview of this annual report.

(B) A number of statements in this annual report on price, volume, operating, profit trends, overall market trends, risk management and exchange rates.

The Company will not update the forward-looking statements in this annual report or modify them in light of future events or information. In view that such risks and other risks, uncertainties and assumptions, the forward-looking statements and circumstances of this annual report may not occur in the manner anticipated by the Company. Therefore, investors should not rely on any forward-looking statements.

(E) Information safety

As the Group is often in contact with customers’ important information, it also attaches great importance to controlling information security. We also have strict controls over employees' access to external networks or installation of computer software, which must be approved in advance. For important system data, remote backup is also regularly carried out to prevent the loss of important data. In addition to basic information security education and training for new employees, information security training and the promotion of information security awareness are also carried out on a regular basis every year to provide the information security guarantee for the Company's production and operation activities. As of the latest annual report and the

date of its publication, the Company has not experienced any major cyber-attacks that would impact its operations.

ii. Historical Evolution of the Company:

Time	Milestones
1998	ShunSin Techology (Zhongshan) Limited (hereinafter referred to as “Shunsin Zhongshan”), which was previously named Ambit Microsystems (Zhongshan) Corporation, was established in Guangdong Province, China in June.
2000	ShunSin Zhongshan began its formal operation.
2004	Became the “Best Supplier” among customers.
2005	ShunSin Zhongshan set up Municipal Enterprise Technology Center.
2006	Implemented 6Sigma/ROHS management. Won the Customer’s “Best Supplier Award of the Year”.
2007	Established SD/Micro SD memory card production line. Won the Customer’s “Best Supplier Award of the Year”.
2008	Establishment of ShunSin Technology Holdings Limited as the primary listing applicant in the Cayman Islands in January, originally named Amtec Holdings Limited. Set up ShunSin Technology (Hongkong) Holding Limited (hereinafter referred to as “ShunSin Hongkong”), originally named Amtec Holdings Limited in February. After reorganization, the Company acquired 100% equity in Unique Logistics Limited from Hon Hai Precision Industry Co., Ltd. (hereinafter referred to as “Hon Hai”). After reorganization, ShunSin Hongkong revested in Hon Hai to acquire 100% equity of ShunSin Zhongshan ShunSin Zhongshan passed the qualification of “High and New Technology Enterprise of Guangdong Province” and got project approval of State Torch Plan. ShunSin Zhongshan establish Enterprise Engineering Research and Development Center Won the Customer’s “Best Supplier Award of the Year”.
2009	Set up optical transceiver production line above 120Gb/s and qualified by the customer. Set up QFN Packaging Capability and qualified by customer
2010	120Gb/s optical transceiver module products qualified by the international factory. The cable TV hybrid amplifier module qualified by the customer. Set up pv concentrated photovoltaic module production line and qualified by the American customer.
2011	Established the WiFi module automatic testing line, and imported the surface sputtering process. The fiber optic transceiver module products qualified by the terminal customer in the United States.
2012	RFPA (radio frequency power amplifier) products qualified by the Japanese customer. Established Ambit Microsystems Corporation Limited (hereinafter referred to as Ambit Hongkong) in August, which was 100% invested and held by ShunSin Zhongshan.
2013	The antenna switch module qualified by the customer. Passed the end-user corporate social responsibility system certification in the United States. Established ShunSin Zhongshan Phase II Plant. ShunSin Technology Holdings Limited Taiwan Branch was established in July. The Company was renamed ShunSin Technology Holdings Limited by the resolution of shareholders in August. In November, Amtec Holdings Limited changed its name to ShunSin Technology Holdings (Hongkong) Limited. In December, Ambit Microsystems (Zhongshan) Corporation changed its name to

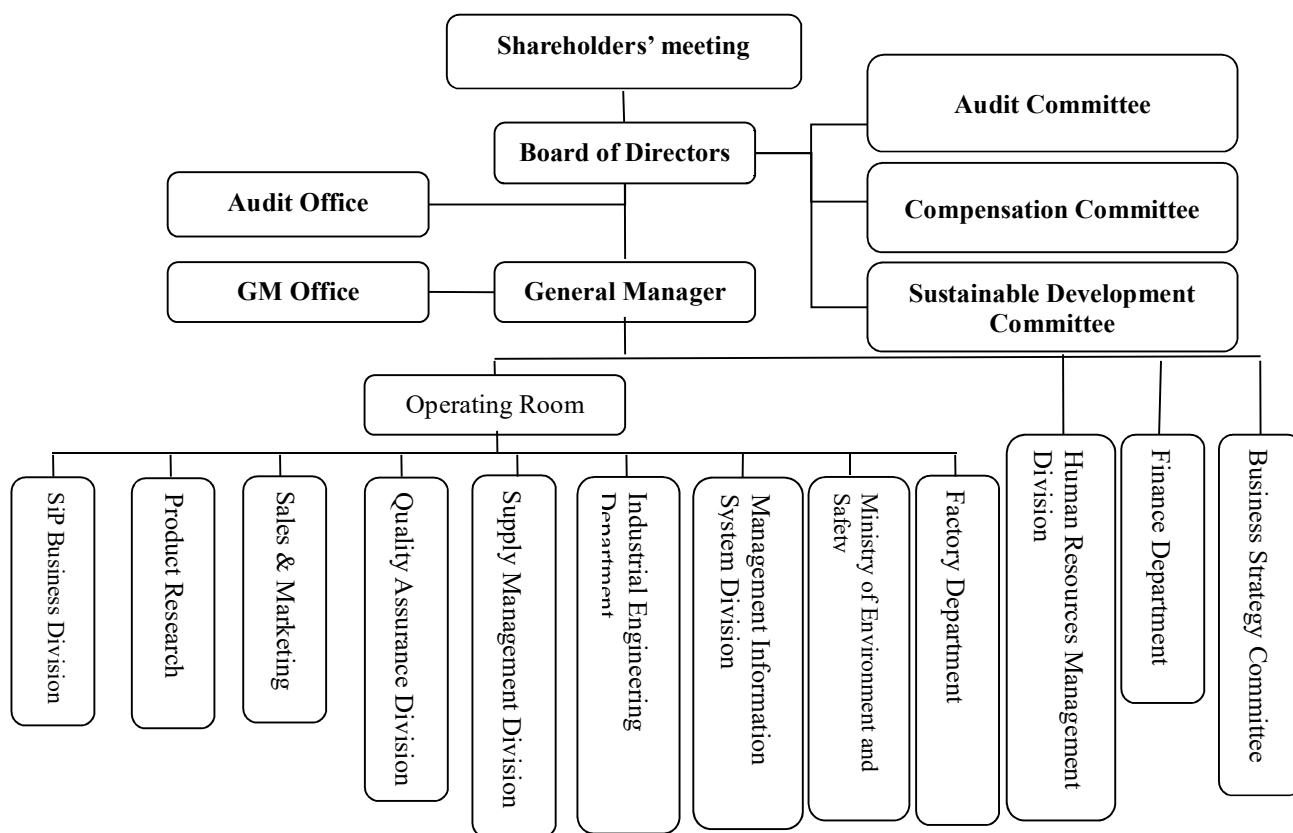
Time	Milestones
	ShunSin Technology (Zhong Shan) Limited.
2014	The shareholders' meeting changed the Company's par value per share to NT\$10. The Company has been approved for listing on the Taiwan Stock Exchange.
2015	ShunSin Zhongshan Phase II Plant was completed and put into production in January. Stocks were officially listed on the Taiwan Stock Exchange in January. Established ShunSin Technology (Samoa) Corporation Limited in February. Import fingerprint identification module product assembling and testing technology.
2016	The fingerprint identification module qualified by the customer. Imported automotive electronic product assembling and testing technology, passed the automotive electronic product certification by the customer.
2017	The fingerprint identification module qualified by customer. Construction of the second floor coverings of the ShunSin Zhongshan Phase II plant. The 100Gb/s multi-mode optical transceiver product qualified by the customer.
2018	Started the construction of ShunSin Zhongshan Phase III plant. ShunSin Technology (Zhong Shan) Limited Shenzhen branch was established in January. The 100Gb/s multi-mode optical transceiver product qualified by the customer. ShunSin Zhongshan was honored as one of the Made in China 2025 Green Manufacturing Enterprise. The biometric module product qualified by the customer. The 100Gb/s multi-mode optical transceiver product qualified by the American customer. Complete the sample build of the 400 Gb/s multimode optical transceiver by the end of 2018.
2019	Passed product certification and started mass production of 100Gb/s single-module optical transceivers for Chinese customers. Light source photosensitizer products passed end-customer certification and started mass production. Introduced the high - order packaging technology of double-sided plastic seal. In December, the plant construction of ShunSin Zhongshan Phase III was completed. Established ShunSin Technology (Ha Noi, Vietnam) Limited in December.
2020	Fan-out System in a Package pilot production. Wearable Technology System in a Package pilot production. ShunYun Technology (Zhong Shan) Limited was established. Started the production product on ShunSin Zhongshan Phase III plant. ShunYun Technology (Ha Noi, Vietnam) Limited started production in November
2021	ShunYun Vietnam passed product certification and started mass production of 100Gb/s silicon photonics optical transceivers for USA customers. Shunyun Vietnam passed the US customer's certification of 200Gb/s silicon optical transceivers and started mass production. 800Gb/s silicon optical transceiver engineering trial production. ShunSin Zhongshan passed the European customer's trial production of laser scanning emission modules. ShunSin Zhongshan passed the European customer's light source sensor product certification and started mass production. ShunSin Zhongshan started the mass production of the Chinese customer's ToF module.
2022	Shunyun Vietnam passed the certification and mass production of 400Gb/s silicon optical transceivers for American customers Shunyun Zhongshan 25.6Tb/s, photoelectric co-packaging (CPO) trial production ShunSin WiFi6E filter module passed customer certification
2023	ShunSin Automotive LiDAR passed customer certification and went into mass production

Time	Milestones
	ShunSin short-wave infrared skin sensor certification and mass production
	ShunSin multispectral multi-channel light source sensor product certification and mass production

III. Corporate Governance Report

i. Organizational Structure

1. Organization Chart



2. Business Operated by Major Divisions

Divisions	Responsibilities
Chairman	To formulate business plans and strategies for the operation and management of the Company.
Audit Committee	Supervise the Group's business and financial situation, the fair presentation of financial statements, and the effective implementation of internal control.
Compensation Committee	To formulate and regularly review the policies, systems, standards and structures for the performance appraisal and remuneration of directors and managers, and to periodically evaluate and determine the remuneration of directors and managers.
Sustainable Development Committee	Assist the board of directors in implementing sustainable development goals such as environmental protection, social responsibility, and corporate governance.
Audit Office	Responsible for the evaluation and implementation of the Company's audit business and internal control, and put forward improvement suggestions, and continuously follow up the improvement progress.
General Manager	Implement the decisions of the Board of Directors and manage the affairs of the Company.
GM Office	Assist the general manager in daily affairs, project management, Board of Directors and shareholders meeting convening and assist in the discussion preparation.
Business Strategy Committee	Semiconductor industry analysis, and collection and analysis of related information of companies suitable for investment/M&A; planning of future company business and product development strategies.
Operating Room	Responsible for the overall operational management of product development, manufacturing, quality assurance, sales, industrial engineering, supply chain and factory environment safety, factory facilities, and information digitization.
SiP Business Division	Responsible for the manufacturing of the Company's products (consumer electronics, automotive electronics, sensors).

Divisions	Responsibilities
Product Research Division	Coordinate the Company's research and development resources and formulate research and development direction.
Sales & Marketing Division	Responsible for the Company's products (RF Business Division and Fiber & Optical Business Division) sales, customer service, market development business strategy and development direction formulation.
Quality Assurance Division	Responsible for product quality inspection, production line inspection and failure analysis of customer complaint cases.
Supply Management Division	Responsible for the raw material procurement and customs logistics for the Company's production and manufacturing and adjust the purchasing strategies in line with the economic status.
Industrial Engineering Department	Evaluation of manpower/equipment/product cost/capacity, promotion of 8S/human factors engineering/Layout improvement, consumables management, work order closure, production cost control, and job certification management, etc.
Management Information System Division	Responsible for computer system and information security management, software and hardware and system purchases, management and maintenance, system development and maintenance.
Ministry of Environment and Safety	Responsible for company environment, factory safety, fire safety, occupational health, and energy management.
Factory Department	Responsible for the management of the company's factory engineering, water, electricity, air conditioning, and other facilities.
Human Resources Management Division	Responsible for the management of the Company's human and administrative resources and plant affairs and safety.
Finance Department	Responsible for the accounting work of the Company and the formulation and implementation of accounting policies and regulations, as well as the capital planning and scheduling and foreign exchange hedging operations.

ii. The Information of Director, Supervisor, General Manager, Vice General Manager, Assistant Manager and the Director of Each Department and Branch

1. Information of Directors and Supervisors

<1> Information of Directors

April 30, 2023

Title	Nationality or registration place	Name	Gender&Age	Selection date	Term of office	First elected date	Shares held when elected		Current shareholding		Current holding of shares of spouse, underage children		Shares held in the name of others		Main working experience (educational)	Concurrent positions in the Company or other enterprise	Note
							Number	%	Number	%	Number	%	Number	%			
Chairman	KY	Foxconn (Far East) Limited	-	2023/06/28	3	2014/05/20	63,964,800	60.05	63,964,800	59.52	-	-	-	-	NA	Director, Zheng Ding Technology Holding Limited	-
	R.O.C.	Representative: Chiang, Shang-Yi	Male & 71 ~ 80	2023/06/28		2023/06/28	-	-	-	-	-	-	-	-	Ph.D. in Electrical Engineering, Stanford University Vice President, Senior Vice President, and Chief Operating Officer of Taiwan Semiconductor Manufacturing Co., Ltd. Vice Chairman of Semiconductor Manufacturing International Corporation	Semiconductor Chief Strategy Officer, Hon Hai Precision Industry Co., Ltd.	
Director	KY	Foxconn (Far East) Limited	-	2023/06/28	3	2014/05/20	63,964,800	60.05	63,964,800	59.52	-	-	-	-	NA	Director, Zheng Ding Technology Holding Limited	Note 2
	R.O.C.	Representative: Hsu, Wen-Yi	Male & 61 ~ 70	2023/06/28		2014/05/20	1,794,200	1.68	1,297,200	1.21	-	-	-	-	Bachelor Degree in Chemistry, Chinese Culture University Vice General Manager, Siliconware Precision Industries Co., Ltd. Vice General Manager, Ambit Corporation Senior Vice General Manager, Hon Hai Precision Industry Company Ltd.	Manager, ShunSin Technology Holdings Limited Taiwan Branch Director, ShunSin Technology Holdings (Hongkong) Limited Director, ShunSin Technology (Samoa) Corporation Limited Executive Director / General Manager, ShunSin Technology (Zhong Shan) Limited	
Director	KY	Foxconn (Far East) Limited	-	2020/06/15	3	2014/05/20	63,964,800	60.05	63,964,800	59.52	-	-	-	-	NA	Director, Zheng Ding Technology Holding Limited	-
	R.O.C.	Representative: Ho, Chia-Hua	Male & 51 ~ 60	2023/06/28		2020/12/31	-	-	-	-	-	-	-	-	Doctor's degree in physics, National Taiwan University Winbond Electronics Corporation R & D director National Nano Device Laboratories Factory Chief / Deputy Account Manager Taiwan Semiconductor Manufacturing Co., Ltd. R & D assistant manager IBM R & D manager	Hung Yang Soft. Tech. Co. Ltd., Vice Present	
Director	KY	Foxconn (Far East) Limited	-	2023/06/28	3	2014/05/20	-	-	-	-	-	-	-	-	NA	Director, Zheng Ding Technology Holding Limited	I
	R.O.C.	Representative: Huang, Ying-Shih	Male & 51	2023/06/28		2023/06/28	-	-	-	-	-	-	-	-	Institute of Accounting, National Chung Cheng University Senior Assistant Manager, EY	Supervisor, XSEMI Corporation Senior Director, HON HAI PRECISION INDUSTRY CO., LTD.	

Title	Nationality or registration place	Name	Gender&Age	Selection date	Term of office	First elected date	Shares held when elected		Current shareholding		Current holding of shares of spouse, underage children		Shares held in the name of others		Main working (educational) experience	Concurrent positions in the Company or other enterprise	Note
							Number	%	Number	%	Number	%	Number	%			
			~ 60												Transaction Advisory Services Inc. Senior Assistant Manager, Systex Corporation Senior Assistant Manager, HP Inc.	Senior Assistant Manager, EY Transaction Advisory Services Inc. Senior Assistant Manager, Systex Corporation Senior Assistant Manager, HP Inc.	
															Bachelor Degree in Accounting, Chinese Culture University Independent Director, Test Rite Retail Co., Ltd. Independent Director, Test Rite Internaiional Co., Ltd Supervisor, & TIEN LIANG BIOTECH CO., LTD Independent Director / Member of the Compensation Committee & Chairman of the Audit Committee, ICARES Supervisor, Emerging Display Technologies Partner, BAKER TILLY CLOCK & CO	Chien, Cheng & Co., CPA Independent Director / Member of the Compensation Committee / Chairman of the Audit Committee, CyberTAN Technology, Inc. Director , GEN LINK CO.,LTD. Independent Director / Chairman of the Compensation Committee / Chairman of the Audit Committee, M POWER Information Co., Ltd	
	R.O.C.	Ting, Hung-Hsun	Male & 61 ~ 70	2023/06/28	3	2014/05/20	-	-	-	-	-	-	-	-			-
	R.O.C.	Chuang, Chang-Hsing	Male & 61 ~ 70	2023/06/28	3	2023/06/28	2,000	-	2,000	-	-	-	-	-	Bachelor of Land Politics, National Chung Hsing University Business Manager, GEN-REAL ENTERPRISE CO., LTD. Business Manager, TAIWAN ASPIRE LIGHTING CO., LTD Legal Persons as Corporate Director, HUI YU PLASTICS CO., LTD. Legal Persons as Corporate Director, TAIWAN ASPIRE LIGHTING	chairman, ASPIRE LIGHTING CO.,LTD ,LED chairman, VERONA LIGHTING CO., LTD chairman, TAIWAN ASPIRE LIGHTING CO., LTD	-
	R.O.C.	Dai, Shu-Huei	Female & 61 ~ 70	2023/06/28	3	2023/06/28	-	-	-	-	-	-	-	-	Master of Business Administration, School of Management, National Taiwan Normal University SME Credit Guarantee Fund/Finance Manager	SME Credit Guarantee Fund/Vice President	-

Note 1: The Company has set up an Audit Committee and no Supervisor.

<2> Principal Shareholders of Corporate Shareholders

April 2, 2024

Name of corporate shareholder	Principal Shareholders of Corporate Shareholders	Shareholding ratio
Foxconn (Far East) Limited	Hon Hai Precision Industry Co., Ltd.	100%

<3> Principal Shareholders of Corporate Shareholders as Legal Person

April 2, 2024

Name of legal person	Principal shareholders of corporate shareholders	Shareholding ratio
Hon Hai Precision Industry Co., Ltd.	Terry Gou	12.56%
	New Labor Pension Fund	2.06%
	Citibank Hosting Government of Singapore Investment Account	1.88%
	LGT Bank AG	1.19%
	JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund	1.18%
	JPMorgan Chase Hosting Vanguard Developing Markets Index Fund	1.15%
	Citibank Hosting Norges Bank Investment Account	1.13%
	Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account	0.91%
	Standard Chartered Bank's iShares Emerging Markets ETF Investment Account	0.81%
	HSBC(Taiwan) Commercial Bank Co., Ltd. In custody for Morgan Stanley International Limited investment account	0.67%

<4> Professional Knowledge and Independence of Directors or Supervisors

Conditions Name	Major professional qualifications and experience	Conform to independence situation	Concurrent independent director in other public companies
Chairman Foxconn (Far East) Limited Representative : Chiang, Shang-Yi	- Graduated from Stanford University with a Ph.D. in Electrical Engineering. He served as Vice President, Senior Vice President, and Chief Operating Officer of Taiwan Semiconductor Manufacturing Co., Ltd., Vice Chairman of Semiconductor Manufacturing International Corporation. - No violations of Article 30 of the Company Act.	- Not an employee of the company or its affiliated enterprises. - Natural person shareholders who are not themselves, their spouses, minor children, or those who hold more than 1% of the company's total issued shares in the name of others or are among the top ten shareholders. - Spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship who are not managers, directors, or supervisors of the company or its affiliated enterprises. - The non-company and the chairman, general manager, or person with equivalent positions of another company or institution are the same person or spouse, and the director (director), supervisor (supervisor), or employee of another company or institution. - Directors (directors), supervisors (supervisors), managers, or shareholders holding more than 5% of the shares of specific companies or institutions that do not have financial or business dealings with the company. - Professionals, sole proprietorships, partnerships, business owners of companies or institutions who are not professionals, sole proprietors, partnerships, companies or institutions who have provided auditing services to companies or affiliated enterprises or received commercial, legal, financial, accounting, and other related services with a cumulative remuneration of more than NT\$500,000 in the past two years. Partners, directors (governors), supervisors (supervisors), managers, and their spouses.	-

Conditions Name	Major professional qualifications and experience	Conform to independence situation	Concurrent independent director in other public companies
Chairman Foxconn (Far East) Limited Representative : Hsu, Wen-Yi	Graduated from Chinese Culture University with a Bachelor of Chemistry; served as Vice General Manager, Siliconware Precision Industries Co., Ltd, Senior VP of Hon Hai Precision Industry Co., Ltd, No violations of Article 30 of the Company Act.	- Spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship who are not managers, directors, or supervisors of the company or its affiliated enterprises. - Directors (directors), supervisors (supervisors), managers, or shareholders holding more than 5% of the shares of specific companies or institutions that do not have financial or business dealings with the company. - Professionals, sole proprietorships, partnerships, business owners of companies or institutions who are not professionals, sole proprietors, partnerships, companies or institutions who have provided auditing services to companies or affiliated enterprises or received commercial, legal, financial, accounting, and other related services with a cumulative remuneration of more than NT\$500,000 in the past two years. Partners, directors (governors), supervisors (supervisors), managers, and their spouses.	-
Director Foxconn (Far East) Limited Representative : Ho, Chia-Hua	- Graduated from National Taiwan University with a Ph.D. in Physics, served as R&D Director of Winbond Electronics Co., Ltd., Plant Director/Deputy Director of Taiwan Nano Component Laboratory, Deputy R&D Manager of Taiwan Semiconductor Manufacturing Co., Ltd., and R&D Manager of IBM. - No violations of Article 30 of the Company Act.	- Not an employee of the company or its affiliated enterprises. - Natural person shareholders who are not themselves, their spouses, minor children, or those who hold more than 1% of the company's total issued shares in the name of others or are among the top ten shareholders. - Spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship who are not managers, directors, or supervisors of the company or its affiliated enterprises. - The non-company and the chairman, general manager, or person with equivalent positions of another company or institution are the same person or spouse, and the director (director), supervisor (supervisor), or employee of another company or institution. - Directors (directors), supervisors (supervisors), managers, or shareholders holding more than 5% of the shares of specific companies or institutions that do not have financial or business dealings with the company. - Professionals, sole proprietorships, partnerships, business owners of companies or institutions who are not professionals, sole proprietors, partnerships, companies or institutions who have provided auditing services to companies or affiliated enterprises or received commercial, legal, financial, accounting, and other related services with a cumulative remuneration of more than NT\$500,000 in the past two years. Partners, directors (governors), supervisors (supervisors), managers, and their spouses.	-

Conditions Name	Major professional qualifications and experience	Conform to independence situation	Concurrent independent director in other public companies
Director Foxconn (Far East) Limited Representative : Huang, Ying-Shih	- Graduated from the Institute of Accountancy, National Chung Cheng University, and served as Senior Associate Manager at Ernst & Young Financial Management Consulting Co., Ltd., Associate Manager at Jingcheng Information Co., Ltd., and Associate Manager at Hewlett-Packard Technology Co., Ltd. - No violations of Article 30 of the Company Act.	- Not an employee of the company or its affiliated enterprises. - Natural person shareholders who are not themselves, their spouses, minor children, or those who hold more than 1% of the company's total issued shares in the name of others or are among the top ten shareholders. - Spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship who are not managers, directors, or supervisors of the company or its affiliated enterprises. - The non-company and the chairman, general manager, or person with equivalent positions of another company or institution are the same person or spouse, and the director (director), supervisor (supervisor), or employee of another company or institution. - Directors (directors), supervisors (supervisors), managers, or shareholders holding more than 5% of the shares of specific companies or institutions that do not have financial or business dealings with the company. - Professionals, sole proprietorships, partnerships, business owners of companies or institutions who are not professionals, sole proprietors, partnerships, companies or institutions who have provided auditing services to companies or affiliated enterprises or received commercial, legal, financial, accounting, and other related services with a cumulative remuneration of more than NT\$500,000 in the past two years. Partners, directors (governors), supervisors (supervisors), managers, and their spouses.	-
Independent director Ting, Hung-Hsun	- Graduated from Chinese Culture University with a Bachelor of Accounting; possessing a certificate of passing the national examination for accountants; previously Supervisor of Tien Liang Biotech Co., Ltd., Independent Director of HOLA, Independent Director of Test Rite International Co., Ltd., and Independent Director and Chairman of the Remuneration Committee and Audit Committee of Applied Nano Medical Technology Co., Ltd., Partner, BAKER TILLY CLOCK & CO. - No violations of Article 30 of the Company Act.	There are none of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", and the situation of independence is met.	-

Conditions Name	Major professional qualifications and experience	Conform to independence situation	Concurrent independent director in other public companies
Independent director Chuang, Chang-Hsing	● Graduated from National Chung Hsing University with a bachelor's degree in Land Affairs. He once served as the business manager of Jingxing Industrial Co., Ltd., the business manager of List Enterprise Co., Ltd., the legal representative and director of Huicheng Industrial Co., Ltd., and the legal representative and director of List Enterprise Co., Ltd. ● No violations of Article 30 of the Company Act.	● There are none of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", and the situation of independence is met.	-
Independent director Dai, Shu-Huei	● Graduated from the National Taiwan Normal University School of Management with a master's degree in business administration. He once served as the manager of the small and medium-sized enterprise credit guarantee fund/finance department. ● No violations of Article 30 of the Company Act.	● There are none of the conditions specified in Article 3, Paragraph 1, Subparagraphs 1 to 9 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", and the situation of independence is met.	-

<5> Board diversity and independence

A.Board diversity policy

Professional qualifications and experience		2020	2021	2022	2023	2024
Accounting	Goal	1	1	1	1	1
	Execution	1	1	1	1	
Business and Finance	Goal	1	1	1	1	1
	Execution	1	1	1	3	
Legal professional	Goal	1	1	1	1	1
	Execution	2	2	2	0	
Industry management experience	Goal	4	4	4	4	4
	Execution	4	4	4	4	
Independent directors as a percentage of board seats	Goal	3	3	3	3	3
	Execution	3	3	3	3	
Female	Goal				1	1
	Execution				1	

The company has no restrictions on age, nationality, gender, and cultural composition when selecting directors. Currently, the age ratio of the company's board of directors is 2 people aged 51-60, 4 people aged 61-70, and 1 person aged 71-79. The 7 members are 6 men and 1 woman, all of whom are nationals of the Republic of China. They are re-electing directors in 2023 to increase the diversity of board members based on gender.

B.Independence of the Board of Directors

The Company has three independent directors, accounting for 42.86% of the board of directors. When selecting directors, it has been confirmed that the candidates have no circumstances stipulated in paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.

2.Information of General Manager, Deputy General Manager, Assistant Manager and the Director of Each Department and Branches

April 29, 2024

Title	Nationality	Name	Gender	Inauguration Date	Shareholding		Current holding of shares of spouse, under-age children		Shareholdings in the name of others		Primary experience	Current part-time position in the company or other enterprise	Other managers, directors or supervisors within the relations of spouse or parents			Note
					Number	%	Number	%	Number	%			Title	Name	Relation	
General Manager	R.O.C.	Hsu, Wen-Yi	Male	2013/12/27	1,291,000	1.21	-	-	-	-	Bachelor Degree in Chemistry, Chinese Culture University Vice General Manager, Siliconware Precision Industries Co., Ltd. Vice General Manager, Ambit Corporation Senior Vice General Manager, Hon Hai Precision Industry Company Ltd.	Manager, ShunSin Technology Holdings Limited Taiwan Branch Director, ShunSin Technology Holdings (Hongkong) Limited Director, ShunSin Technology (Samoa) Corporation Limited Executive Director / General Manager, ShunSin Technology (Zhong Shan) Limited	-	-	-	-
Senior Assistant Manager of Operating Room	Hongkong.	Lo, Chi-Wah	Male	2019/07/15	-	-	-	-	-	-	Bachelor Degree in Electronic Engineering, Vocational Training Council, Hongkong Director of Testing Department, Ambit Corporation Manager of Testing Department, Hon Hai Precision Industry Company Ltd.	Chairman of Talentek Microelectronics (He fei) Limited Director of Operating Room, ShunSin Technology (Zong Shan) Limited	-	-	-	-
Senior Assistant Manager of business strategy committee	R.O.C.	Cheng, James	Male	2017/12/05	-	-	-	-	-	-	Bachelor of Information Science, Tung Hai University Manager of Sales Department, SPIL Precision Ltd. Manager of Purchasing Department, Hon Hai Precision Industry Company Ltd.	Representative of Shunsin Technology (Zhong Shan) Ltd. Shenzhen Branch Spokesman, ShunSin Technology Holdings Limited	-	-	-	-
Director of Finance&Accounting Division	R.O.C.	Wang, Yaowei	Male	2022/08/26	-	-	-	-	-	-	Master of Accounting, Taipei University Assistant Director of the Audit Department of KPMG	Financial Manager, ShunSin Technology Holdings (Hongkong) Limited Financial Manager, ShunSin Technology (Zhong Shan) Limited	-	-	-	-
Director of Audit Office	R.O.C.	Wang, Jin-Liang	Male	2020/05/14	-	-	-	-	-	-	Bachelor of Accounting, Jingdezhen Ceramic Institute Finance, Fengshun Xintai Changdiansheng Yuanjian Manufacture Limited Company Auditor, ShunSin Technology (Zhongshan) Limited	Audit Supervisor, ShunSin Technology (Zhongshan) Limited	-	-	-	-
Director of Sales & Marketing Division	R.O.C.	Lin, Zhihong	Male	2022/08/08	-	-	-	-	-	-	Master of Chemistry, National Chung Cheng University Deputy Business Manager of Guoji Electronics Co., Ltd. Business Manager, Hon Hai Precision Industry Co., Ltd.	Director of Sales & Marketing Division, ShunSin Technology (Zhong Shan) Limited	-	-	-	-
Director of Resource Management Division	P.R.C.	Gan, Jianfang	Female	2022/09/01	-	-	-	-	-	-	Bachelor of Human Resource Management, Zhejiang University Administrative supervisor Ambit Corporation. Administrative supervisor of ShunSin Technology (Zhong Shan) Limited.	Supervisor of the Human Resources Management Office of ShunSin Technology (Zhong Shan) Limited.	-	-	-	-
Director of SIP Business Division	P.R.C.	Qiu, Zongpeng	Male	2021/10/10	-	-	-	-	-	-	Bachelor of Business Administration, Zhejiang University. Supervisor Ambit Corporation. Manager of ShunSin Technology (ZhongShan) Limited.	Supervisor of SIP Business Division of ShunSin Technology (Zhong Shan) Limited.	-	-	-	-
Director of Product Research Division	Malaysia	Gan, Zhen-chang	Male	2020/12/21	-	-	-	-	-	-	Mechanical Engineering Bachelor, Universiti Sains Malaysia Carsen, NPI manger Carsen, EQL manger Carsen, business manger	Director of product Research Division ,ShunSin Technology (Zhong Shan) Limited	-	-	-	-
Director of Supplier Chain Division	P.R.C.	Li, Qiu-mei	Female	2016/09/09	-	-	-	-	-	-	Bachelor of marketing, Zhejiang University Director of Purchasing Materials Department, Ambit Corporation Deputy manager of Purchasing Department, Hon Hai Precision Industry Company Ltd.	Director of Purchasing/material department, ShunSin Technology (Zhong Shan) Limited	-	-	-	-
Director of Quality Assurance Division	P.R.C.	Zhu, Jian-fang	Male	2017/05/12	-	-	-	-	-	-	Bachelor of Mechanical Design, Manufacturing and Automation, Xiangtan University Deputy Manager of Quality Assurance Division, Hon Hai Precision Industry Company Ltd	Director of Quality Assurance Division, ShunSin Technology (Zhong Shan) Limited	-	-	-	-

Title	Nationality	Name	Gender	Inauguration Date	Shareholding		Current holding of shares of spouse, under-age children		Shareholdings in the name of others		Primary experience	Current part-time position in the company or other enterprise	Other managers, directors or supervisors within the relations of spouse or parents			Note
					Number	%	Number	%	Number	%			Title	Name	Relation	
Director of Management Information System Division	R.O.C.	Niu, William	Male	2019/09/17	-	-	-	-	-	-	Doctor of Information, University of Sydney, Australia Software Development Manager, Sonic Healthcare Software Development Manager, National Cancer Institute of Australia	Director of Management Information System Division, ShunSin Technology (Zhong Shan) Limited	-	-	-	-

iii. Remuneration of the Director, Supervisor, General Manager, Vice General Manager, etc. in Recent Years (2023)

1. Remuneration of Directors (including Independent Directors)

Unit: NT\$ thousands; %

Title		Chairman	Director	Director	Director	Independent director	Independent director	Independent director
Name		Foxconn (Far East) Limited Representative : Chiang, Shang-Yi	Foxconn (Far East) Limited Representative : Hsu, Wen-Yi	Foxconn (Far East) Limited Representative : Huang, Ying-Shih	Foxconn (Far East) Limited Representative : Ho, Chia-Hua	Ting, Hung-Hsun	Chuang, Chang-Hsing	Dai, Shu-Huei
	Director's Compensation	Reward (A)	The Company		1,680	1,260		
			All the companies within the consolidated financial reports	1,680	1,260			
		Pension (B)	The Company	-	-			
			All the companies within the consolidated financial reports	-	-			
Remuneration (C)	The Company	252	189					
	All the companies within the consolidated financial reports	252	189					
Business execution expenses (D)	The Company	58	44					
	All the companies within the consolidated financial reports	58	44					
The proportion of the four items A, B, C and D total amount on the profit after tax	The Company	1,990(0.46%)	1,493(0.34%)					
	All the companies within the consolidated financial reports	1,990(0.46%)	1,493(0.34%)					
Part-time employees remuneration	Salary, awards and special expenses (E)	The Company	3,193	-				
	Pension (F)	All the companies within the consolidated financial reports	4,589	-				
		The Company	108	-				
		All the companies within the consolidated financial reports	108	-				
Employee's Compensations	The Company	Cash amount	18,639			-		

Title		Chairman	Director	Director	Director	Independent director	Independent director	Independent director
Name		Foxconn (Far East) Limited Representative : Chiang, Shang-Yi	Foxconn (Far East) Limited Representative : Hsu, Wen-Yi	Foxconn (Far East) Limited Representative : Huang, Ying-Shih	Foxconn (Far East) Limited Representative : Ho, Chia-Hua	Ting, Hung-Hsun	Chuang, Chang-Hsing	Dai, Shu-Huei
	(G)	Stock amount	-				-	
		All the companies within the consolidated financial reports	18,639				-	
		Stock amount	-				-	
The proportion of the seven items A, B, C, D, E, F and G total amount on the profit after tax		The Company		23,930(5.51%)		1,493(0.34%)		
Is there any remuneration from other invested businesses apart from subsidiaries or parent company		All the companies within the consolidated financial reports		25,326(5.83%)		1,493(0.34%)		
				16,780		-		
Note 1 : Since the company's fourth board of directors will expire for three years in 2023, the shareholders' meeting on June 28, 2023, resolved to re-elect the fifth board of directors. Except for Hsu, Wen-Yi, Ho, Chia-Hua and Ting, Hung-Hsun, all other directors are new members of the fifth session of the board of directors.								
(1) Please describe the remuneration policy, system, standard and structure of independent directors, and describe the correlation between the remuneration amount and factors such as responsibilities, risks and time invested:								
(A) The company's articles of association stipulate that if the company has a profit for the year, the company can open the profit amount and set aside no more than 0.1% (0.1%) of the profit for the year as the director's remuneration.								
(B) In addition to the fixed monthly remuneration of independent directors, the director's performance evaluation will also affect the director's remuneration allocated to them.								
(C) All independent directors serve as members of the audit committee and remuneration committee and participate in the discussions and resolutions of relevant committee meetings. The attendance fee is based on the actual number of attendance. No additional remuneration is paid or another remuneration is paid.								
(D) The company conducts a performance evaluation of the board of directors every year, based on the degree of participation and responsibilities of the board of directors.								
(2) Other than as disclosed in the table above, the remuneration received by the directors of the Company in the most recent year for providing services (such as serving as non-employee consultants of the parent company/all companies in the financial report/reinvested enterprises, etc.): None.								

Remuneration Scale

Range of the remuneration paid to directors	Name of Directors				
	The total remuneration of the first four ones (A+B+C+D)		The total remuneration of the first seven ones (A+B+C+D+E+F+G)		
	The Company	All the companies within the consolidated financial reports	The Company	All the companies within the consolidated financial reports	
Below NTD 1,000,000	Chiang, Shang-Yi, Hsu, Wen-Yi, Huang, Ying-Shih, Ho, Chia-Hua, Ting, Hung-Hsun, Dai, Shu-Huei, Chuang, Chang-Hsing	Chiang, Shang-Yi, Hsu, Wen-Yi, Huang, Ying-Shih, Ho, Chia-Hua, Ting, Hung-Hsun, Dai, Shu-Huei, Chuang, Chang-Hsing	Chiang, Shang-Yi, Huang, Ying-Shih, Ho, Chia-Hua, Ting, Hung-Hsun, Dai, Shu-Huei, Chuang, Chang-Hsing	Chiang, Shang-Yi, Huang, Ying-Shih, Ho, Chia-Hua, Ting, Hung-Hsun, Dai, Shu-Huei, Chuang, Chang-Hsing	
NTD 1,000,000 (included) ~2,000,000 (excluded)	Foxconn (Far East) Limited	Foxconn (Far East) Limited	Foxconn (Far East) Limited	Foxconn (Far East) Limited	
NTD 2,000,000 (included) ~3,500,000 (excluded)	-	-	-	-	
NTD 3,500,000 (included) ~5,000,000 (excluded)	-	-	-	-	
NTD 5,000,000 (included) ~10,000,000 (excluded)	-	-	-	-	
NTD 10,000,000 (included) ~15,000,000 (excluded)	-	-	-	-	
NTD 15,000,000 (included) ~30,000,000 (excluded)	-	-	Hsu, Wen-Yi	Hsu, Wen-Yi	
NTD 30,000,000 (included) ~50,000,000 (excluded)	-	-	-	-	
NTD 50,000,000 (included) ~100,000,000 (excluded)	-	-	-	-	
Over NTD 100,000,000	-	-	-	-	
Total amount	8	8	8	8	8

2. Remuneration of Supervisors

The Company's Audit Committee was set up by all independent directors on May 20, 2014, so it is not applicable.

3. Remuneration of General Manager and Vice general Manager

Unit: NT\$ thousands; %

Title	Name	Salary (A)		Pension (B)		Award and special expenses (C)		Employee's Compensations (D)				The proportion of the total amount of A, B, C and D on the profit after tax		Remuneration from other invested businesses apart from subsidiaries or parent company
		The Company	All the companies within the consolidated financial reports	The Company	All the companies within the consolidated financial reports	The Company	All the companies within the consolidated financial reports		The Company	All the companies within the consolidated financial reports	The Company	All the companies within the consolidated financial reports		
							Cash amount	Stock amount					Cash amount	
General Manager	Hsu, Wen-Yi	2,629	3,337	108	108	563	1,252	18,639	-	18,639	-	21,939 (5.05%)	23,336 (5.37%)	-

Remuneration Scale

Range of remuneration paid to General Managers and Vice General Managers	General Manager and Vicegeneral Manager's name	
	The Company	All the companies in financial reports
Below NTD 1,000,000	-	-
NTD 1,000,000 (included) ~ 2,000,000 (excluded)	-	-
NTD 2,000,000 (included) ~ 3,500,000 (excluded)	-	-
NTD 3,500,000 (included) ~ 5,000,000 (excluded)	-	-
NTD 5,000,000 (included) ~ 10,000,000 (excluded)	-	-
NTD 10,000,000 (included) ~ 15,000,000 (excluded)	-	-
NTD 15,000,000 (included) ~ 30,000,000 (excluded)	Hsu, Wen-Yi	Hsu, Wen-Yi
NTD 30,000,000 (included) ~ 50,000,000 (excluded)	-	-
NTD 50,000,000 (included) ~ 100,000,000 (excluded)	-	-
Over NTD 100,000,000	-	-
Total Amount	1	1

4. Remuneration of the top five directors of listed and OTC companies :

The Company has no requirement to disclose this information.

5. The Manager's Name of Distributing Employee's Compensations and the Distribution Situation

Unit: NT\$ thousands; %

Title	Name	Stock amount	Cash amount	Total amount	The ratio of total amount on the profit after tax (%)
General Manager	Hsu, Wen-Yi	-	25,363	25,363	5.84
Director of Finance & Accounting Division	Wang, Yaowei				
Chief Operating Officer of Operations Office	Lo, Chi-Wah				
Associate Chairman of Business Strategy Committee	Cheng, James				

6. Comparing and explaining the proportion of total remuneration paid to directors, supervisors, general managers, vice general managers, etc. of the Company in net profit after tax of financial report in the last two years, and explaining the policy, standard and combination of remuneration payment, procedures for setting remuneration, and its relevance to business performance and future risks.

<1> The analysis of ratio of the total compensation paid to the directors, supervisors, general managers and deputy general managers of the Company to the net profit after tax in the consolidated financial statements in the last two years

Unit: NT\$ thousands

Items	2023		2022	
	Amount	%	Amount	%
Board of Directors	26,819	6.18	31,171	17.06
General manager and vice-general manager				
Net profit after tax	434,217	100.00	182,731	100.00

The total remuneration paid by the company to directors, general managers, and deputy general managers as a proportion of after-tax net income decreased in 2023 compared with 2022. This was mainly due to the change in product sales mix in 2023 and the increase in after-tax net income compared with 2022. Payment The total amount decreased compared with 2022 due to personnel changes in managers.

<2> Policies, standards and combinations of remuneration payments, procedures for determining remuneration, and their relevance to operation performance and risks

The Company has set up a Compensation Committee, with all independent directors as members. The remuneration policy of directors and managers shall be formulated by the Compensation Committee after examining their positions, contribution to operations and the reference of the same trade concerned. The Compensation Committee shall regularly review the policies, systems, standards and structures governing the performance appraisal and remuneration of directors and managers, and shall periodically evaluate and determine the remuneration of directors and managers.

1. Policy, standard and combination of remuneration payment:

(1) The company's remuneration to managers is linked to performance, and the evaluation items are:

According to the company's "Manager Remuneration and Performance Appraisal Methods", managers' annual performance evaluation items are divided into two categories: execution ability (70%) and leadership traits (30%), which are issued based on the company's profit results and personal performance. For annual performance

bonuses, the company has set up a "Salary and Remuneration Committee" to regularly review management remuneration and submit it to the "Board of Directors" for discussion.

(2) The company's remuneration to directors is linked to performance, and the evaluation items are:

- A. The company's articles of association stipulate that if the company makes a profit during the year, the company can increase the profit amount and allocate no more than 0.1% (0.1%) of the current year's profit as directors' remuneration.
 - B. In addition to the monthly fixed remuneration of independent directors, the director's performance evaluation will also affect the director's remuneration.
 - C. The independent directors all serve as members of the Audit Committee and the Remuneration Committee and participate in the discussions and resolutions of relevant committee meetings. The attendance fee is based on the actual number of attendances. No additional remuneration is paid and no other remuneration is paid.
 - D. The company will conduct a performance evaluation of the board of directors every year, based on the level of board participation and responsibilities.
2. Procedures for setting remuneration: The relevant performance appraisal and the rationality of remuneration are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system will be reviewed at any time according to the actual operating conditions and relevant laws and regulations, so as to achieve a balance between the company's sustainable operation and risk control.
3. Correlation with business performance and future risks: The company refers to the overall business performance of the company, future business risks, and development trends of the industry, and the Remuneration Committee is responsible for formulating and reviewing the performance evaluation and remuneration of directors and managers. Policies, systems, standards, and structures, as well as assessing and determining remuneration for directors and managers.

iv. Implementation of Corporate Governance

1. Information of the operation of Board of Directors:

<1> Directors' Attendance in the Most Recent Year (2023)

(1)The Fourth Board of Directors held 4 meetings, and the directors were absent as follows:

Title	Name	Practical attendance	Commissioned attendance	Time of leaves	Practical attendance ratio	Remarks
Chairman	Foxconn (Far East) Limited Representative: Hsu, Wen-Yi	2	1	-	66.67	-
Director	Foxconn (Far East) Limited Representative: Yu, Che-Hung	2	1	-	66.67	-
Director (Note)	Foxconn (Far East) imited Representative: Ho, Chia-Hua	3	-	-	100.00	-
Director	Mou, Chung-Hsin	3	-	-	100.00	-
Independent director	Chiu, Huang-Chuan	3	-	-	100.00	-
Independent director	Ting, Hung-Hsun	3	-	-	100.00	-
Independent director	Lin, Ying-Shan	3	-	-	100.00	-

(2)The Fifth Board of Directors held 4 meetings, and the directors were absent as follows:

Title	Name	Practical attendance	Commissioned attendance	Time of leaves	Practical attendance ratio	Remarks
Chairman	Foxconn (Far East) Limited Representative: Chiang, Shang-Yi	4	-	-	100.00	-
Director	Foxconn (Far East) Limited Representative: Hsu, Wen-Yi	4	-	-	100.00	-
Director (Note)	Foxconn (Far East) imited Representative: Huang, Ying-Shih	4	-	-	100.00	-
Director	Foxconn (Far East) Limited Representative: Ho, Chia-Hua	4	-	-	100.00	-
Independent director	Ting, Hung-Hsun	4	-	-	100.00	-
Independent director	Chuang, Chang-Hsing	4	-	-	100.00	-
Independent director	Dai, Shu-Huei	4	-	-	100.00	-

<2> Other Matters to Be Recorded

(1) If the Board of Directors operates in any of the following circumstances, it shall specify the date, session, proposal contents, the opinions of all independent directors and the Company's actions in responses to the opinions:

A. Matters specified in Article 14 (3) of Taiwan's Securities and Exchange Law are listed as following:

Date	Session	Proposal Contents	Attendance of Independent Director	Opinion of Independent Director	The Company's actions in responses Independent Director's Opinions
2023.03.14	20 th session of the 4 rd BOD	1. The distribution of employees' compensations and directors' remuneration in 2022.	3/3	Adoption of resolution	None
		2. 2022 performance evaluation of the Company's managers, performance bonus, and employee compensation issuing.		Adoption of resolution	None
		3. The Company's consolidated financial statements for 2022.		Adoption of resolution	None
		4. To issue the Company's 2022 business report.		Adoption of resolution	None
		5. The company's replacement of the sub-signing accountant and certification accountant's competency and independence assessment and appointment remuneration case.		Adoption of resolution	None
		6. To discuss the Company's "2022 Internal Control System Effectiveness Assessment" and issue the Company's "2022 Internal Control System Statements".		Adoption of resolution	None
		7. The Company's subsidiary Shunyun Zhongshan initially issued RMB ordinary shares (A shares) and applied for listing on the Mainland China Stock Exchange.		Adoption of resolution	None
		8. Proposal to amend the Company's Board of Directors' Rules of Procedure and Corporate Governance Code.		Adoption of resolution	None
		9. Convened the Company's 2022 General Meeting of Shareholders.		Adoption of resolution	None
		10. The Company applied to financial institutions for short-term quotas and signed contracts.		Adoption of resolution	None
		11. Amendment to the company's "Articles of Association".		Adoption of resolution	None
		12. Handle the company's third employee share repurchase case.		Adoption of resolution	None

Date	Session	Proposal Contents	Attendance of Independent Director	Opinion of Independent Director	The Company's actions in responses Independent Director's Opinions
2023. 05.05	21 th session of the 4 rd BOD	Changes in the election of seats for the fifth term of directors.	3/3	Adoption of resolution	None
2023. 05.10	22 th session of the 4 rd BOD	1. The Company's 2022 earnings allocation plan.	3/3	Adoption of resolution	None
		2. Amendment of the company's "Articles of Association".		Adoption of resolution	None
		3. The Company's consolidated financial statements for 2023 Q1.		Adoption of resolution	None
		4. Nominate and review the list of candidates for directors (including independent directors).		Adoption of resolution	None
		5. The Company applied to financial institutions for short-term quotas and signed contracts.		Adoption of resolution	None
		6. Appointment of the company's corporate governance officer.		Adoption of resolution	None
2023. 06.28	1 th session of the 5 rd BOD	1. Appointed Chairman of the fifth session of the Board of Directors of the Company.	3/3	Adoption of resolution	None
		2. Appoint members of the company's fourth salary and remuneration committee.		Adoption of resolution	None
2023. 08.30	2 th session of the 5 rd BOD	1. The Company's consolidated financial statements for 2023 Q2.	3/3	Adoption of resolution	None
		2. It is proposed to change the authorized signatory of the financial institution.		Adoption of resolution	None
		3. The Company's application for banking facilities from a financial institution and signing of contract.		Adoption of resolution	None
2023. 11.10	5 th session of the 3 rd BOD	1. The Company's consolidated financial statements for 2023 Q3.	3/3	Adoption of resolution	None
		2. The Company's application for banking facilities from a financial institution and signing of the contract.		Adoption of resolution	None
		3. The Company's 2022 Directors' Remuneration Distribution Plan.		Adoption of resolution	None
		4. The company's manager promotion case		Adoption of resolution	None
		5. ShunSin Zhongshan, a subsidiary of the Company, disposed of the case of investing in Jinan Fujie Industrial Fund.		Adoption of resolution	None
2023. 12.19	5 th session of the 4 th BOD	1. Formulated the 2024 Operation Plan of the Company.	3/3	Adoption of resolution	None
		2. Formulated 2024 Audit Plan of the Company.		Adoption of resolution	None
		3. The company plans to indirectly establish a Vietnamese subsidiary through its capital increase subsidiary ShunSin Hong Kong.		Adoption of resolution	None
		4. The company has established a "Sustainability Committee" and formulated the "Organizational Rules of the Sustainability Committee".		Adoption of resolution	None
		5. Appoint members of the company's first sustainability committee.		Adoption of resolution	None
		6. The Company's application for banking facilities from a financial institution and signing of the contract.		Adoption of resolution	None

B. Other than the foregoing matters, other matters that the independent directors has a dissenting opinion or qualified opinion and recorded or written statement: none

- (2) The execution of the directors' recusal of an interest proposal shall specify the names of the directors, proposal contents, the reasons for the recusal of interest and the situation of voting:

A. During the Board meeting of the Company held on March 14, 2023, the Company discussed the amount of performance bonus and employee compensation for managers and Chairman's execution of recusal was as follows:

Director	Proposal Contents	Reasons for interests recusal	Voting Situation
Hsu, Wen-Yi (Note)	Performance evaluation and bonus payment for managers of the Company in 2022.	Due to the discussion on his own performance and the amount of performance bonus, he would recuse due to interest and not express opinions.	Conducted individual interest recusal according to law and not participated in discussion and voting.

Note: The representative of legal persons as corporate director of Foxconn (Far East) Limited and General Manager of ShunSin.

B. During the Board meeting held on November 10, 2023, the Company discussed the directors' remuneration distribution in 2022 and the Company discussed the managers' compensations distribution in 2022, directors' execution of recusal was as follows:

Director	Proposal Contents	Reasons for interests recusal	Voting Situation
Hsu, Wen-Yi (Note)	Directors' remuneration Distribution in 2022	Due to the discussion on their own remuneration, they would recuse due to interest and not express opinions.	Conducted individual interest recusal according to law and not participated in discussion and voting.
Ho, Chia-Hua			
Ting, Hung-Hsun			

Note: The representative of legal persons as corporate director of Foxconn (Far East) Limited and General Manager of ShunSin.

- (3) Evaluation and implementation of the Board of Directors:

A. Evaluation and implementation of the Board of Directors:

Evaluation interval	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	
Once a year	FY 2023	Board of Directors	The Chairman of the Board of Directors shall evaluate the actual operation of the Board of Directors in the previous year and submit a report to the Board of Directors.	Participation in the operation of the Company	45 items in total
				Decision quality of the Board of Directors	
				Composition and structure of the Board of Directors	
				Election and continuing education of directors	
				Internal controls	
				Evaluation results	92.89

B. Evaluation and implementation of directors:

Evaluation interval	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	
Once a year	FY 2023	Individual directors	Individual directors shall submit a report to the Board of Directors after self-assessment according to their personal participation in the Board of Directors in the previous year.	Controlling of the objectives and tasks of the Company	23 items in total
				Cognition of the responsibilities of directors	
				Participation in the operation of the Company	
				Management and communication of internal	

				relationships	96.43
				Professional level and continuing education of directors	
				Internal controls	
				Evaluation results	

C. Performance of functional committees

a. Evaluation and implementation of the Audit Committee:

Evaluation interval	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	
Once a year	FY 2023	Audit Committee	The convener shall evaluate the actual operation of the Audit Committee in the previous year and submit a report to the Board of Directors.	Participation in the operation of the Company	22 items in total
				Cognition of the responsibilities of the Audit Committee	
				Decision quality of the Audit Committee	
				Composition and member election of the Audit Committee	
				Internal controls	
				Evaluation results	98.86

b. Evaluation and implementation of the Compensation Committee:

Evaluation interval	Evaluation period	Evaluation scope	Evaluation methods	Evaluation contents	
Once a year	FY 2023	Compensation Committee	The convener shall evaluate the actual operation of the Compensation Committee in the previous year and submit a report to the Board of Directors.	Participation in the operation of the Company	19 items in total
				Cognition of the responsibilities of the Remuneration Committee	
				Decision quality of the Remuneration Committee	
				Composition and member election of the Remuneration Committee	
				Internal controls	
				Evaluation results	100

(4) The objectives of strengthening the functions of the Board of Directors in the current and recent years (e.g. setting up Audit Committee, enhancing information transparency, etc.) and the assessment of implementation:

	Objective	Execution
1	Constitute and operate the Board of Directors according to law	The Company has formulated the Rules of the Board of Directors Meeting and the Rules for the Election of Directors. The operation of the Board of Directors is carried out in accordance with the rules and regulations in force.
2	Diversify the members of the Board of Directors	The company has elected three independent directors, only one of whom has served for more than three consecutive terms. The

		backgrounds of the independent directors include financial and business backgrounds, and an operational audit committee and a sustainability committee have been set up to enhance corporate governance and promote sustainable performance.
3	Disclose the information of board members and operations according to law	The Company has a spokesman and deputy spokesman, and has a person responsible for public information disclosure and other related matters.

2. The operation of the Audit Committee or the involvement of the supervisor in the operation of the Board of Directors

Since May 20, 2014, the Company has set up an Audit Committee, which was composed of all independent directors and had no supervisors.

<1> Operation of Audit Committee:

In the most recent year (2023), the attendance of independent directors was as follows:

(1)The third Audit Committee held 2 meetings and the independent directors were absent as follows:

Title	Name	Practical attendance	Commissioned attendance	Practical attendance ratio (%)	Remarks
Independent director	Chiu, Huang-Chuan	2	-	100	-
Independent director	Ting, Hung-Hsun	2	-	100	-
independent director	Lin, Ying-Shan	2	-	100	-

(2)The fourth Audit Committee held 3 meetings and the independent directors were absent as follows:

Title	Name	Practical attendance	Commissioned attendance	Practical attendance ratio (%)	Remarks
Independent director	Ting, Hung-Hsun	3	-	100	-
Independent director	Chuang, Chang-Hsing	3	-	100	-
independent director	Dai, Shu-Huei	3	-	100	-

<2> Other Matters to Be Recorded:

(1)In case of any of the following circumstances in the operation of the Audit Committee, the date, session, proposal contents, the results of the resolutions of the Audit Committee and the Company's actions in responses to the Audit Committee's opinions shall be specified:

A. The matters specified in Article 14 (5) of Taiwan's Securities and Exchange Law are listed as following:

Date	Session	Proposal contents	Resolutions of Audit Committee	The Company's actions in responses to the Audit Committee's opinions
2023.03.14	17 th session of the 3 rd A.C.	1. The Company's consolidated financial statements for 2022.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. To issue the Company's 2022 business report.	Adoption of resolution	Submit to the Board of Directors for resolution

Date	Session	Proposal contents	Resolutions of Audit Committee	The Company' actions in responses to the Audit Committee's opinions
		3. The company's replacement of the sub-signing accountant and certification accountant's competency and independence assessment and appointment remuneration case.	Adoption of resolution	Submit to the Board of Directors for resolution
		4. To discuss the Company's "2022 Internal Control System Effectiveness Assessment" and issue the Company's "2022 Internal Control System Statements".	Adoption of resolution	Submit to the Board of Directors for resolution
		5. The Company's subsidiary Shunyun Zhongshan initially issued RMB ordinary shares (A shares) and applied for listing on the Mainland China Stock Exchange.	Adoption of resolution	Submit to the Board of Directors for resolution
		6. Proposal to amend the Company's Board of Directors' Rules of Procedure.	Adoption of resolution	Submit to the Board of Directors for resolution
		7. Handle the company's third employee share repurchase case.	Adoption of resolution	Submit to the Board of Directors for resolution
2023. 05.10	18 st session of the 3 rd A.C.	1. The Company's 2022 earnings allocation plan.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. The Company's consolidated financial statements for 2023 Q1.	Adoption of resolution	Submit to the Board of Directors for resolution
2023. 08.30	1 nd session of the 4 th A.C.	1. The Company's consolidated financial statements for 2023 Q2.	Adoption of resolution	Submit to the Board of Directors for resolution
2023. 11.10	2 st session of the 4 th A.C..	1. The Company's consolidated financial statements for 2023 Q3.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. ShunSin Zhongshan, a subsidiary of the Company, disposed of the case of investing in Jinan Fujie Industrial Fund.	Adoption of resolution	Submit to the Board of Directors for resolution
2023. 12.19	3 rd session of the 4 th A.C.	The company plans to indirectly establish a Vietnamese subsidiary through its capital increase subsidiary ShunSin Hong Kong.	Adoption of resolution	Submit to the Board of Directors for resolution

B. Except for the foregoing matters, other matters that are not approved by the Audit Committee but agreed by more than two-thirds of all the directors: none.

(2) The execution of independent directors' recusal of an interest proposal shall specify the name of the independent director, proposal contents, the reasons for the recusal of interest and the situation of voting: none.

(3) Communications between independent directors, internal auditors and accountants (including major matters, methods and results of corporate finance and business conditions):

A. The monthly audit report of the internal audit department of the company and the summary report on missing responses and tracking are delivered to the independent directors for review. The head of internal audit reports and communicates the audit results to the independent directors in the form of meetings every quarter and makes internal audit business reports to the board of directors. So far, the independent directors of the company have good communication with the head of internal audit.

B. The company's certified accountants report to the independent directors quarterly the results of the quarterly financial report audit or audit, and other communication matters required by relevant laws and regulations. In addition, the certified public accountants of the Company report key audit matters and internal control audit findings to independent directors in the form of meetings. In 2023, there is no other special situation that will be separately reported to the independent directors. Up to now, the communication between the independent directors of the company and the certified accountants is good.

(4) Annual key tasks and operations of the Audit Committee:

	Annual key tasks	Operation situation
1	Review financial statements audited by an accountant	Completed at the 17th session of the 3rd Audit Committee meeting and the 1th session of the 4th Audit Committee meeting.
2	Review annual business report	Completed at the 17th session of the 3rd Audit Committee meeting
3	Review earnings distribution statement	Completed at the 18th session of the 3rd Audit Committee meeting
4	Review the effectiveness of the Company's internal control	Completed at the 17th session of the 3rd Audit Committee meeting
5	Review the formulation and amendment of the Company's internal control measures	In accordance with the regulations, the Audit Committee of the Company shall complete the formulation and amendment of various internal control measures and submit them to the Company's Board of Directors for discussion.
6	Other matters specified in Article 14-5 of the Securities and Exchange Law	The Company's Audit Committee shall complete reviewing all matters in accordance with the regulations and submit them to the Company's Board of Directors for discussion.

3. The differences between implementation of corporate governance and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons:

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
1. Does the Company set and disclose corporate governance code of practice according to corporate governance practice principles for TWSE/GTSM Listed companies?	✓		The Company has set a "Corporate Governance Code of Practice". There are relevant norms in order to protect shareholders' rights, strengthen the functions of the Board of Directors, respect the interests of the stakeholders, and enhance the transparency of information. For the corporate governance code of practice, please consult the Company's official website.	No significant differences.
2. Equity Structure and Shareholders Rights (1) Does the Company set internal operating procedures for dealing with shareholders' suggestions, doubts, disputes and lawsuits and implement them in accordance with the procedures?	✓		(1) The Company has formulated the "Management of Shareholding Operations". It has set up special personnel responsible for dealing with such issues as shareholders' suggestions or disputes, and coordinates the implementation of relevant units of the Company.	No significant differences.
(2) Does the Company have a list of the major shareholders and the ultimate controllers of the major shareholders?	✓		(2) Actual information can be provided through the agent for stock affairs, and the Company will disclose the list of the ultimate controllers of the major shareholders and major shareholders in accordance with the law.	No significant differences.
(3) Does the Company establish and implement risk control and firewall mechanisms between related enterprises?	✓		(3) The financial management accountabilities and responsibilities of the assets among the related enterprises are independent, and they are handled according to the internal control system	No significant differences.

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
(4) Does the Company have internal regulations that prohibit insiders from trading securities using unpublished information in the market?	✓		of the Company, and risk control and firewall mechanisms are indeed implemented. (4) The Company has formulated "The Management of Preventing Insider Trading" and implemented relevant regulations.	No significant differences.
3. The Organization and Duties of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		(1) The company has formulated and implemented the diversity policy for the composition of the board of directors in the "Corporate Governance Code" and "Director Election Methods". The company's director diversity policy goals include setting quotas for personnel with accounting, business and finance, gender, and industry-related professional backgrounds. In the gender section, one female director will be added in 2023, and the diversity policy and implementation status will be disclosed on the company's official website. Members of the board of directors will give suggestions and policies for the company's operation and development based on their expertise. The independent directors of the company also serve as conveners of the company's functional committees based on their professional expertise to fulfill the corporate governance functions of the board of directors and implement diversity. policy.	No significant differences.
(2) Does the Company voluntarily set up other functional committees besides Compensation Committee and Audit Committee according to law?	✓		(2) In addition to the salary and remuneration committee and audit committee currently established by the law, the company has voluntarily established a sustainability committee in response to the company's operating needs. It is authorized by the board of directors to respond to and evaluate sustainability-related risks.	No significant differences.
(3) Does the Company have a performance evaluation system for the Board of Directors and its evaluation methods, which are evaluated annually and regularly, report the performance evaluation results to the Board of Directors, and use it as a reference for compensation	✓		(3) The company has stipulated in the "Performance Evaluation Measures of the Board of Directors" that the performance evaluation of the board of directors and board members should be carried out regularly every year. The performance evaluation method is a self-assessment of individual board members (self), the board as a whole, and the overall performance of functional committees.	No significant differences.

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
and remuneration, as well as the nomination and renewal of individual directors?			According to the evaluation method, the company completed the 2023 board performance evaluation and submitted it to the board of directors on March 14, 2024. The full score is 100 points. The board performance evaluation result is 92.89 points. The average performance evaluation result of the director members is 96.43 points. The audit committee The performance evaluation result is 98.86 points, and the salary and remuneration committee's performance evaluation result is 100 points. The results show that the company's board of directors has a good level of participation and decision-making quality in the company's operations. The relevant evaluation results will be used as a reference for the company's board of directors' salary remuneration and nomination for renewal.	
(4)Does the Company evaluate the independence of CPAon a regular basis?	✓		(4)The board of directors of the company regularly evaluates the independence of certified accountants every year. The evaluation items include the relationship between the accountant and the client, the independence of the inspection team, whether the visa has been issued for more than seven years or the return is less than two years, and the name of the accountant must not be used by others. etc. The company has a "Corporate Governance Code" and should regularly (at least once a year) evaluate the independence and suitability of appointed accountants, and the appointment, dismissal, and remuneration of accountants should be submitted to the audit committee and the board of directors for approval. The evaluation and appointment remuneration cases for the company's 2024 and 2023 certified accountants' competency and independence were submitted to the Audit Committee and the Board of Directors for approval on March 14, 2024, and March 14, 2023, respectively, except for those recommended by the inspection tool. In addition to providing a "declaration of detached independence" (a statement that no violation of Professional Ethics Bulletin No. 10) and the recommended accounting firm issuing an "Audit Quality Index Report (AQI)" concerning the Audit Quality Indicators (AQIs), the	No significant differences.

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
			accountant also certifies the independence of the accountant. and competency to issue an assessment report (detailing the accountant's past and current clients, its professional service scope, and the appointment fee). The assessment items include: 1. Interests between the accountant and the client 2. Check team independence 3. Whether the visa has been issued continuously for more than seven years or whether the return period is less than two years 4. Whether the accountant has relevant industry audit experience	
4. Does the listed and OTC company have an appropriate number of competent corporate governance personnel and has it designated a corporate governance director to be responsible for corporate governance related matters (including but not limited to providing data required by directors and supervisors for business, assisting directors and supervisors to comply with laws and regulations, handling matters related to the meeting of the Board of Directors and the shareholders in accordance with law, making minutes of the meetings of the Board of Directors and shareholders, etc.)?	✓		To implement corporate governance and urge the board of directors to perform its due functions to safeguard the rights and interests of investors, the company has set up a dedicated corporate governance unit as a stock unit, and on May 10, 2023, the board of directors approved Wang Yaowei, the accounting director, to serve as the company's governance director. Possessing the professional qualifications to practice as an accountant, he is responsible for the affairs of the board of directors and shareholders' meetings, business registration, equity management of major shareholders and insiders, assisting directors in appointment, further training, business execution, legal compliance and other related matters related to corporate governance.	No significant differences
5. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), and set up stakeholder section on its website, and properly respond to stakeholders' concerns on important issues of corporate social responsibility?	✓		The Company has a system of spokesman and deputy spokesmen, and designated personnel act as communication channels between the Company and stakeholders, and set up a stakeholder section on the Company's official website.	No significant differences
6. Does the Company appoint a professional agent for stock affairs to handle the affairs of the shareholder' meeting?	✓		The Company has appointed a professional agent for stock affairs to handle the affairs of the shareholders' meeting and exposed it to the MOPS	No significant differences
7. Information Disclosure (1) Does the Company set up a website to disclose financial	✓		(1) The Company has set up a website and disclosed relevant information about the	No significant differences

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
business and corporate governance information?	✓		Company.	
(2) Does the Company adopt other ways of disclosure of information (e.g. setting up English websites, appointing designated persons to be responsible for the collection and disclosure of Company information, implementing the spokesman system, the legal entities announcements uploaded to website, etc.)?			(2) The Company has a website to introduce the Company's products and related information, and designates a dedicated person to be responsible for the work of disclosure on MOPS and disclosure of Company's website information, and the Company has a spokesman and deputy spokesman system.	No significant differences
(3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, as well as the financial report of the first, second, and third quarters and the operation of each month in advance before the specified time limit?		✓	(3) In order to fully communicate with the accountant and reduce the risk of financial report errors caused by the reduction of the accountant's audit time, the Company has not considered publicly announcing and declaring the annual financial report in advance, but will still complete it within the announcement period in accordance with laws and regulations. The Company's quarterly financial reports and monthly operations are announced and declared before the time limit prescribed by laws and regulations.	No significant differences
8. Does the Company have any other important information that is helpful to understand the operation of corporate governance (including but not limited to the rights and interests of employees, employee care, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	✓		(1) Employee Rights and Interests: The Company hires employees in accordance with the regulations of the local competent authorities, pays attention to the rights and interests of employees, communicates smoothly, and provides a good working environment for employees. (2) Employee Care: The Company provides adequate education and training and reasonable remuneration and welfare measures and difficult employees help. (3) Investor Relations: The Company maintains a smooth channel of communication and information exchange for investors and other stakeholders, and respects and safeguards their due rights and interests. (4) Supplier relations: The Company maintains good relations with suppliers and seeks win-win growth through mutual cooperation. (5) Interests of stakeholders: The Company keeps a smooth communication channel at all times, gives full play to the spokesman mechanism, and upholds the principle of good faith to publish public information promptly in order to safeguard investor relations and	No significant differences No significant differences No significant differences No significant differences No significant differences

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
			interests of stakeholders.	
			(6) Continuing Education of Directors and Supervisors: The directors of the Company have relevant professional knowledge, and the Company arranges refresher courses for directors in accordance with the regulations.	No significant differences
			(7) Implementation of risk management policies and risk measurement standards: The company has formulated various internal control systems and internal management regulations by the law. In the future, the sustainability committee organization will report to the board of directors annually based on risk measurement assessments and implement them accordingly. In addition, in the future, after the relevant departments of the company complete the internal control self-assessment in the year, they will regularly file an internal control system statement every year by the regulations of the Taiwan Stock Exchange and disclose it in the annual report of the shareholders' meeting.	No significant differences
			(8) Implementation of Customer Policy: The Company has set up a customer complaint processing process, and good interaction and communication with customers.	No significant differences
			(9) The situation of directors and supervisors purchasing liability insurance: The company has purchased liability insurance for all directors, and the company has set up an audit committee, so it has not set up a supervisor.	No significant differences.
9. Please specify the improvement of the corporate governance assessment issued by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. in recent years, and put forward priorities and measures for strengthening the assessment of those who have not yet improved. (Those who are not included in the Company are not required to fill in): The company has evaluated the unscored items in last year's corporate governance assessment and assessed the reasons for failure and the costs involved, and has referred to the 2024 Corporate Governance Assessment Guide to further plan for improvement projects and completion time, such as disclosing the sustainability committee Current annual operations; continuously evaluate whether items that will increase additional costs are included in the improvement plan.				

4. Composition, Responsibilities and Operation of the Compensation Committee

<1> Information of Compensation Committee Members

Identity	Conditions Name	Major professional qualifications and experience	Compliance with independence	Number of members of the Compensation Committee of other public issuing companies	Note
Independent director, convener	Dai, Shu-Huei	Graduated from the National Taiwan Normal University School of Management with a master's degree in business administration. He once served as the manager of the small and medium-sized enterprise credit guarantee fund/finance department.	Not having any of the conditions specified in Article 3, Subparagraph 1, Subparagraphs 1 to 9 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", meeting the independence conditions, and not having one of the conditions in Article 30 of the Company Act.	-	-
Independent director	Ting, Hung-Hsun	Graduated from Chinese Culture University with a Bachelor of Accounting; possessing a certificate of passing the national examination for accountants; previously Supervisor of Tien Liang Biotech Co., Ltd., Independent Director of HOLA, Independent Director of Test Rite International Co., Ltd., and Independent Director and Chairman of the Remuneration Committee and Audit Committee of Applied Nano Medical Technology Co., Ltd., Partner, BAKER TILLY CLOCK & CO.	Not having any of the conditions specified in Article 3, Subparagraph 1, Subparagraphs 1 to 9 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", meeting the independence conditions, and not having one of the conditions in Article 30 of the Company Act.	3	-
Independent director	Chuang, Chang-Hsing	Graduated from National Chung Hsing University with a bachelor's degree in Land Affairs. He once served as the business manager of Jingxing Industrial Co., Ltd., the business manager of List Enterprise Co., Ltd., the legal representative and director of Huicheng Industrial Co., Ltd., and the legal representative and director of List Enterprise Co., Ltd.	Not having any of the conditions specified in Article 3, Subparagraph 1, Subparagraphs 1 to 9 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", meeting the independence conditions, and not having one of the conditions in Article 30 of the Company Act.	-	-

<2> Operation of Compensation Committee

- (1) There are three members of the Compensation Committee of the Company.
- (2) The term of the third salary and remuneration committee of the company is from June 15, 2020, to June 14, 2023, expiring three years this year. The fourth salary and remuneration committee has been re-elected at the shareholders' meeting on June 28, 2023. The term is from June 28, 2023, to June 27, 2026. In the most recent year (2023), the attendance status of committee members is as follows:

The third Compensation Committee was held the meeting 1 times, the qualifications and attendance are as follows:					
Title	Name	Actual attendance	Commissioned attendance	Actual attendance rate(%)	Remarks
Convener	Chiu, Huang-Chuan	1	-	100	-
Committee member	Ting, Hung-Hsun	1	-	100	-
Committee member	Lin, Ying-Shan	1	-	100	-
The fourth Compensation Committee was held the meeting 1 times, the qualifications and attendance are as follows:					
Title	Name	Actual attendance	Commissioned attendance	Actual attendance rate(%)	Remarks
Convener	Dai, Shu-Huei	1	-	100	-

Committee member	Ting, Hung-Hsun	1	-	100	-
Committee member	Chuang, Chang-Hsing	1	-	100	-
Other Matters to Be Recorded: 1. If the Board of Directors fails to adopt or amend the recommendations of the Compensation Committee, it shall specify the date, session, proposal contents, the results of the resolutions of the Board of Directors and the Company's actions in response to the Compensation Committee's opinions (if the Board of Directors adopts a proposal that the remuneration is better than that of the Compensation Committee, it shall state the differences and reasons): none. 2. If a member has a dissenting opinion or qualified opinion and has a record or written statement, the date, session, proposal contents, the opinions of all members and the treatment of the opinions of the members shall be specified.: none 3. Responsibilities of the Compensation Committee: The Committee shall faithfully perform the following functions and powers as a good administrator and submit its recommendations to the Board for discussion. However, the remuneration proposal for the supervisor shall be submitted to the Board of Directors for discussion only if the remuneration for the supervisor is stipulated in the Articles of Association of the Company or authorized by the Board of Directors by a resolution of the shareholders' meeting: (1) Regularly review this regulation and put forward suggestions for revision. (2) Formulate and regularly review the annual and long-term performance objectives and remuneration policies, systems, standards, and structures for the Company's directors, supervisors, and managers. (3) Regularly evaluate the achievement of performance objectives of the Company's directors, supervisors, and managers and determine the contents and amounts of their individual remuneration. When performing the functions and powers mentioned in the preceding paragraph, this committee shall do so by the following principles: (1) Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents. (2) The performance evaluation and salary remuneration of directors, supervisors, and managers should refer to the usual level of payment in the industry, and consider the time invested by the individual, the responsibilities assumed, the achievement of personal goals, the performance of other positions, the company The salary remuneration given to those with equivalent positions in recent years is based on the achievement of the company's short-term and long-term business goals, the company's financial status, etc. to evaluate the reasonableness of the relationship between individual performance, the company's operating performance and future risks. (3) Directors and managers should not be induced to engage in behavior that exceeds the company's risk appetite in pursuit of salary remuneration. (4) The proportion of bonuses and the payment timing of partial variable salary remuneration for directors and senior managers based on their short-term performance should be determined by taking into account the characteristics of the industry and the nature of the company's business. (5) Members of this committee are not allowed to participate in discussions and votes on their personal salary and remuneration decisions. The salary and remuneration referred to in the first two items include cash remuneration, stock options, dividends, retirement benefits or severance benefits, various allowances, and other measures with substantial incentives; their scope should be consistent with the standards for matters that should be recorded in the annual report of a publicly listed company. Remuneration for directors, supervisors, and managers is consistent. If the salary and remuneration matters of directors and managers of the company's subsidiaries are subject to the approval of the company's board of directors according to the subsidiaries' hierarchical responsibilities, the committee shall first make recommendations and then submit them to the board of directors for discussion.					

<3> Other Matters to Be Recorded

Date of Board Meeting	Session	Proposal Contents	Resolution of Compensation Committee	The Company's actions in responses to the Compensation Committee's opinions
2023. 03.14	9 st session of the 3 rd C.C.	1. 2022 remuneration payment to the Company's employees and directors.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. 2022 performance evaluation and payment of performance bonuses and employees' remuneration to the Company's managers.	Adoption of resolution	Submit to the Board of Directors for resolution
		3. Handle the company's third employee share buyback case.	Adoption of resolution	Submit to the Board of Directors for resolution
2023. 11.10	1 nd session of the 4 rd C.C.	1. The Company's distribution of director's remuneration for 2022.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. The company's manager's promotion case	Adoption of resolution	Submit to the Board of Directors for resolution

5. Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reason

Evaluation items	Operation situation			Differences and Reasons between the Code of Practice on Corporate Social Responsibility of Listed Over-the-counter Companies and the Code of Practice on Corporate Social Responsibility
	Y	N	Summary	
1. Has the Company established a governance framework for promoting sustainable development, and established a dedicated (or ad-hoc) unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters? How did the Board of Directors supervise the matters?	✓		(1)The company has passed the resolution of the board of directors on December 19, 2023, to set up the company's "Sustainability Committee", which is composed of the company's chairman, general manager, and all independent directors, and has set up under the "Sustainability Committee" to promote sustainable development The dedicated unit "Sustainability Office" is authorized to be chaired by the senior executive general manager. (2)In 2023, the Board of Directors will supervise and formulate the "Organizational Rules of the Sustainability Committee" approved by the Board of Directors as the governance structure for sustainable development and the rules for tracking and reviewing the implementation of sustainability goals. It will be held at least once a year to report to the Board of Directors on the implementation status of sustainable development and Effectiveness.	No significant differences.
2. Does the Company set up exclusively (or concurrently) dedicated units to promote CSR, which are authorized by the Board of Directors to deal with by senior management and report to the Board of Directors?	✓		The company has established a social responsibility management organization managed by RBA, which is in the charge of senior executives and appoints representatives of social responsibility managers to coordinate and manage various departments of the company in accordance with the requirements of the Responsible Business	No significant differences

Evaluation items	Operation situation			Differences and Reasons between the Code of Practice on Corporate Social Responsibility of Listed Over-the-counter Companies and the Code of Practice on Corporate Social Responsibility
	Y	N	Summary	
			Alliance (RBA) to promote labor, safety and health, environment, The work of the five modules of ethics and management system was carried out. In 2023, collect laws and regulations related to the company's operations, customer, and industry requirements on a quarterly basis, simultaneously conduct a risk assessment and formulate relevant risk management policies or strategies. In 2023, 64.5 class hours of social responsibility education and training courses will be carried out, and 2,277 people will participate in the training to improve the overall Employees' and supervisors' awareness of social responsibility, publicize the latest policies and regulations, and reduce risks related to company operations. The company has formulated the "Corporate Social Responsibility Code of Practice" and "Ethical Code of Conduct", and the company is committed to implementing social and environmental responsibilities. In the future, the company will continue to promote corporate governance, develop a sustainable environment, maintain social welfare and strengthen corporate social responsibility Forward in the direction of information disclosure, fulfill social civic duties, and give back to society. The company implements environmental protection and safety-related laws and regulations, identifies environmental protection, energy-saving, and safety risks, and controls them at different levels. Key places and important parts implement key management and inspection systems. Operate in accordance with the company's management norms <<Risk and Opportunity Management Procedures>>.	
3. Environmental issues				
(1) Does the Company establish an appropriate environmental management system in accordance with its industrial characteristics?	✓		(1) The company has established an environmental management system according to the characteristics of the industry. The use of main raw materials complies with the RoHS regulations, prohibits the harmful substances specified in the directive, and conducts regular monitoring of the three wastes in the production process to meet the discharge standards, so as to reduce the impact on the environment. Impact.	No significant differences.
(2) Does the Company endeavor to utilize all resources more	✓		(2) The company implements the ISO 50001 energy management system, establishes	No significant differences.

Evaluation items	Operation situation			Differences and Reasons between the Code of Practice on Corporate Social Responsibility of Listed Over-the-counter Companies and the Code of Practice on Corporate Social Responsibility
	Y	N	Summary	
efficiently and uses renewable materials which have a low impact on the environment?			energy monitoring and management measures, maximizes the utilization efficiency of various resources, and continues to improve. Promote environmental protection, energy saving, and clean production improvement projects such as frequency conversion and energy saving, maglev ice water host, LED lighting, reclaimed water recycling, elimination of old electromechanical equipment, and reuse of packaging materials, and have built a 1.575MW solar photovoltaic power station to reduce greenhouse gases and waste emissions to reduce the impact on the environment.	
(3) Does the Company evaluate the potential risks and opportunities of climate change for the enterprise now and in the future and take countermeasures for climate related issues?	✓		(3) The company embodies corporate social responsibility, keeps an eye on the greenhouse effect brought about by climate change, and conducts carbon inventory tracking management in accordance with ISO14064 standards to promote the use of clean energy to reduce the impact on the environment.	No significant differences.
(4) Does the Company keep statistics of greenhouse gas emissions, water consumption, and total weight of waste for the past two years and then formulate policies for energy conservation, carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	✓		(4) The company's greenhouse gas emission data is statistically recorded by a special person and verified by a third party; the greenhouse gas emission, water consumption, and total waste weight are counted and published on the company's official website every year, and energy-saving and reduction targets are formulated based on this data. The specific implementation of the policy is as described in the aforementioned project, in order to reduce the waste of energy resources and reduce greenhouse gas emissions.	No significant differences.
4. Social issues (1) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) The company abides by relevant labor laws and respects the principles of internationally recognized basic labor human rights, protects the legitimate rights and interests of employees, formulates the [Social Responsibility Management Manual] human rights management document policy, and regularly reviews the implementation of management methods every year. In 2023, the company invites RBA, ISO, EHS, and other third-party organizations to conduct audits, and the problems found in the audits are required to be rectified immediately or within 1-3 months according to the severity, so as to ensure	No significant differences.

Evaluation items	Operation situation			Differences and Reasons between the Code of Practice on Corporate Social Responsibility of Listed Over-the-counter Companies and the Code of Practice on Corporate Social Responsibility
	Y	N	Summary	
(2) Does the Company establish and implement reasonable employee welfare measures (including compensation, vacation, and other benefits) and appropriately reflect the operation performance or results in employee compensation?	✓		compliance with human rights policy requirements. (2) In addition to providing relevant insurance for employees in accordance with the regulations of local governments, the company has regular promotion and salary adjustment opportunities every year to reward outstanding employees and pays year-end bonuses, performance bonuses, and talent retention depending on the company's operating performance and personal work performance. Bonuses and production incentive bonuses, etc. Employees are entitled to statutory holidays, marriage leave, maternity leave, parental leave, nursing leave, annual leave, and other holidays. Other welfare measures include gifts for weddings, funerals, birthdays, free annual health checks, regular entertainment competitions, evening parties or garden parties, and other activities, as well as music rooms, game rooms, basketball courts, (electronic) reading rooms, gymnasiums, leisure facilities, etc. Area, free car wash area, and another employee cultural and recreational welfare activity venues.	No significant differences.
(3) Does the Company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	✓		(3) The company has obtained ISO45001 occupational health and safety management system certification. The company provides a safe and healthy working environment for employees, actively improves and eliminates hidden dangers in the company, formulates annual health, safety, and energy-saving training and education, and implements it according to the plan. and health education. Enhance employee safety and health awareness.	No significant differences.
(4) Does the Company establish an effective career development training program for its employees?	✓		(4) The company has established a standardized and complete seven training systems and formulated an annual training plan to cultivate reserve management talents and professional and technical talents for the company. In 2023, 2,240 training course hours will be carried out, and 36,053 people will participate in the training.	No significant differences.
(5) Does the Company comply with relevant laws and regulations and international standards for customer health and safety,	✓		(5) The company's product manufacturing process is carried out in accordance with the quality specifications required by customers, confidentiality agreements,	No significant differences.

Evaluation items	Operation situation			Differences and Reasons between the Code of Practice on Corporate Social Responsibility of Listed Over-the-counter Companies and the Code of Practice on Corporate Social Responsibility
	Y	N	Summary	
customer privacy, and marketing and labeling of products and services and formulate relevant policies and complaint procedures to protect the rights and interests of customers? (6) Has the Company established a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health, labor rights, and other issues?	✓		relevant laws and regulations, and international standards. At the same time, it has established a smooth channel and system for customer complaints and disclosed it on the company's official website. (6) The company has established a supplier management policy to require suppliers to fulfill their due environmental and social responsibilities in terms of environmental protection, occupational safety and health, and labor rights, and requires qualified suppliers to sign relevant guarantee documents. The list of qualified suppliers is selected and evaluated, and the relevant information has been disclosed on the company's official website.	No significant differences.
5. Does the Company prepare such reports as corporate social responsibility reports that disclose the Company's non-financial information with reference to internationally accepted reporting standards or guidelines? Is the disclosed report confirmed or guaranteed by a third-party verification unit?		✓	The company prepares the "Sustainability Report" based on the general standards, industry standards, and major theme standards issued by the Global Sustainability Reporting Initiative (GRI), disclosing the economy, environment, and people (including their human rights) identified by the company. Major themes and impacts, disclosure projects, and reporting requirements. The company prepares a sustainability report, including a content index corresponding to the GRI guidelines, and entrusts the French Standards Institute to conduct an external review of the AA1000 assurance standard (v3) to obtain an external independence assurance statement. Sustainability reports over the years are published on the company website (https://www.shunsintech.com/tw/ESGReport.html)	No significant differences.
6. If the Company makes its own sustainable development principles according to the Rules of sustainable development Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: The Company has formulated the sustainable development principles and will implement the principle to fulfill its social responsibility in all aspects, the principle does not differ significantly from the "Code of Practice on sustainable development f Listed and OTC Companies".				
7. Other important information to help understand the operation of sustainable development: Please refer to the Company's website and annual report. The amount of our donation in 2023 is RMB 74,500, and the number of recipients is 46.				

6. Climate-related information of listed OTC companies: Failed to meet the greenhouse gas inventory standards of the "Sustainable Development Roadmap for Listed OTC Companies".

7. Implementation of Integrity Operation, Differences from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons

Evaluation items	Operation situation			Differences and Reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Y	N	Summary	
1. Formulating Integrity Operation Policies and Programs				
(1)Has the Company formulated Ethical Corporate Management Best Practice Principles approved by the Board of Directors and practices of integrity operation in its regulations and external documents, and is the Board of Directors and senior management committed to actively implement its business policies?	✓		(1)The Company has formulated “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” approved by the resolution of the Board of Directors to specify matters needing attention of the Board of Directors and management in the conduct of business.	No significant differences.
(2)Has the Company established an evaluation mechanism for the risk of dishonest conduct, regularly analyze and evaluate business activities with a high risk of dishonesty within the business scope, and formulate a plan to prevent dishonest conduct accordingly, which contains at least the preventive measures against the activities in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(2)The Company has established Procedures for Ethical Management and Guidelines for Conduct for Integrity Management, and established complaint channels for employees and suppliers to adopt Operational Procedures and Conduct Guidelines for preventing illegal political contributions for business activities with high risk of dishonest behaviors within the business scope.	No significant differences.
(3)Has the Company specified operating procedures, guidelines for conduct, disciplinary and appeal systems for violations in the plan to prevent dishonest conduct, implement them, and regularly review and revise the disclosed plan?	✓		(3)The Company has formulated the Procedures for Ethical Management and Guidelines for Conduct, in which the Procedures, Guidelines for Conduct, disciplinary and complaint systems for violations are specified and strictly observed.	No significant differences.
2. Implementation of Integrity Operation				
(1)Does the Company evaluate the integrity records of its instruments and specify the terms of integrity in its contracts with the instruments?	✓		(1)Before establishing business relations with others, the Company conducts social and environmental responsibility assessment, signs a “Supplier Undertaking” and publicizes the Company’s integrity management policies to ensure that its business operation is fair, transparent and does not require, provide or accept bribes.	No significant differences.
(2)Has the Company set up a designated unit affiliated with the Board of Directors to promote the integrity of the enterprise and report regularly (at least once a year) to the Board of Directors on its integrity operation policies, plans to prevent dishonest	✓		(2).The Company’s administrative unit is responsible for formulating the policy and prevention plan of honest operation, setting up a special appeal window, and conducting confidential investigations, and, if any violation is found, it shall be handled by the special appeal window or project audit personnel with a zero tolerance attitude	No significant differences.

Evaluation items	Operation situation			Differences and Reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Y	N	Summary	
conduct, and supervision of implementation?			towards any behavior or activity that violates the regulations and reporting activity to the Board of Directors at least once a year.	
(3) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	✓		(3) The Company establishes an effective accounting policy and internal control and auditing system, reviews and revises them at any time according to legal changes and practical needs, and periodically checks by internal auditors to ensure that the design and implementation of the system are sustainable and effective, to achieve corporate governance and risk control, and to operate in good faith.	No significant differences.
(4) Has the Company established an effective accounting system and internal control system for implementing integrity operations, and has the internal auditing unit or accountant checked the implementation of plans to prevent dishonest conduct according to relevant audit plans based on the risk assessment results of dishonest conduct?	✓		(4) The Company has established an effective accounting policy and internal control and audit system for business activities with a high risk of dishonesty and occasionally reviews the system to ensure that the design and implementation of the system remain effective. Internal auditors shall regularly audit the compliance with the system referred to in the preceding paragraph. In addition to regular audits, they will also carry out special audits on projects with a risk of dishonesty according to the industry category and submit an audit report to the Board of Directors.	No significant differences.
(5) Does the Company conduct internal and external education and training on a regular basis?	✓		(5) The Company regularly organizes training and publicity on work ethics and business ethics education for all employees every year. Employees have signed a “Code of Work Conduct Notification” to clearly understand and strictly abide by the Company’s relevant policies on integrity operation. Directors are educated and publicized through corporate governance refresher courses.	No significant differences.
3. Operational Situation of Company Reporting System				
(1) Does the Company have a specific reporting and rewarding system, establish a convenient reporting pipeline, and assign appropriate designated person to the target?	✓		(1) The Company issues “care cards” to each employee which indicating the channels of prosecution, anti-corruption, honesty and complaints, specifying the “Code of Operations for Employee Appeals Management” and “Procedures for Business Ethics Management”, specifying the system of prosecution, reward and the designated person.	No significant differences.
(2) Does the Company have a standard operating procedure for investigation, follow-up measures to be taken after	✓		(2) The Company’s “Code of Operations for Employee Appeals Management” and “Procedures for Business Ethics Management” clearly stipulate the	No significant differences.

Evaluation items	Operation situation			Differences and Reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Y	N	Summary	
investigation, and a relevant confidentiality mechanism for accepting reports? (3) Does the Company take measures to protect whistleblowers not suffer for which he/she reported?	✓		investigation criteria, follow-up measures, and punishment methods for handling violations of complaints, and provide proper reporting channels for receiving, processing and feedback of employee's demands by designated departments and person. (3) All reports are handled confidentially by the Supreme Executive of the Company, and the reporting units are prevented from knowing the source of relevant reports and taking retaliatory actions.	No significant differences.
4. Enhancing Information Disclosure (1) Does the Company disclose the contents of its Ethical Corporate Management Best Practice Principles and promote its effectiveness on its website and MOPS?	✓		(1) The Company has a dedicated person to disclose information related to integrity operation through the Company's website, annual report, MOPS, media, etc. in a timely manner.	No significant differences.
5. If a Company has its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its operation and the codes: The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", and will implement and abide by the Code. The principle and the procedures does not differ significantly from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".				
6. Other important information that will help us to understand the integrity operation of the Company (e.g. when the Company reviews and amends its Ethical Corporate Management Best Practice Principles): The Company always upholds the principle of good faith when dealing with dealers, and strengthens education in staff internal training.				

8. If the Company has a corporate governance code and related regulations, it should disclose its inquiry methods.

For the Company's corporate governance code, please visit the Company's website or MOPS for inquiries.

9. Other important information that can enhance the understanding of the operation of corporate governance should be disclosed as follows: None.

10. Status of Implementation of Internal Control System

<1> Statement of Internal Control System

ShunSin Technology Holdings Limited **Statement of Internal Control System**

Date: March 14, 2024

The Company states the following with regard to its internal control system during fiscal year 2023, based on the findings of self-assessment:

1. The Company is fully aware that establishing, operating, and maintain an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. Due to the innate limitation in designing a faultless internal control system, this system can only assure the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of internal control system could alter over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capability, the Company will make immediate corrections when errors are detected.
3. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to examine the following five factors during the management and control process: <1> control environment, <2> risk assessment and response, <3> control activities, <4> information and communication, and <5> supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines..
4. The Company has examined the effectiveness of each respected area in the internal control system based on the Guidelines.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of 12/31/2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, transparency, and regulatory compliance of the reporting, and compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives..
6. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the Taiwan's Security and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on 3/14/2024, where 0 of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

ShunSin Technology Holdings Limited

Chairman: Chiang, Shang-Yi (signature)

General manager: Hsu, Wen-Yi (signature)

<2> The Company hire an accountant to audit the Company's internal control system and disclose the audit report made by accountants: None.

11. In the most recent year and as of the date of publication of the annual report, if the Company and its internal personnel are punished according to law, or the Company punishes its internal personnel for violating the provisions of the internal control system and the result of the punishment may significantly impact shareholders' rights and interests or securities prices, the contents of the punishment, the main deficiencies, and the improvements shall be listed: None.

12. Important resolutions of the shareholders' meeting and the Board of Directors in recent years and up to the date of publication of annual statements

Meeting Types	Convening Date	Important Resolution
Board of Directors	2023.03.14	(1) The distribution of employees' compensations and directors' remuneration in 2022. (2) 2022 performance evaluation of the Company's managers, performance bonus, and employee compensation issuing. (3) The Company's consolidated financial statements for 2022. (4) To issue the Company's 2022 business report. (5) The company's replacement of the sub-signing accountant and certification accountant's competency and independence assessment and appointment remuneration case. (6) To discuss the Company's "2022 Internal Control System Effectiveness Assessment" and issue the Company's "2022 Internal Control System Statements". (7) The Company's subsidiary Shunyun Zhongshan initially issued RMB ordinary shares (A shares) and applied for listing on the Mainland China Stock Exchange. (8) Proposal to amend the Company's Board of Directors' Rules of Procedure and Corporate Governance Code. (9) Convened the Company's 2022 General Meeting of Shareholders. (10) The Company applied to financial institutions for short-term quotas and signed contracts. (11) Amendment to the company's "Articles of Association". (12) Handle the company's third employee share repurchase case.
Board of Directors	2023.05.05	Changes in the election of seats for the fifth term of directors.
Board of Directors	2023.05.10	(1) The Company's 2022 earnings allocation plan. (2) Amendment of the company's "Articles of Association". (3) The Company's consolidated financial statements for 2023 Q1. (4) Nominate and review the list of candidates for directors (including independent directors). (5) The Company applied to financial institutions for short-term quotas and signed contracts. (6) Appointment of the company's corporate governance officer.
Board of Directors	2023.06.28	(1) Appointed Chairman of the fifth session of the Board of Directors of the Company. (2) Appoint members of the company's fourth salary and remuneration committee.
Board of Directors	2023.08.30	(1) The Company's consolidated financial statements for 2023 Q2. (2) It is proposed to change the authorized signatory of the financial institution. (3) The Company's application for banking facilities from a financial institution and signing of contract.
Board of Directors	2023.11.10	(1) The Company's consolidated financial statements for 2023 Q3. (2) The Company's application for banking facilities from a financial institution and signing of the contract. (3) The Company's 2022 Directors' Remuneration Distribution Plan.

Meeting Types	Convening Date	Important Resolution
		(4) The company's manager promotion case (5) ShunSin Zhongshan, a subsidiary of the Company, disposed of the case of investing in Jinan Fujie Industrial Fund.
Board of Directors	2023.12.19	(1) Formulated the 2024 Operation Plan of the Company. (2) Formulated 2024 Audit Plan of the Company. (3) The company plans to indirectly establish a Vietnamese subsidiary through its capital increase subsidiary ShunSin Hong Kong. (4) The company has established a "Sustainability Committee" and formulated the "Organizational Rules of the Sustainability Committee". (5) Appoint members of the company's first sustainability committee. (6) The Company's application for banking facilities from a financial institution and signing of the contract.
Board of Directors	2024.03.14	(1) The company's employee remuneration and directors' remuneration payment matters in 2023. (2) The company's 2023 consolidated financial report. (3) The company's managers' 2023 performance evaluation, performance bonuses, and employee remuneration matters. (4) The company's 2023 "Business Report" case. (5) The company's 2023 "Effectiveness Assessment of Internal Control System" and "Declaration of Internal Control System". (6) Plan to convene the company's 2024 regular shareholders' meeting. (7) To meet the needs of operational turnover, it is planned to apply for a credit line from a financial institution. (8) Revise the company's internal control plan. (9) Assessment of the competency and independence of the company's certified public accountants and appointment remuneration case.
Annual General Meeting	2023.06.28	(1) Acknowledge the company's 2022 business report and consolidated financial statements. Subsequent implementation status: Relevant documents have been filed within the company. (2) Acknowledge the company's 2022 earnings distribution proposal. Subsequent execution: The company announced on June 28, 2023, that August 2, 2023, will be the ex-dividend base date, and August 25, 2023, will be the cash dividend payment date. So far, all cash dividends announced for 2023 have been paid out. (3) The resolution passed the amendment of the company's "Articles of Association". Subsequent implementation status: Implemented following the new articles of association. (4) The resolution passed the re-election of directors. Follow-up implementation status: The reelection of the Board of Directors has been

Meeting Types	Convening Date	Important Resolution
		completed. (5) The resolution passed to lift the non-competition restrictions on the newly elected directors of the company. Subsequent implementation status: Lifting the director's non-competition restrictions following the resolution of the shareholders' meeting. (6) The resolution approved the initial public offering of RMB ordinary shares (A shares) by the company's subsidiary ShunYun Zhongshan and its application for listing on overseas stock exchanges. Subsequent implementation status: ShunYun Zhongshan has completed the appointment of securities firms, lawyers, accountants, and other listing coaching institutions. Due to the consideration of shareholders' rights and interests, the timing of submitting documents for listing will be determined based on the capital market conditions in mainland China and the operating conditions of the subsidiary.

13. Directors or supervisors have expressed opposition or qualified opinions that have been noted in the record or declared in writing in connection with the important resolutions passed by the Board of Directors in the latest year and up to the printing date of this Annual Report: None.

14. During the latest year and up to the printing date this Annual Report, the Company's chairman, general manager, accounting director, financial director, internal auditors, and R&D supervisor had resigned or been dismissed: None.

v. Information on Accountants' Fees

CPA Firm	Name of Accountant	Inspection Period	Audit public expenses	Non-audit public expenses (Note 2)	Total	Remarks
Klynveld Peat Marwick Goerdeler Taiwan ("KPMG")	Chao, Min-Ju Chang, Phyllis	2023.1.1~ 2023.12.31	5,080	410	5,490	None

Note 1: If there is any change of accountants or accounting firms in our Company this year, please indicate the audit period and the reasons for the change in the column of Remarks, and disclose the information of auditing and non-auditing public expenses paid in sequence.

Note 2: Non-audit public services information : Tax visa, Transfer pricing report.

vi. Alternation of CPA:

In compliance with the Auditing Standards Bulletin No. 46, relevant laws and regulations of the securities regulatory authorities, and internal rotation regulations, the company's board of directors passed a resolution on March 14, 2023, to replace the company's deputy signing accountant.

vii. The Company's chairman, general manager, or any managerial officer in

charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None.

viii. Transfer & pledge of stock equity by directors, supervisors, managerial officers and holders of 10% or more of company shares

1. Changes in Equity

Title	Name	2023		As of April 29, 2024	
		Shareholding Increase(Decrease)	Pledged Shares Increase(Decrease)	Shareholding Increase(Decrease)	Pledged Shares Increase(Decrease)
Chairman/ General manager	Foxconn (Far East) Limited	-	-	-	-
	Representative: Chiang, Shang-Yi	-	-	-	-
Director	Foxconn (Far East) Limited	-	-	-	-
	Representative Hsu, Wen-Yi	(435,000)	-	(141,000)	-
Director	Foxconn (Far East) Limited	-	-	-	-
	Representative: Huang, Ying-Shih	-	-	-	-
Director	Foxconn (Far East) Limited	-	-	-	-
	Representative: Ho, Chia-Hua	-	-	-	-
Independent Director	Ting, Hung-Hsun	-	-	-	-
Independent Director	Chuang, Chang- Hsing	-	-	-	-
Independent Director	Dai, Shu-Huei	-	-	-	-
Director of Finance & Accounting Division	Wang, Yaowei	-	-	-	-
Senior Assistant Manager of Operating Room	Lo, Chi-Wah	-	-	-	-
Senior Assistant Manager of business strategy committee	Cheng, James	(10,000)	-	-	-

Note 1: Since the fourth session of the company's board of directors will expire three years in 2023, the shareholders' meeting on June 28, 2023, resolved to re-elect the fifth session of the board of directors, except for independent director Lin, Ying-Shan, independent director Chiu, Huang-Chuan, director Mou, Chung-Hsin, and corporate director representative Yu, Che-Hung. With the exception of the new directors, Chairman Chiang, Shang-Yi, Legal Director Representative Huang, Ying-Shih, Independent Director Dai, Shu-Huei, and Independent Director Chuang, Chang-Hsing, all other directors have been re-elected as members of the fourth board of directors.

2. The counterparty of equity transfer is a related party: None.

3. The counterparty of equity pledge is a related party: None.

ix. The Relations of the Top Ten Shareholders

April 29, 2024

Name	Shareholding		Spouse & Minor Minor Shareholding		Shares Held through Other Parties Shares		Related Party		Remark
	Number	%	Number	%	Number	%	Name	Relation	
Foxconn (Far East) Limited Representative: Huang, Chiu-lien, Huang, De-Cai	63,964,800	59.52%	-	-	-	-	-	-	-
Lu, Xihao	3,650,000	3.40%	-	-	-	-	-	-	-
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted to maintain the investment account of Morgan Stanley International Co., Ltd.	1,945,330	1.81%	-	-	-	-	-	-	-
Hsu, Wen-Yi	1,297,200	1.21%	-	-	-	-	-	-	-
Chen, Bohao	593,000	0.55%	-	-	-	-	-	-	-
Huang, Weijie	566,000	0.53%	-	-	-	-	-	-	-
Zhang, Jinchang	550,000	0.51%	-	-	-	-	-	-	-
Citi custody Berkeley Capital SBL/PB investment account	428,000	0.40%	-	-	-	-	-	-	-

Name	Shareholding		Spouse & Minor Minor Shareholding		Shares Held through Other Parties Shares		Related Party		Remark
	Number	%	Number	%	Number	%	Name	Relation	
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted to maintain the investment account of Merrill Lynch International Corporation	408,000	0.38%	-	-	-	-	-	-	-
Zhou, Yiwei	390,000	0.36%	-	-	-	-	-	-	-

x. Long-Term Investment Ownership

March 31, 2024; Unit: share; %

Shift in investment	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ShunSin Technology Holdings (HongKong) Limited	830,455,240	92	74,183,976	8	904,639,216	100
ShunSin Technology (Zhong Shan) Limited	-	-	RMB thousand: 722,637 (Note)	100	RMB thousand: 722,637	100
ShunSin Technology (Samoa) Corporation Limited	US\$ thousand: 9,510	100	-	-	US\$ thousand: 9,510	100
Talentek Microelectronics (He fei) Limited	-	-	RMB thousand: 20,038 (Note)	44	RMB thousand: 20,038 (Note)	44
Talentek Microelectronics (Zhong Shan) Limited	-	-	-	-	-	-
ShunYun Technology (Ha Noi, Vietnam) Limited	-	-	US\$ thousand: 6,000 (Note)	78.05	US\$ thousand: 6,000 (Note)	78.05
Shunsin Technology (Bac Giang, Vietnam) Limited	-	-	US\$ thousand: 79,000 (Note)	78.05	US\$ thousand: 79,000 (Note)	78.05
SHUNSIN TECHNOLOGY (VIETNAM) COMPANY LIMITED	-	-	US\$ thousand: 10,000 (Note)	100	US\$ thousand: 10,000 (Note)	100
ShunYun Technology Holdings Limited	-	-	US\$ thousand: 58,279.66	78.05	US\$ thousand: 58,279.66	78.05
ShunYun Technology (Zhong Shan) Limited	-	-	RMB thousand: 291,513.43	78.05	RMB thousand: 291,513.43	78.05

Shift in investment	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
			(Note)		(Note)	
ShunYun Technology Holdings (HongKong) Limited	-	-	US\$ thousand: 39,000	78.05	US\$ thousand: 39,000	78.05

Note: For China Limited Company, so there are no shares and par value..

IV Fundraising Situation

i. Capital and Shares

1. The Sources of Capital Stock

April 30, 2024; Unit: 1,000 shares/NT\$ thousand

Year/month	Par value	Authorized shares		Paid-in capital stock		Remarks		
		Shares	Amount	Shares	Amount	Source of capital stock	Capital increased by assets other than Cash	Others
2008/01	USD 1.00	50	USD 50	-	-	Initial Capital	None	Note1
2008/07	USD 1.00	40,000	USD 40,000	83	USD 83	Capital Increased by Cash	None	Note2
2008/08	USD 1.00	40,000	USD 40,000	36,000	USD 36,000	Capital Increased by Cash	None	Note3
2013/11	USD 1.88	80,000	USD 80,000	46,276	USD 46,276	Capital Increased by Cash	None	Note4
2014/01	USD 2.42	80,000	USD 80,000	50,526	USD 50,526	Capital Increased by Cash	None	Note5
2014/05	10	144,000	1,440,000	90,947	909,468	Transferring currency	None	Note6
2015/01	110	144,000	1,440,000	105,447	1,054,468	Capital Increased by Cash	None	Note7
2019/07-2019/11	95.62	144,000	1,440,000	106,525	1,065,248	Capital Increased by Employee stock Option	None	Note8
2020/07-2021/01	92.3	200,000	2,000,000	107,465	1,074,648	Capital Increased by Employee stock Option	None	Note8

Note 1: The Company has established a capital stock of 1 share, with a paid-in capital of US\$1.

Note 2: Capital Increased 82,999 shares by Cash..

Note 3: Capital Increased 35,917,000 shares by Cash.

Note 4: Capital Increased 10,276,000 shares by Cash.

Note 5: Capital Increased 4,250,000 shares by Cash.

Note 6: The company changed the par value from USD 1 dollar to NTD 10 dollars

Note 7: Tai-Cheng-Shang-Zi No. 1031707309 released on December 12, 2014 by Taiwan Stock Exchange Co., Ltd.

Note 8: Jin-Guan-Zheng-Fa-Tzu No.1060011395 released on April 12, 2017 by Financial Supervisory Commission

R.O.C.

2. Types of Share Issued

April 30, 2024; Unit:share

Stock types	Authorized stock			Remarks
	Outstanding Shares	Unissued shares	Total share	
Common stock	107,464,800	92,535,200	200,000,000	-

Note: all are listed shares.

ii. Structure of Shareholders

April 29, 2024

Structure of shareholders Amount	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions & Individuals (Notes)	Individuals	Total
Number of Shareholders	-	-	33	64	10,063	10,160
Shareholding (shares)	-	-	2,449,266	69,159,156	35,856,378	107,464,800
Percentage	-	-	2.28%	64.35%	33.37%	100.00%

Note: The proportion of mainland investment is 0.01%.

iii. Distribution of Shares

April 29, 2024

Shares	Number of shareholders	Total Shares Held	Percentage
1 to 999	2,405	368,017	0.34%
1,000 to 5,000	6,731	12,067,752	11.23%
5,001 to 10,000	562	4,363,689	4.06%
10,001 to 15,000	159	2,040,799	1.90%
15,001 to 20,000	97	1,779,220	1.66%
20,001 to 30,000	79	2,038,000	1.90%
30,001 to 40,000	37	1,320,054	1.23%
40,001 to 50,000	24	1,123,144	1.05%
50,001 to 100,000	29	2,080,679	1.94%
100,001 to 200,000	15	2,221,812	2.07%
200,001 to 400,000	12	3,368,304	3.13%
400,001 to 600,000	5	2,545,000	2.36%
600,001 to 800,000	-	-	-
800,001 to 1,000,000	-	-	-
More than 1,000,001 (included)	5	72,148,330	67.13%

Shares	Number of shareholders	Total Shares Held	Percentage
In total	10,160	107,464,800	100.00%

iv. List of Major Shareholders

April 29, 2024

Shares Name of major shareholders	Shares Held	Percentage
Foxconn (Far East) Limited Representative: Huang, Chiu-lien , Huang, De-Cai	63,964,800	59.52%
Lu, Xihao	3,650,000	3.40%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted to maintain the investment account of Morgan Stanley International Co., Ltd.	1,945,330	1.81%
Hsu, Wen-Yi	1,297,200	1.21%
Chen, Bohao	593,000	0.55%
Huang, Weijie	566,000	0.53%
Zhang, Jinchang	550,000	0.51%
Citi custody Berkeley Capital SBL/PB investment account	428,000	0.40%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted to maintain the investment account of Merrill Lynch International Corporation	408,000	0.38%
Zhou, Yiwei	390,000	0.36%

v. Market Price Per Share, Net Value, Earning& Dividend For Last Two Years

Unit: NTD / thousand shares

Items \ Year		2022	2023	Current Year to March 31, 2024
Market Price Per Share	Highest	94.3	170.5	224
	Lowest	66.9	79.3	138.5
	Average	81.44	108.34	188.53
Equity Per Share	Before distribution	58.08	58.94	59.38
	After distribution	56.93	56.51	Not distribution
Earnings Per Share	Weighted Average shares	107,035	105,853	106,174
	Earnings per share	1.92	4.10	(0.81)
Dividends Per Share	Cash dividend	1.17	2.46	Not distribution
	Stock Dividends			
	Stock Dividends Appropriated from Retained Earnings	-	-	-

Items \ Year			2022	2023	Current Year to March 31, 2024
		Stock Dividends Appropriated from Capital Reserve	-	-	-
		Accumulated Unappropriated Dividends (Note 4)	123,584,520	261,187,548	Not distribution
Investment		P/E ratio (Note 5)	42.41	26.42	-
Return		Price-dividend ratio (Note 6)	69.60	44.04	Not distribution
Analyses		Cash dividend yield (Note 7)	1.43%	2.27%	Not distribution

Note 1: List the highest and lowest market prices of common stock in each year, and calculate the average market prices of each year according to the turnover value and volume of each year.

Note 2: please fill in the column by referring to the number of shares issued at the end of the year and the distribution according to the resolution of the shareholders' meeting or BOD of the following year.

Note 3: If there is a need for retrospective adjustment due to the situation of stock dividends, the earnings per share before and after adjustment shall be shown.

Note 4: where conditions for the issuance of equity securities stipulate that dividends accrued in the current year are accrued in the surplus year, the accrued dividends accrued in the current year shall be disclosed separately.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share.

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share..

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price.

Note 8: The equity per share and earnings per share shall be provided with the data checked by the accountant in the latest quarter up to the date of publication of the annual report; the remaining columns shall be filled in with the data of the year up to the date of publication of the annual report.

vi. Corporate Dividend Policy and Its Implementation

1. Corporate Dividend Policy

The Company has amended its Articles of Association (hereinafter referred to as “the Seventh Amendment of the Articles of Association”) by resolution of Board of Directors on March 25, 2020. The Articles of Association have not yet been adopted by the shareholders' meeting. The Company's dividend policy is set forth in Articles 13.1 to 13.9 of the Seventh Amendment of the Articles of Association. The main provisions are as follows:

Subject to the Applicable Law and this Article and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by, in the case of dividends in the form of cash, a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, or, in the case of dividends in the form of shares as provided in Article 11.4(a), the Board and sanctioned by the Members by a Supermajority Resolution, in general meetings; provided that after the Board approves the distribution of dividend in cash, the Board shall report such distribution in the recent annual general meeting. No Dividends or other distribution shall be

paid except out of profits of the Company, realised or unrealised, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all Dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for Dividend as from a particular date, that share shall rank for Dividends accordingly.

Upon the final settlement of the Company's accounts, if there is "surplus profit" (as defined below), the Company shall set aside no less than five per cent (3%) as compensation to employees ("**Employees' Compensations**") and Employees' Compensations may be distributed to employees of the Company and its Subsidiaries, who meet certain qualifications. The Company shall, from the surplus profit, set aside no more than zero point one per cent (0.1%) thereof as remuneration for the Directors ("**Directors' Remuneration**"). The distribution proposals in respect of Employees' Compensation and Directors' Remuneration shall be approved by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors and submitted to the shareholders' meeting for report. However, if the Company has accumulated losses, the Company shall reserve an amount thereof for making up the losses before proceeding with the abovementioned distributions and allocation. The "surplus profit" referred to above means the net profit before tax and for the avoidance of doubt, such amount is before any payment of compensation to employees and remuneration for the Directors.

In determining the Company's dividend policy, the Board recognises that the Company operates in a mature industry, and has stable profit streams and a sound financial structure. In determining the amount, if any, of the Dividend or other distribution it recommends to Members for approval in any financial year, the Board:

- <1> may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of Members' rights and interests; and
- <2> shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as a general reserve ("Statutory Reserve") (unless the Statutory Reserve has reached the total paid-up capital of the Company), and (iv) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board pursuant to Article 14.1.

Subject to compliance with the Law and after setting aside the amounts for Employees' Compensations and Directors' Remuneration in accordance with Article 13.4 and such amounts as the Board deems fit in accordance with the distribution policy set out in Article 13.5, the Board shall recommend to distribute no less than ten per cent (10%) of the earnings generated

from the immediately preceding financial year (exclusive of those accumulated from previous years) out of the distributable amount as Dividend to the Members.

Dividends to the Members and the Employees' Compensation may be distributed, in the discretion of the Board, by way of cash or by way of applying such sum in paying up in full unissued shares or a combination of both for allocation and distribution to employees or the Members, provided that, in the case of a distribution to Members, no less than fifty per cent (50%) of the total amount of such Dividend shall be paid in cash. No unpaid Dividend and compensation shall bear interest as against the Company.

2. Proposed dividend distribution at the shareholders' meeting

<1> Shareholder stock dividend: None.

<2> Passed by the resolution of the 7th meeting of the 5th session of the Board of Directors on May 14, 2024, NT\$261,187,548 will be appropriated from the 2023 earnings as cash dividends, with NT\$2.46 per share distributed. The board of directors has set the ex-dividend base date as 2024. August 2nd.

<3> Anticipated major changes in dividend policy

As of the date of publication of the annual report, the Company has no plans to change its dividend policy.

vii. The impact of the Proposed Sotck Dividends at the Shareholders' Meeting on the Company's Operating Performance and Earnings Per Share: None.

viii. Remuneration to Employees, Directors, and Supervisors

1. Please refer to 6 (1 of Articles of Association for the number and scope of compensations for employees, directors and supervisors contained in the articles of association of the Company.
2. Accounting treatment applied to the difference between actual and estimated compensations to employees, directors and Supervisors:

The estimated amount of Employees' Compensation and directors' remuneration of the Company for the year of 2023 shall be based on the net profit before tax before the payment of employees' compensations and directors' remuneration by the Company multiplied by the employees' compensations and directors' remuneration apportionment proportion formulated in the Articles of Association of the Company, and shall be reported as the operating expenses for the year of 2023. However, if there is any difference between the actual amount allocated by Board of Directors and the estimated amount, it will be deemed as the change of accounting estimation and listed as the annual profit and loss by Board of Directors resolution. If employees' compensations is paid in stock, the calculation basis of the number of shares to be paid in stock is based on the closing price of the day before the Board of Directors' decision and considering the influence of ex-dividend and ex-rights.

3. Information on the Amount of Compensation for Distribution Approved by the Board of Directors are as follows:

The Company's employees' compensations distribution proposal for 2023 was approved by the Board of Directors of the Company on March 14, 2024. The distribution of employee bonus and the remuneration of directors and supervisors is as follows:

<1> It is proposed to distribute NT\$24,800,500 in cash remuneration to employees and NT\$441,000 to directors.

<2> It is proposed to distribute NT\$0 in stock remuneration for employees, which accounts for 0% of the total profits and remuneration for employees in the current period.

<3> The imputed earnings per share after distributing the remuneration to employees, directors, and supervisors is to be proposed for distribution: None.

4. The actual distribution of compensations to employees, directors and supervisor in previous year:

<1> Actual distribution:

Unit: NTD

Employee dividends			Remuneration to Directors
Employee Stock Dividends:Amount	Employee Stock Dividends:Number of Shares	Employee Cash Dividends	
-	-	46,489,200	252,357

<2> In the case of any differences between the actual distributed and recognized number, please state the difference, reasons and response:

The actual amount of employee remuneration distributed by the company in 2022 is NT\$46,489,200, which is similar to the amount distributed in 2021. An increase of NT\$18,000,000 is included in the accounts, an increase of NT\$28,489,200. The actual amount of directors' compensation in 2022 is NT\$252,357, which is the same as the amount allocated in 2021. There is no difference in the amount stated above. The reason for the difference is that the amount of employee remuneration has not been allocated in the year before the distribution, which does not affect the profit and loss in 2023.

ix. Buyback of Treasury Stock:

1. Circumstances of the company's repurchase of the company's shares (executed): None.
2. The company's repurchase of the company's shares (which is still in progress as of the publication date of the annual report):

Buyback session	Third
Buyback purpose	Transfer of shares to employees
Buyback period	2022/08/29~2022/10/28
Buyback range price	59~100
Type and quantity of shares bought back	common stock 1,802,000
Amount of shares bought back	151,235,854
The ratio of the purchased quantity to the planned quantity (%)	60.07%
Number of shares that have been canceled and transferred	511,000
Number of shares that have been canceled and transferred	1,291,000
Cumulative number of shares held in the company cumulative number of shares held by the company accounted for the ratio of Total Issued Shares (%)	1.20%

x. Situation of New Issuance of Corporate Bonds, Preference Shares, Global Depository Receipts, Employee Stock Option, Employee Restricted Stocks and New Share Issuance in Connection with Mergers and Acquisitions

1. Handing of Corporate Bonds:

<1> Information on outstanding and ongoing corporate bonds:None.

<2> Convertible Bond:None.

<3> Information about Exchangeable Bonds: None.

<4> Information about Shelf Registration to Issue Corporate Bonds: None.

<5> Information about Bonds with Attached Warrants: None.

2. Preference Shares: None.

3. Issuance of Global Depository Receipts: None.

4. Employee Stock Options Plan: None.

5. Employee Restricted Stock: None.

6. Issuance of New Shares In Connection with Mergers and Acquisitions : None.

xi. Implementation of Funds Usage Plan:None.

V. Operation Overview

i. Business Content

1. Business Scope

<1> Main Contents of Company's Business

The Group is mainly engaged in System in Package; SiP product, high-speed Optical transceiver (Optical Transceiver) and other integrated circuit modules for packaging, testing and sale. SiP products are mainly high-frequency wireless communication module, wireless local area networking module (WiFi module), Low Noise Amplifier (LNA), filter module and so on. Other types of integrated circuit module products are Sensor, Automotive Electronics and thick-film hybrid integrated circuit module. Our products are mainly used in consumer electronics, vehicle electronics, cloud servers and hearing aids.

<2> Operating proportion

Items \ Year	2022	2023
	Operating proportion (%)	Operating proportion (%)
Optical Transceiver	58.72%	75.09%
SiP & Sensor	41.28%	24.91%
In total	100%	100%

<3> Company's current product (service) items

- (1) Semiconductor Integrated Circuit (Power Amplifier; PA), Antenna Switch Module (ASM), Filter, Duplexer, etc.) Packaging and Testing Services: Mainly used in communication modules of smart phones.
- (2) Wafer thinning, cutting and packaging inspection services: used in various module processes.
- (3) Sensor (Micro Electro-Mechanical Systems; MEMS): ToF, ambient light sensors, skin sensor, etc.: It is mainly used in the sensing module and Wearable device sensing module of smart mobile phone.
- (4) Optical Transceiver Module (40G-800G high-end optical transceiver module, etc.) packaging and testing services: mainly used for storage and transmission of enterprise servers and cloud servers.
- (5) Assembling and testing of automotive electronic parts: mainly used in vehicle smart keys and vehicle media control system.

<4> New products (services) planned for development

- (1) 800G-2*FR4 Optical Transceiver Module
- (2) 800G DR8 optical engine
- (3) 800G DR8 laser light source module
- (4) 1.6T DR16 optical engine
- (5) 1.6T-OSFP-XD silicon optical fiber transceiver module
- (6) 400G ZR coherent optical transceiver module
- (7) automotive electronic module assembly
- (8) Coplanar double-sided assembly technology of high-density electronic and mechanical parts
- (9) Photorelay module packaging technology
- (10) Electromagnetic interference shielding light source sensor
- (11) WiFi 7 filter module
- (12) Micro bulk acoustic wave (BAW) filter wafer invisible cutting technology

2. Industry Overview

<1> Status quo and development of the industry

◆ 5G new era

5G communication technology is a new concept that breaks through the 4G system. The frequency of 5G communication technology is 3-300GHz, which is different from the frequency of the past 4G system, which is 2-8GHz. 5G communications technology is faster than 4G system, with theoretical speeds of up to 100 times faster than 4G, while the telecommunication dealers estimate the actual speeds should still be more than 11 times faster.

According to a report by IHS Markit in November 2020, wireless communication manufacturers have accumulated transition experience from 3G to 4G, which has enabled them to expand 5G services at a surprising rate. Despite the impact of COVID-19 on the global economy in 2020, 5G deployment will continue to expand rapidly around the world because the COVID-19 pandemic has led to a critical acceleration of both the government and society's demand for 5G network architectures and devices, thus proving that 5G technology will be the core of industrial transformation in the future. The IHS Markit report predicts that 5G will generate up to US\$13.1 trillion of global output from 2020 to 2035, while 5G will drive US\$3.8 trillion of global revenue in 2035.

In 2022, global 5G smartphones can be purchased for US\$250 or even lower, accelerating the penetration rate of 5G smartphones. According to Ericsson's latest mobile trend report, the global 5G penetration rate is increasing at an alarming rate—speed expansion. By the end of the second quarter of 2023, the number of global 5G users has increased by 175 million, and the total number of global 5G users has reached close to 1.3 billion. It is estimated that the number of global 5G users will reach 1.5 billion by the end of 2023, and by 2027, the number of global 5G users will reach 44 billion, accounting for approximately 50% of the global mobile user base, covering approximately 75% of the global population, and 5G will account for 62% of global smartphone traffic.

The development of 5G must first carry out the updating and construction of infrastructure. According to GSA data, as of September 2023, 578 operators in 173 countries around the world have invested in 5G networks, of which 300 operators have launched 5G commercial services.

Figure 1. Number of operators investing in 5G SA for public networks and number investing in any 3GPP 5G network



Source : GSA

From the layout of telecom service providers and terminal equipment companies, we can also see that 5G is planned to be used in emerging orientations such as car entertainment, smart home, smart city, industrial automation, meta-universe, etc. If 1G to 4G only takes cell phone as carrier and carries out vertical innovation in cell phone ecosystem, then 4G to 5G opens up countless new directions of internet of things applications, and the increment of application demand brought by horizontal innovation will be increased in multiples. Consequently, the demand for various applications will also drive the growth of demand for semi-conductor business at the same time.

◆ SiP market

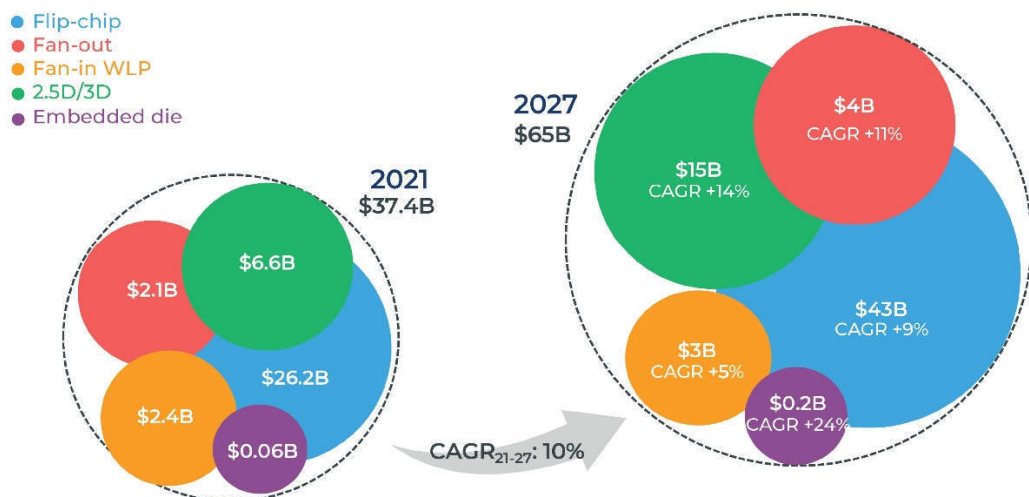
The SiP (System in Package) concept means "multiple chips or a chip or the same module in one IC package, plus the packaging of passive component, capacitor, resistor, connector, antenna or more components, namely a SiP", which not only can assemble multiple chips in a package, but also can stack the different types of above components with the circuit chip, to build into a more complex and heterogeneous integration system.

Along with the development of science and technology, the intelligent mobile phone and smart watch products need more placement and integration functions, and the arrival of 5G makes the related products needing the placement of more RF components, and the integration requirements to future 5G related products will be higher, but the Moore's law develops to the bottleneck, so the SiP will become the best market heterogeneous integration solution based on the research and development time and relative cost advantages. 5G is expected to significantly improve related products demand for SiP, especially in the case of intelligent mobile phone.

For example: 5G band is mainly divided into Sub-6 and millimeter wave; Sub-6's signal properties are similar to past 4G LTE signal, so the main difference with 4G era is an increase in the number of RF components; according to Qorvo forecast, 5G smart phone's RF components cost will reach US\$25, almost double of 4G smart phone, among which the receiver/transmitter filter increases from 30 to 75, and even the power amplifier, RF switch, and spectrum are doubled. However, the millimeter wave brings a revolutionary change to the structure of RF component, which makes it necessary to form the AiP (Antenna in Packaging) module with the millimeter wave antenna and the RF component separately. According to a Yole report, the global advanced packaging market will expand from US\$37.4 billion to US\$65 billion from 2021 to 2027.

2021-2027 ADVANCED PACKAGING REVENUE FORECAST

Source: Status of the Advanced Packaging Industry 2022 report, Yole Intelligence, 2022



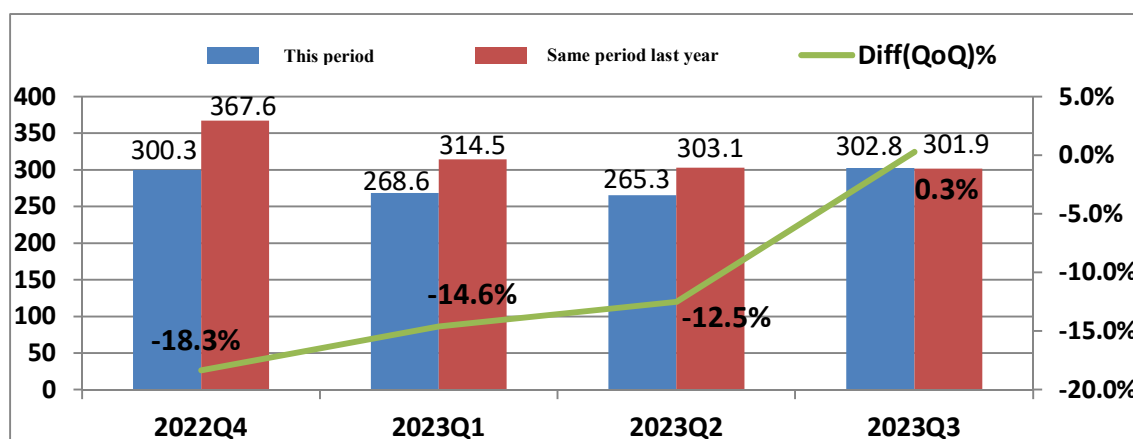
◆ Smartphone Market :

With the enlargement of mobile communication network in the global coverage, the mobile phones have become essential electronic device in the daily life, and the increasing consumer demand becomes a motive force of the mobile phone industry's unceasing expansion; since Apple has released the iPhone, the mobile phone industry has revolutionary change in the pattern, and has entered the era of smartphone.

After experiencing the explosive growth stage of smartphones in the past few years, the market has gradually become saturated, and gradually turned to "replacement" instead of "new purchase". Ushering in a new opportunity, 5G communication technology has given smartphones the momentum to break through the existing framework. Since 2020, global smartphone shipments have been affected by the new crown pneumonia epidemic. Although the global production chain has resumed a stable cycle, global inflation Economic factors such as rising interest rates and interest rates are still affecting. According to the third quarter of 2023 announced by IDC, global smartphone shipments were approximately 328 million units, a year-on-year increase of 0.3%.

[2022Q4~2023Q3 Global smartphone market shipment comparison]

Unit: million pcs; %



Data source: IDC quarterly published information; SST compiled

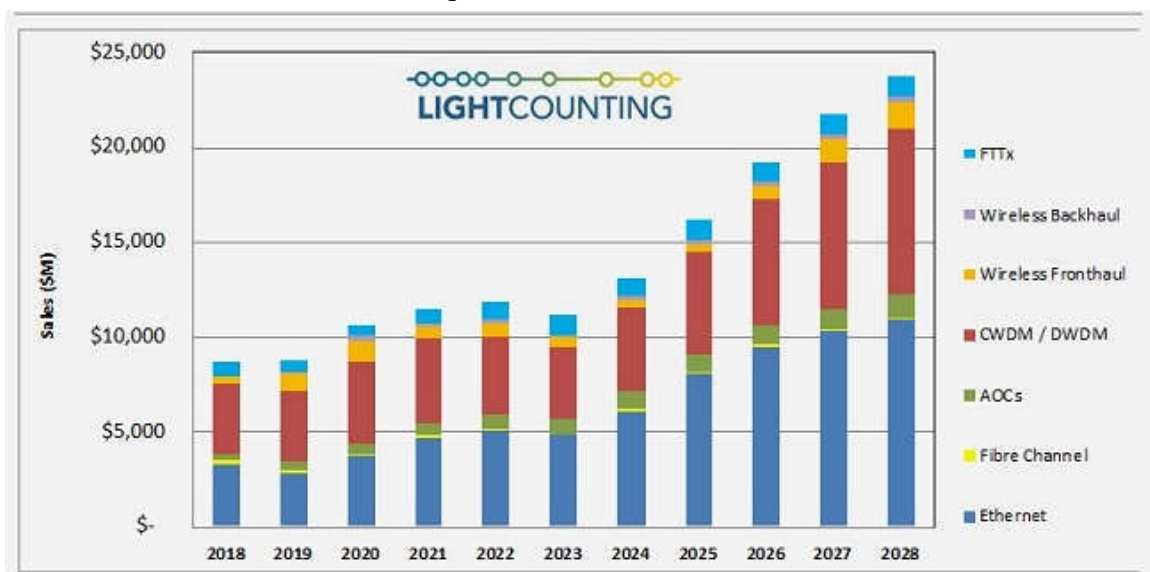
MIC announced that global smartphone shipments are expected to be 1.115 billion units in 2023, of which 650 million units are 5G smartphones. Although the fourth quarter of 2023 is still affected by economic uncertainty, the impact may continue in the third quarter. Although there is a decline compared with the same period last year, 5G smartphone shipments will still maintain an annual growth rate of 4.5%, mainly due to the continued increase in the penetration rate of 5G new mobile phones and the development and application promotion market. 5G smartphone shipments will continue Maintaining growth, global smartphone shipments are expected to resume growth to 1.15 billion units in 2024, of which 713 million units are 5G smartphones, which will reach an annual growth rate of 10.26%.

◆ Optical communications market

In recent years, with the development of 5G communication technology and the era of big data, the global mobile broadband and cloud computing market has grown rapidly. Users choose to access shared computing resource pools through the operation mode of the network, server, storage space, or application and service. , driving a massive growth in demand for network cloud computing. According to IDC forecast data, the total amount of global data will increase from 80ZB in 2023 to 175ZB in 2025.

Among them, the rise of artificial intelligence (AI) applications represented by ChatGPT is the main driving force for the growth of network cloud computing demand, driving up the growth of related infrastructure and equipment demand. LightCounting predicts that from 2024 onwards, the global optical transceiver module market growth trend will resume, and the global optical transceiver module market is expected to grow rapidly at a compound growth rate of 16% in the next five years.

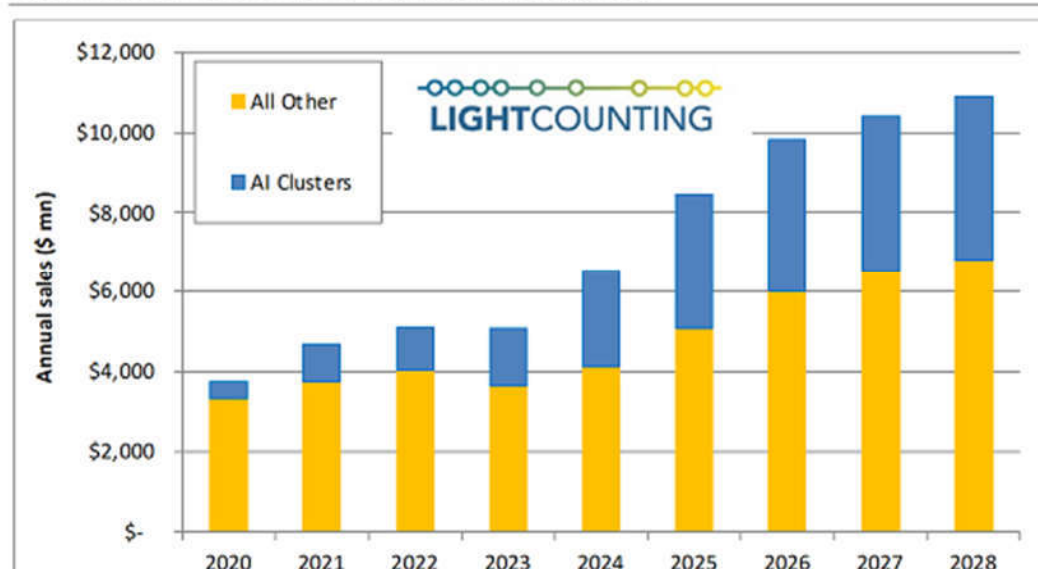
Global sales forecast of optical transceiver modules from 2018 to 2028



Source: LightCounting

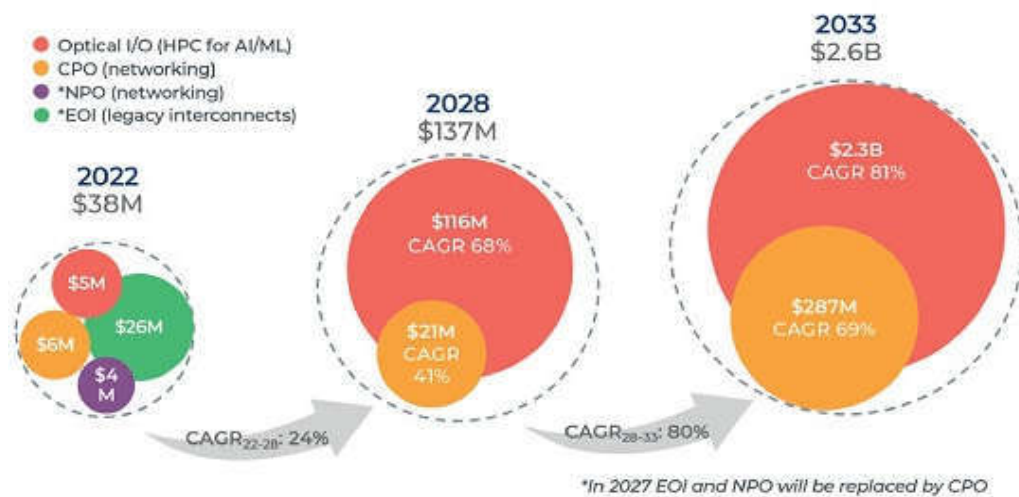
LightCounting released a 2023 report stating that the total global sales of optical transceiver modules used in AI will reach US\$17.6 billion in the next five years, accounting for 38% of the total global market, making it the main application market for optical transceiver modules in the next five years.

Figure: Sales of Ethernet Optical Transceivers by Application



LightCounting said that AI's demand for network speed is more than 10 times higher than the current one. Against this background, CPO expects to reduce the power consumption of the existing pluggable optical module architecture by 50%, which will effectively solve the problem of high-speed and high-density interconnection transmission. Scenes. As switches SerDes (parallel converters) evolve to 224G/lane, SerDes transmission power consumption and distance limitations will become key factors driving the increase in CPO penetration. LightCounting predicts that CPO penetration in large data center switches will reach 40% in 2027 %, according to the Yole report, the revenue generated by the CPO market is expected to reach US\$2.6 billion in 2033, with a compound annual growth rate of 46% from 2022 to 2033.

CPO market forecast chart from 2022 to 2033



Source: Yole

◆ LiDAR Market

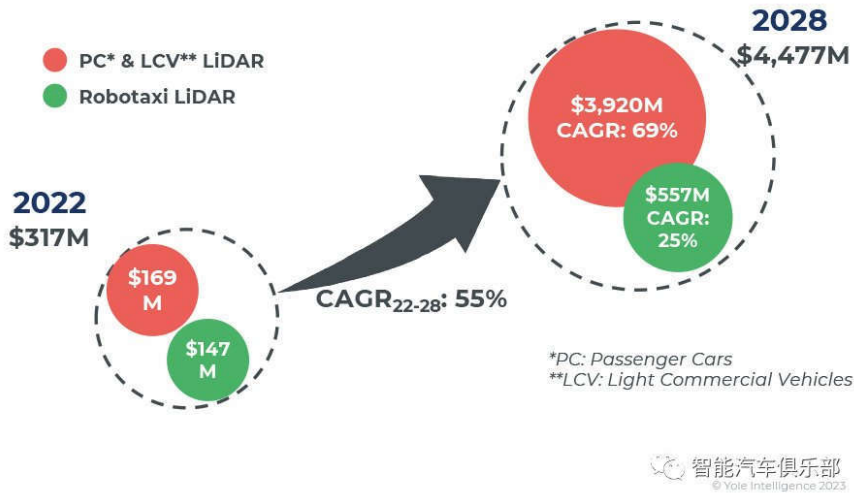
LiDAR is a system that integrates laser, global positioning system (GPS), and inertial navigation system (INS) to obtain data and generate accurate digital elevation models.

The market prospects of vehicle-mounted LiDAR in the LiDAR subdivision are promising, benefiting from the accelerated development of global automotive intelligence and product innovation. Its core application area is autonomous vehicles. At present, the upgrade and penetration of L2-level advanced driving assistance systems to L3-level autonomous driving technology is gradually being realized. LiDAR is one of the most important sensors in advanced driver assistance systems.

The global electric vehicle market is developing rapidly, and the functional upgrades of various new car models are driving demand for automotive LiDAR. According to a Yole report, the global market size of automotive LiDAR will reach US\$300 million in 2022. By 2028, the market size of automotive LiDAR will be to \$4.5 billion.

2022-2028 LiDAR market for automotive applications

(Source: LiDAR for Automotive 2023, Yole Intelligence, July, 2023)



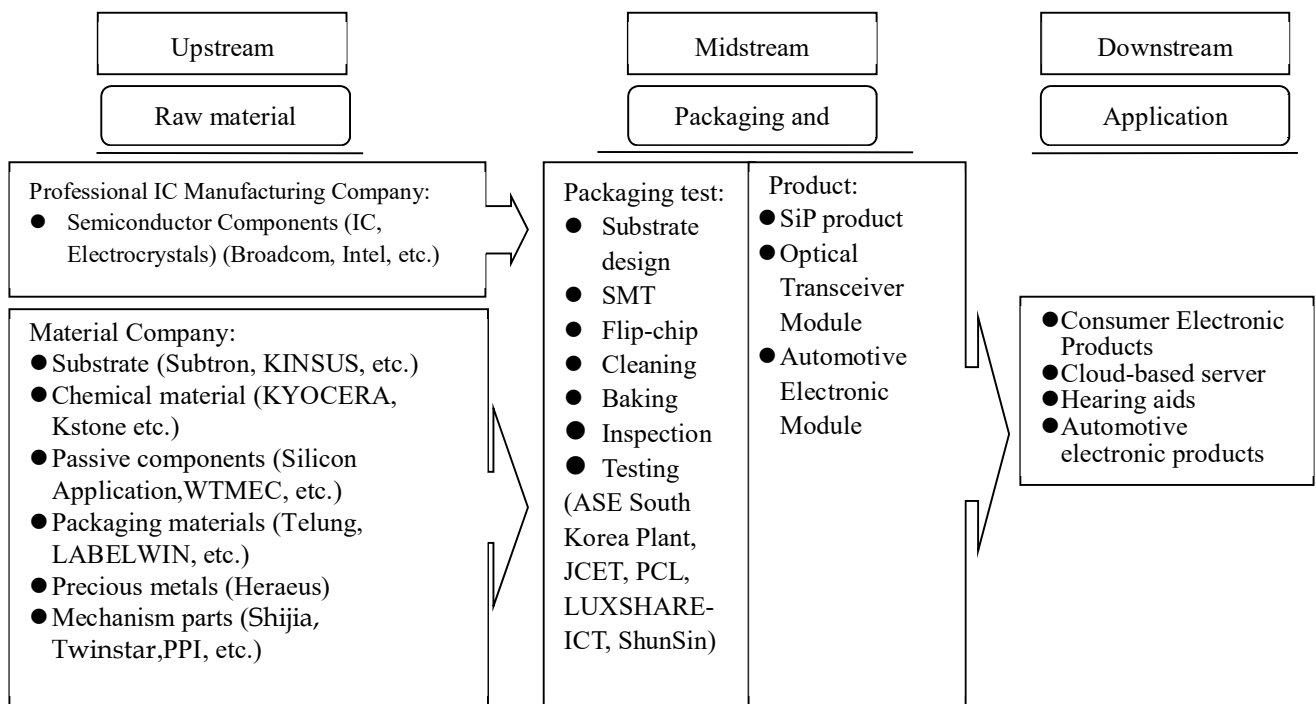
Source: Yole

<2> The relation among up-, mid-, and down-stream

Semiconductor manufacturing process can be divided into: upstream IC design Company, midstream IC wafer manufacturing plant and downstream IC packaging and testing. Packaging and testing is the last process in the production of semiconductor chips, which is the technology of sealing insulating materials for integrated circuits.

Compared with foreign semiconductor manufacturers, most of them are Integrated Device Manufacturer (IDM), Taiwan is specialized in one stop of supply chains. This vertical separation is the biggest difference between Taiwan's and foreign semiconductor industries. Under the rapidly changing industrial environment and the increasing capital equipment investment, the unique characteristics of the vertical separation gradually meet the needs of the industry and lay the foundation for Taiwan's semiconductor industry in the international competitive position.

The Group is a midstream packaging and testing Company in the industrial chain. The following figure shows the relevance of the Group in the overall industry:



<3> Various development trends of products

The Group is mainly engaged in the packaging, testing, and sales of SiP products, high-speed fiber-optic transceiver modules, and other types of integrated circuit modules. SiP packaging products mainly include high-frequency wireless communication modules, while other types of integrated circuit modules consist primarily of sensors and automotive electronics. The subsidiary Talentek Microelectronics (He fei) Limited of the Group is also actively expanding the development and manufacturing of wafer test and testing equipment.

(1) High-frequency wireless communication module

The Radio Frequency Power Amplifier (RFPA) module is a necessary component of digital mobile phones, wireless networks, and other high frequency wireless communication products on the signal amplification function and is the integration module of semiconductor components with passive components, packaged by SiP packaging technology.

In the fiercely competitive wireless communication market, the product demand of small and energy-saving (power and cost) features is an inevitable trend. The RFPA module is one of the key components of wireless communication transmissions, which is related to the communication quality of various communication systems. It is also the most power-consuming and large-volume circuit component in the system.

The RFPA module consists of RF-receiving and RF-sending components. Its main circuits include the antenna, wireless switch, receiving filter, frequency synthesizer, high-frequency amplifier, receiving local oscillator, mixing frequency, medium frequency, transmitting local oscillator, power amplifier control, and power amplifier. In general, the key components of basic the RFPA module primarily include the RF Transceiver, PA, ASM, Surface Acoustic Wave (SAW), and Bulk Acoustic Wave Filter (BAW) or RF front-end modules, duplexers, and synthesizers that integrate the above functions. RF front-end modules will become increasingly integrated in order to simplify the subsystems, reduce costs and sizes, save space for terminal applications, and create conditions for the realization of single-chip front-end solutions.

Reviewing the development history of 3G/4G, each iteration and upgrade of wireless communication technology will promote major innovations of internal components of smartphones, while 5G will bring the following innovations to the RFPA module:

- A. The RF front-end content increases substantially, the quantity and price of the front-end devices such as filter and PA rise together, and the trend of RF front-end integration will accelerate;
- B. The terminal antenna changes greatly, the Sub-6G frequency band LCP/MPI antenna becomes the mainstream, and the millimeter wave frequency band will adopt the AiP antenna.

The original PA main raw material - gallium arsenide (GaAs) - has the third generation of raw material - gallium nitride (GaN). Comparing the two generations of raw materials, the former has the high power (10V) and high linearity required by the carrier polymerization and multi-input & multi-output technology, which is more suitable for technical applications of frequency bands below 6GHz, such as those in the automotive electronics and military fields. The latter enables components to have higher output power (28-50V) and better frequency characteristics, which is more suitable for Sub-6GHz high-frequency technology applications, such as base stations and honeycomb networks.

STMicroelectronics (ST) indicates that in today's RF front-end circuits, GaAs remains the choice standard for high-frequency small-signal components. Both the GaAs MMIC chip integrated switch and amplifier have been widely used in smart phones and tablet computers, as well as other battery-powered portable devices. The linear and distortion features of the GaAs amplifier are usually better than the GaN amplifier, but it can assist GaN to realize linearization under high frequency through digital predistortion technology; along with the evolution of GaN technology toward the smaller process node, when the gate is 0.15 μm long, GaN will challenge the dominant position of GaAs components in portable wireless applications.

Telecommunication operators and the layout of the terminal equipment can also demonstrate that 5G is planned to be applied in such emerging directions as automotive entertainment, smart home, smart city, industrial automation, and virtual reality. Since 1G to 4G only had the mobile phone as the carrier, for the vertical innovation in the mobile ecosystem, 4G to 5G started many new IoT application directions, and the transverse incremental innovation application demand will be increased in multiples, and thus the demand for the application network will drive the demand growth of the RFPA module.

(2) High-speed optical transceiver module

The common applications of high-speed optical fiber transceiver modules are in the fields of cloud computing, Netcom servers, and supercomputers. With the arrival of the big data era, the global mobile broadband and cloud computing markets are growing rapidly, and various Internet giants are The deployment of ultra-large-scale data centers has begun, which has greatly increased the demand for data transmission volume. Unlike traditional telecom access network transmission equipment, data center interconnection needs to achieve larger and more intensive transmission of information, and switching equipment needs to have higher speed, lower power consumption, and more miniaturization, which can quickly handle large amounts of data transmission Optical fiber transceiver modules have become the development direction of the telecommunications industry in recent years.

Today's optical fiber communication technology mostly uses vertical resonant cavity surface emitting laser (VCSEL) and laser diode (Laser diode) for optical transmission and

uses the transmitter to convert the digital signal input by the sender into an optical signal, which passes through the optical fiber. After the optical signal is transmitted over a long distance, it passes through a repeater such as an optical amplifier and is transmitted to the transceiver module. After the received optical signal is converted back to a digital signal, a large amount of data transmission can be completed in a few seconds; It has many advantages, so all countries are actively developing optical technology.

Depending on the length of the data transmission distance, the optical fiber used will be divided into single-mode or multi-mode optical fiber, and the corresponding optical fiber transceiver module is also divided into the single-mode module or multi-mode mod set. Single-mode optical fiber uses a solid-state laser as the light source, while multi-mode optical fiber uses a vertical resonant cavity surface-emitting laser as the light source; single-mode optical fiber has a wide transmission frequency bandwidth and long transmission distance, but because it requires a laser source, the cost is high, and multimode fiber has low transmission speed and short distance, but its cost is relatively low; single-mode fiber has a small core diameter and dispersion, allowing only one mode of transmission, while multimode fiber has a large core diameter and dispersion, allowing hundreds of modes of transmission.

At present, the mainstream transmission specifications in the industry are 100G/200G and are gradually transitioning to 400G. In the future, 800G will become the mainstream transmission specification in the industry, mainly due to the rapid development of 5G and AI. Major telecom operators have increased their investment in 5G base station equipment. The number and average size of large-scale data centers have steadily increased, and the demand for AI cluster servers has surged, resulting in a continued increase in demand for ultra-high-speed optical modules. There are three 400G packaging forms, namely QSFP-DD, OSFP, and CFP8. The solutions used in 400G high-speed optical fiber transceiver modules in data centers are currently the two mainstream packaging forms, QSFP-DD and OSFP. QSFP-DD is smaller in size and more suitable for ultra-large-scale data center applications, which is the mainstream development direction; OSFP packaging size is larger and consumes more power, making it more suitable for telecommunications applications. The CFP8 package has the highest power consumption and the largest size among the three models. It is twice the size of the other two packaging forms and is more suitable for long-distance transmission telecom access networks and DWDM forwarding systems.

Co-Packaged Optics (CPO) is an advanced optical packaging technology that packages optical components and chips in the same module, which can greatly improve the performance and density of optical communication systems. The core of CPO technology is to package micro-optical components (such as lasers, optical modulators, receivers, etc.) directly with chips to achieve efficient coupling and tight integration between optics and electronics. Compared with traditional optical packaging solutions, CPO technology has higher speed, lower power consumption, smaller size, and greater integration. The penetration rate of CPO technology in AI clusters and high-performance computing (HPC) clusters will gradually increase. It is expected that CPO ports will account for nearly 30% of the 800G and 1.6T ports deployed in 2027. CPO can replace traditional front-panel pluggable optical modules and package silicon photonic modules and ultra-large-scale complementary metal oxide semiconductor (CMOS) wafers together in a more compact form, thereby improving cost, power consumption, and size. Further, enhances optical interconnect technology in data center applications.

At the same time, silicon photonic chips have become the main solution for optical fiber transmission. Silicon photonic chips combine the two important inventions of silicon

integrated circuits and semiconductor lasers to improve product integration and attract extreme attention from cutting-edge telecommunications system equipment manufacturers around the world. Compared with limited factory space, the same size can increase transmission by multiples Bit-rate, low-power consumption modules have become the target of competition among the aforementioned cloud service providers.

(3) Sensor

Integration of 5G application services and artificial intelligence Internet of Things (AIoT) systems will become the backbone network of future intelligent life, and the sensor is an indispensable foundation. From personal wearing, home, industrial, and commercial fields to the natural environment, a wide variety of sensors collect environmental changes and digitalize real-world analog signals (such as sound, light, temperature, humidity, vibrations, etc.), thus contributing to a variety of AIoT innovative applications.

Intelligent mobile phones have a variety of sensors and MEMS components, such as inertial sensors, pressure gauges, microphone modules, and Ambient Light Sensor (ALS) components; these have become the necessary components of all smart phones. As 5G relevant applications are combined with AIoT, each phone-used sensors will continue to rise and have constant technical innovations.

For example, in the past, ALS was usually located at the top of the phone's front frame; however, in order to maximize the size of the display, the high-end smart phones has eliminated the frame, and thus the organic light emitting diode (OLED) display is usually used; the ambient light sensing behind the OLED display (Behind-OLED) is very difficult because the display light will interfere with ALS for measurement of the ambient light. AMS Semiconductor has developed a solution whose measuring accuracy exceeds the requirements of mobile phone manufacturers while also providing design flexibility, so the ALS can be placed behind the display and support the sensor hub structure commonly used for traditional ALS (mounted on the frame), making it the trend to place ALS behind the OLED display.

(4) Automotive electronics products

With the upgrading of automobile consumption and the promotion of new energy vehicles, the upgrading of the industrial structure has rapidly promoted the penetration of automobile electronic configuration. The continuous innovation of such electronic information technology as Internet, big data, and intelligence is changing people's way of life. In the era of the internet of everything, the automotive electronics industry has ushered in a golden period of development.

Recently, advanced intelligent automotive electronic products have become a major trend, especially for the semiconductor industry, due to the improvement of safety and the comfort of driving spaces. In addition to existing DC-DC converters, low-power MOS, voltage stabilizer, and TVS, the vehicle electric system importing sensors or such devices as those for navigation, temperature, image monitoring, and security detection, etc. have considerable development potential in the foreseeable future.

Previous automotive packaging technology has had difficulty meeting the new generation of high-speed computing and high-speed transmission speed requirements. The multi-chip module (MCM), System in Package (SiP), and advanced packaging such as Fan-in/Fan-out have become the inevitable trend, and these advanced packaging technologies will face three major challenges: "quality", "safety", and "reliability".

Regarding "quality" and "safety", the complete specifications are provided for the auto

industry; the IATF 16949 automotive quality management system certificate is primarily applied to quality. Some European carmakers will require VDA6.3, and the mass production phase also has a new standard AQP; meanwhile, ISO26262 is applied to safety. As for "reliability", it shall strengthen from the 2R phase: CLR (Component Level Reliability) and BLR (Board Level Reliability).

To conform with CLR and BLR specifications, the components shall overcome three big problems - Heat Dissipation, Warpage, and Sequential Stress Tests. Since MCM/SiP and Fan-in/Fan-out are multi-chip packaging, various materials are composed of the complex thermal expansion coefficient (CTE); the MCM/SiP components must be able to maintain proper performance, must not produce warpage deformation, and must maintain normal operation under various tests with continuous changes due to the frequent and extreme temperature changes in the automotive application environment.

(5) R&D of test/test equipment

"Testing" is an important link in the supply chain of the vertical division of labor in the IC industry and is divided into the chip probing test (also known as the in-process test) and IC finished product test (also known as the final test). The former is to test the wafer after the foundry completes, with the purpose of sorting out bad die prior to chip packaging in order to reduce packaging and finished chip testing costs; at the same time, the statistics on the wafer pass rate can directly reflect the wafer manufacturing yield and inspection of wafer manufacturing capacity. The latter is because the process of scribing, bonding, packaging and aging after the integrated circuit process may damage part of the circuit, so after the complete process, product performance shall be tested, with the purpose of picking out the qualified finished products, according to the parameter index level of device performance, and the number of devices at all levels and the statistical distribution of various parameters shall be recorded. Based on the data and information, the quality and production of products can be monitored.

That chip testing will become specialized is inevitable. As the process evolves and the technology becomes more and more complicated, the requirements for parameter control and defect detection become greater, which leads to the increase of demand for testing specialization. Furthermore, with the rise of the Internet of Things, more and more terminal applications are involved in the semiconductor processes, so the chip also tends to be diversified and customized in the design, such as MCU, MEMS, IoT and LCD; thus the individual corresponding test plans must also be diversified; with increasing requirements on the testing experience, test link outsourcing is beneficial to reducing overall costs. With the advancement of the times and the improvement of technology, the types of products to be tested in the future will likely continue to grow and expand.

<4> Competition

The Group is mainly engaged in the assembly, testing and sales of SiP, high-speed optical transceiver module and other types of integrated circuit module, as a professional semiconductor packaging and testing company. System module package products include high frequency wireless communication module and wireless module, etc. The main products are radio frequency power amplifiers used in mobile phones. For instance, South Korea Plant, ASE, South Korea Plant, Amkor Technology Taiwan, Jiangsu Changjiang Electronics Technology Co., Ltd, Tong Hsing Electronic Ind., Ltd. and Lingsen Precision Industries, Ltd. all provide such module packaging and testing services. The high-speed optical fiber transceiver module faces the competition from Fabrinet Co., Ltd. and PCL Technologies, Inc.. Therefore, in the fierce market competition, the Group not only focuses on diversity of products and diversification of operational risks, but also maintains the

leading process technology and quality, and continuously obtains orders of new products from customers to reduce risks.

3. Overview of Technology and R & D

<1> Technical Level and Research and Development of Business

(1) Technological Level

The Group is mainly engaged in the packaging and testing of SiP products, high-speed fiber transceiver modules and other types of integrated circuit modules. This type of packaging product consists of passive components (inductors, capacitors, resistors) and active components (wafers, filters, switches) highly integrated into a ceramic substrate or a high-density resin substrate to form a light, thin, short and small functional module. The packaging technologies used include SMT, Flip Chip, Stack Die, Lens Attach, Fine Pitch Wire Bonding, Vacuum and Flex Molding, EMI Sputtering, Active Alignment, etc. Such technologies come with radio frequency testing technology, fiber transceiver module testing technology, and biometric module testing technology. Compared with traditional packaging, the packaging of such module products has the following characteristics:

- A. Apply surface mount technology (SMT) to packaging
- B. A variety of different types of chip hybrid packaging
- C. Hybrid packaging wire bonding and flip chip
- D. High density layout of passive components and chips
- E. Customized packaging forms

As can be seen from the above technical characteristics, it is difficult to package different components in the same module. Different packaging processes are designed for different types of modules, which cannot completely apply existing product design experience. In addition to the use of common equipment in the industry, it is necessary to establish a mature process and develop relevant fixtures, materials and parameters by itself. In order to achieve the high yield level of mass production, it is necessary to accumulate certain skill and experience. The technical threshold for entering module packaging products is relatively high, and the Company has many years of experience in the packaging module industry, the overall technical maturity has been quite high, and the related processes and products have been certified by internationally renowned consumer electronics manufacturers.

(2) Research and Development

The research and development direction of the Group is not only to continuously develop advanced manufacturing process for the current products, but also to strengthen its own ability in packaging and testing, and to develop toward diversified packaging and testing products. The future development direction is expected to be as follows:

Product	Development direction
SiP	1. High-frequency wireless communication module products will be designed in the way of multi-mode and multi-frequency integration. The product size will be smaller and thinner, and the density of parts will be higher and higher. Therefore, the research and development of higher-level packaging technology will be carried out. (1) Packaging Technology of Ultra-Small Ambient Light Sensor (2) Surface Mounting Technology for Ultra-small Spacing Parts (3) 5G Module Packaging Technology (4) Ultra-thin substrate system-level packaging

Product	Development direction
	(5) Antenna-in package (6) Selective molding technology (7) LiDAR key component packaging technology (8) Wearable electronic product packaging (9) Compartment EMI shielding technology (10) Die-Size Ball Grid Array (11) Transparent epoxy resin release film assists in plastic sealing (12) Edge-emitting laser module packaging technology (13) Wafer hidden cutting technology (14) Full process traceability technology for micro-QR code laser marking products (15) Surface mount single wafer traceability technology 2. Actively develop in the direction of diversification of packaging and testing products, and strengthen the research and development of customized module.
Optical Transceiver Module	(1)High-precision optical active coupling Lens packaging technology (2)High Precision Eutectic Soldering Packaging Technology (3)Advanced Chip to Chip HotBar 3D Packaging Technology (4)Fully Automatic Fine Pitch Ball Mounting Packaging Technology (5)Advanced Chip to Wafer packaging technology (6) Laser hidden cutting technology of optical integrated chip PIC (7) High-precision passive mounting Fiber Array to V-Groove installation technology

<2> R&D expenditure incurred in recent years and up to the date of publication of annual reports

Unit: NT\$1,000;%

Items \ Year	2020	2021	2022	2023	As of March 31, 2024
R & D cost	272,144	429,555	310,505	280,919	78,773
Net operating revenue	4,849,689	4,270,400	5,317,941	5,744,804	1,325,186
R & D cost /Net revenue ratio	5.61	10.06	5.84	4.89	5.94

<3> Technologies and products successfully developed

Year	R & D results	Function and use
2010	High Precision Optoelectronics Module Packaging and Testing Technology	Optical Transceiver Module
	QFN Packaging Technology	High Frequency Wireless Communication Module
2011	Assembly Technology of CPV Modules	Concentrating Solar Photoelectric System Products
	Wireless Module Electromagnetic Mask Packaging Technology	Wireless Module
	Solder Paste Assembly Technology with High Heat Dissipation and Air-Free Cave	High Frequency Wireless Communication Module
	Packaging of Radio Frequency Encrypted SIM Card	SIM Card Module
	Hybrid Packaging Technology of Wire Bonding and Flip Chip	High Frequency Wireless Communication Module
	Packaging Technology of MEMS Filter	High Frequency Wireless

Year	R & D results	Function and use
		Communication Module
2012	Optical Transceiver Module Assembly Technology for Silicon-based Platform (SiOB)	Optical Transceiver Module
	Technology of Low Noise Amplifier Circuit	Thick Film Hybrid Integrated Circuit Module
	Packaging Technology of Built-in Components and Chip Circuit Board	High Frequency Wireless Communication Module
	Packaging Technology of Nickel-Palladium-Gold Coating Substrate	High Frequency Wireless Communication Module
	Development and Import of Copper Wire Packaging Technology	High Frequency Wireless Communication Module
2013	Packaging Technology of Single Ceramic Module	High Frequency Wireless Communication Module
	Active Fiber Transceiver Module Assembly Technology	Optical Transceiver Module
	Assembly Technology of Optical Transceiver Module for Bonding Hard and Soft Substrate	Optical Transceiver Module
	Packaging Technology of Wafer-level Packaging Filter	High Frequency Wireless Communication Module
	Packaging Technology of Ultra-thin SIM Card	SIM Card Module
	Ultra-thin QFN Packaging	High Frequency Wireless Communication Module
	Packaging Technology Based on Direct Copper-plated Ceramic Substrate	Thick Film Hybrid Integrated Circuit Module
2014	Cover Packaging Technology of GPS Low Noise Amplifier	High Frequency Wireless Communication Module
	MEMS Sensor Packaging Technology	Sensor
	Cutting Technology of Wafer-level Packaging Filter	High Frequency Wireless Communication Module
	Packaging Technology of High Thermal Conductivity Metal Heat Dissipating Module	Thick Film Hybrid Integrated Circuit Module
2015	SecondMold Packaging Technology for Environmental Light Source Inductor	Sensor
	Compression Mold Packaging Technology for MEMS	Sensor
	Low Cost Testing Technology for MEMS	Sensor
	Single Chip Fingerprint Packaging Technology	Fingerprint Recognition Module
	High Thermal Conductivity Metal Substrate and Module	Thick Film Hybrid Integrated Circuit Module
	Pass-through Structure and Method of Ceramic Circuit Board	Thick Film Hybrid Integrated Circuit Module
2016	Development of Laser Ranging Inductor	Optical Sensing
	Single Hardening Coating Technology	Fingerprint Recognition Module
2017	Development of Conductive Film RF Module	High Frequency Wireless Communication Module
	Development of RF Module for Copper Wire	High Frequency Wireless Communication Module
	Development of Built-in Chip Module	High Frequency Wireless Communication Module
2018	Development of ALS Cover Sensor	Sensor
	Packaging and Testing Technology of Single-fiber	Optical Transceiver Module

Year	R & D results	Function and use
	Bidirectional PAM4 Modulated Optical Transceiver Module	Optical Transceiver Module
	Fiber Array Device High Precision Packaging Technology of CWDM4 Optical Transceiver Module	
	Chip Array High Precision Passive Alignment of Optical Transceiver Module Packaging Technology	
	High Precision Laser De-panel Technology of CWDM4 Optical Transceiver Module	
	3D Sensing Front-end Module	Biometric Module
2019	Assembly technology on big size metal based PCB	Antenna module of base station in mobile network
	High Precision Package Technology for TEC of CWDM Optical Transceiver	Optical Transceiver Module
	High Precision Package Technology for Stack Die of CWDM Optical Transceiver	Optical Transceiver Module
	CWDM4-2KM Optical Transceiver	Optical Transceiver Module
	100G QSFP Optical Transceiver	Optical Transceiver Module
	Passive Fiber Array Component	Optical Transceiver Module
	Double side molding packaging technology	High Frequency Wireless Communication Module
	BGA package with 5-die EMI shielding technology	High Frequency Wireless Communication Module
	Package Grinding technique	SiP process technique
	Laser Ablation technique	SiP process technique
2020	Coarse Wavelength Division Multiplexing Transceiver Lens	Optical Transceiver Module
	45D Dispensing System in a Package Technology	
	QSFP56 Transceiver Ultra-low arc high bond strength Technology	Optical Transceiver Module
	100G CWDM4-2KM Hybrid Transceiver	Optical Transceiver Module
	200G QSFP56 Transceiver	Optical Transceiver Module
	400G QSFP-DD Transceiver	Optical Transceiver Module
	100G CWDM4-2KM Combo Transceiver	Optical Transceiver Module
	Passive Optical Components MUX-FAU	Optical Transceiver Module
	Time of Flight Sensor	Sensor
	Sub-6GRF Radio Frequency Module	SiP process technique
	Fan-Out System in a Package Technology	SiP process technique
	Smart wearable device Sensor	Sensor
2021	128G SFP-DD Silicon Photonics Transceiver	Optical Transceiver Module
	100G DR1 Silicon Photonics Transceiver	Optical Transceiver Module
	200G FR4 Silicon Photonics Transceiver	Optical Transceiver Module
	400G QSFP-DD Silicon Photonics Transceiver	Optical Transceiver Module
	100G DR1 Silicon Photonics Transceiver	Optical Transceiver Module
	High Precision Eutectic Soldering Packaging Technology	Optical Transceiver Module
	Gas-tight parallel seal weld and coarse leak, fine leak	Optical Transceiver Module

Year	R & D results	Function and use
	technology	
	Laser coupled welding technology	Optical Transceiver Module
	Wifi6 technology	SiP process technique
	Multifunctional MEMS sensor (3D accelerometer)	Sensor
	5G Power Amplifier (PA)	SiP process technique
	Under-screen light sensor	Sensor
	Time-of-flight (TOF) light sensor	Sensor
	Miniaturized RGB Projector	Sensor
	SiP smart watch	SiP process technique
	SiP Miniaturized Filters	SiP process technique
2022	High-performance Wifi6E filter	SiP process technique
	400G-DR4 Silicon Optical Fiber Transceiver Module	Optical Transceiver Module
	800G OSFP 2xFR4 Silicon Optical Transceiver Module	Optical Transceiver Module
	25.6T-CPO optoelectronic co-packaged transceiver module	Optical Transceiver Module
	Six-axis MEMS gyroscope sensor	Sensor
	High Sensitivity Color Sensor Module	Sensor
2023	Automotive-grade LiDAR sensor module	Sensor
	Shortwave infrared light skin sensor	Sensor
	Multispectral multi-channel light source sensor products	Sensor
	400G FR4 silicon optical transceiver module	Optical Transceiver Module
	100G QSFP28ER1 optical transceiver module	Optical Transceiver Module
	100G SFP-DD LR1 optical transceiver module	Optical Transceiver Module
	400G QSFP-DD DR4 silicon optical fiber transceiver module	Optical Transceiver Module
	51.2T-CPO optoelectronic co-packaged transceiver module	Optical Transceiver Module

<4> Long-term and short-term business development plan

(1) Short-term plan

The Group has maintained good cooperative relationships with the world's top RF module designers and ambient light sensor designers for many years and is ahead of competitors in the industry in terms of priority for existing products and new products. Therefore, the Group Will continue to maintain advanced packaging technology development. By further expanding the production scale of SiP modules, we can maintain our competitive advantages of low cost and high yield.

In the SiP module part: we will continue to develop 4mm DLT mass production capabilities, as well as mini-LGA test solutions, provide customer turnkey services, and ensure that we continue to obtain future new product orders from important end customers; at the same time, we will continue to cooperate with domestic customers to develop 5G

FBAR filters, Radiofrequency application modules such as PAMiD and DSMBGA strive for domestic market share.

In the optical module sector: the business scale of 100G to 800G optical transceiver modules and optoelectronic co-packaging (Co-package) has been steadily increased. With the completion of the Beijing factory in Vietnam, production efficiency will be further improved in the future to create better conditions for manufacturing. At the same time, the Zhongshan plant will serve as a follow-up new product research and development center, focusing on new optical product projects.

Sensor product part: In response to the trend of localized substitution of semiconductors, relying on industry-leading packaging and testing experience, the product line has gradually expanded from ALS, PS, etc. to applications such as ToF, SWIR, Image Sensor, Flickr Sensor, Color Sensor, etc., with the use of smartphones. Market demand is picking up, and potential markets such as smart homes, wearable devices, and 3D sensing are developing. It is predicted that the demand for sensor products will continue to rise.

In the automotive electronic module part: LiDAR is a modern remote sensing technology that uses lasers to achieve 3D perception. Cooperating with the Global Positioning System (GPS) and Inertial Navigation System (INS), it has the advantages of higher precision positioning capabilities and high reliability. It is currently widely used in Advanced Driving Assistance Systems (ADAS) and autonomous driving. The LiDAR sensor module has been introduced into mass production and is expected to continue to increase and obtain certifications from more car companies. At the same time, it will develop ceramic encapsulated area array LiDAR sensor modules.

In terms of testing: relying on self-developed testing equipment, we are looking for domestic and foreign customers to develop a testing service business (CP&FT testing (RF radio frequency testing/MCU/optical product testing)).

(2) Long-term plan

The Group's main advantage lies in its rich experience in module manufacturing, and it has established technical advantages in high-density packaging, ultra-small packaging, various sensor module packaging, ceramics, and heat dissipation. In the future, its research and development direction will continue to build on the Group's existing Technical advantages extend from the industrial chain and product complexity. Future research and development directions include new double-sided packaging modules (Double Side Molding Ball Grid Array), applied optical sensors, skin sensors, high-speed optical fiber transceiver modules, optoelectronic Packaging (Co-package), automotive lidar modules, automotive electronics, and 3D sensing front-end modules, etc.

Optoelectronic co-packaging (CPO, Co-package) and LiDAR are currently the focus projects of the Group. Optoelectronic co-packaging is to co-package optical components

and switch chips on the same module, allowing electrical signals to be directly converted into optical signals to achieve The advantages of low power consumption, low latency, high integration, and signal integrity effectively solving high-speed and high-density interconnection transmission. CPO technology is expected to become one of the energy-efficient solutions for AI's high computing power requirements.

II. Market, production, and marketing overview

1. Analysis of Market

<1> Sales (Provision) Areas of Major Commodities (Services)

Unit: NT\$ thousand;%

Area \ Year	2022		2023	
	Amount	%	Amount	%
Asia	2,555,070	48.05	3,100,429	59.48
America	2,682,145	50.44	1,986,262	38.11
Other	80,726	1.52	125,531	2.41
Total amount	5,317,941	100.00	5,212,222	100.00

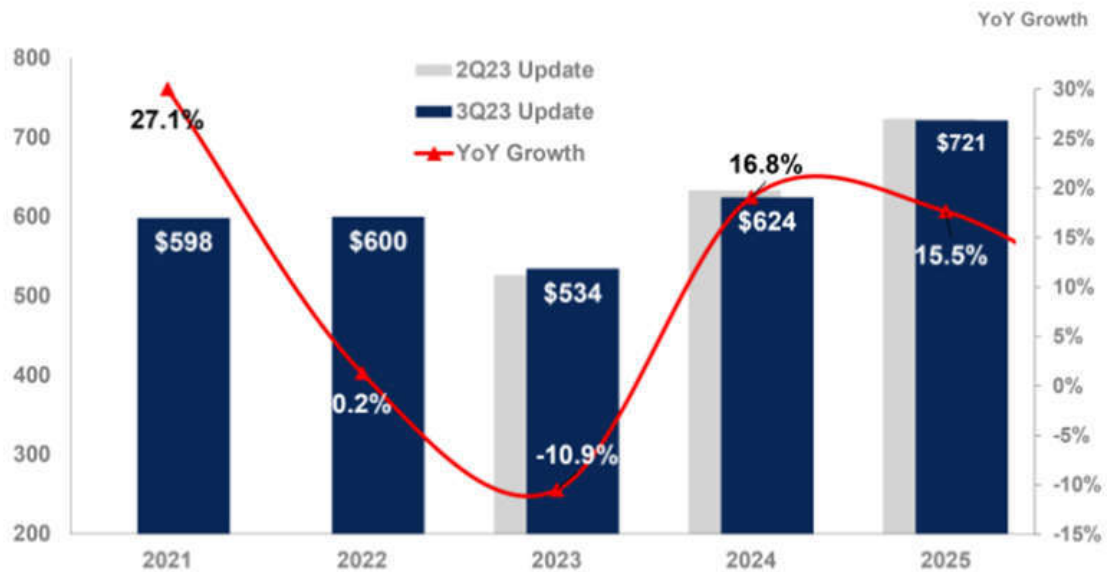
<2> Market Share

At present, our main products are SiP module and high-speed optical fiber transceiver module packaging and testing. The SiP module is mainly composed of RFPA, and various light source sensor modules, ASM and other filter circuits. It belongs to the semiconductor downstream packaging and testing industry. The Group has been operating in this industry for more than 30 years, with rich experience in manufacturing and research and development, including optical fiber transceiver module, the Group's featured products are featured with 100G+ single-mode/multi-mode model, belongs to the high-precision industry with rich experience, high-end manufacturing capacity and flexible capacity deployment. Our long-term customers are the world's leading semiconductor module designer and optical communicator. They are among the leading market players in this field and account for a large share of the market.

<3> Future market supply & demand and growth

In 2024, the semiconductor industry will resume growth in response to the advancement of technology applications. 5G applications, remote office, cloud commerce, Yuanverse, electric vehicles, biotechnology, and medical care, etc., have accelerated the pace of global digital transformation and accelerated the potential huge business opportunities of 5G. (Semiconductors, passive components, servers mobile phone components, etc.).

Gartner predicts that the semiconductor industry will resume growth in 2024. Affected by global economic uncertainty, global semiconductor revenue will decrease by 10.9% in 2023. Total semiconductor sales are expected to increase by 16.8% in 2024. After 2023 decline, it is expected to resume strong growth in the future, with semiconductor revenue reaching US\$721 billion by 2025.



Source: Gartner

The MIC report estimates that global semiconductor industry capital expenditures in 2023 will slow down due to the impact of inflation and global economic weakness, and the base period of capital expenditures in 2022 will be relatively high, with a substantial growth of 19% compared to 2021 to a record high of US\$181.9 billion. Therefore This will affect capital expenditures in 2023 to decrease by 13% from 2022 to US\$158.1 billion. However, almost all semiconductor manufacturers currently estimate that capital expenditures will resume growth in response to product demand from 2024 to 2025, and they still need to continue to expand new production capacity to meet the continued increase in semiconductor terminal demand in the next decade.

<4> Competition Niche

The Group's revenue mainly comes from the packaging and testing of SiP products and the assembly and testing of high-speed fiber transceiver modules. The SiP product industry is characterized by rapid technological innovation and concentrated product forms. Especially in recent years, the life cycle of consumer electronic products has been continuously shortened. Due to the development of 5G technology, the market demand of optical communication market is also increasing year by year. The innovative technology research and development ability can help customers launch new products as soon as possible, maintain the high yield of the module, and successfully obtain market opportunities, which is the key to winning orders in this industry.

(1) With years of packaging experience, flexible grasp of market demand

Our Group has been engaged in module packaging and testing and high-speed optical fiber transceiver module packaging and testing for many years. We have an in-depth understanding of the characteristics of the industry and are able to fully meet the requirements of customers with flexible capacity deployment. In recent years, with the rapid growth of data transmission, the expansion of mobile bandwidth and the rapid change of smart mobile phones and optical communication market, the Group can accurately grasp the market fluctuations and has the ability to develop in line with the

latest technology, so it has fully grasped its competitive advantages and can meet the requirements of customers in terms of quality and cost.

(2) Continue to develop advanced manufacturing processes to help customers to seize market opportunities

The Group continues to develop high-end processes in the module packaging business, from the existing surface mount (SMT), die mount, wire bond, compression mold (Compression Mold), packaging Package Grinding, Laser Ablation, Active Alignment of optical devices, and StealthDicing, as well as various packaging processes including Planar Matrix Packaging (LGA), etc. Continue to develop high-end packaging processes such as flip chip (Flip Chip), microelectromechanical assembly (MEMS), ambient light source, and proximity sensor (ALS, PS), while improving and integrating the functions of circuit modules. It can continuously reduce the module size, meet customer needs, help customers seize market opportunities as soon as possible, and is highly effective.

(3) Keep abreast of market trends and expand achievements in different fields

In response to the rapid rise of the Internet of Things and big data, the Group has spared no effort to build R&D and manufacturing capabilities in sensors and high-speed optical transceiver modules, and has achieved considerable scale and customer recognition. In response to the rapid rise of the Internet of Things and big data, the Group has also spared no effort to build related R&D and manufacturing capabilities in sensors and high-speed optical fiber transceiver modules. Now it has a considerable scale and has been recognized by customers. After reaching cooperation and entering into mass production, the Group also continued to improve and upgrade related technologies to expand the market of terminal application products.

<5> Favorable and Unfavorable Factors for The Future Development and Countermeasures.

(1) Favorable factor

A. Maintaining high barriers to access to advanced packaging technology and capital.

The Group's key technology is the integrated packaging and testing technology of the system module, which has a high degree of barriers to entry. The Group has studied in depth for many years and has rich experience in packaging technology, such as high precision surface mounting, Flip Chip mounting technology, multi-Stack Die and other leading industry equipment and technology, which can meet the current design needs of SiP, and continue to actively move towards "light, thin, short, and small" advanced packaging technology research to meet the current trend of consumer electronics production.

Advanced semiconductor packaging technology is highly technology-intensive, and its manufacturing technology and product yield determine the cost of production. Our Group has high yield, stable quality and experienced R&D and production personnel. We regularly and at any time observe and adjust the packaging process and related machine programs to maintain a high yield and reduce production costs. In addition, large-scale production will reduce the unit cost of R&D, procurement and expense.

Advanced packaging testing technology is becoming more and more important to packaging industry, and the amount of capital investment is also increasing, which makes the characteristics of capital-intensive packaging industry more and more obvious. Our Group has advanced packaging and testing technology and equipment, and the quality and technology have won the recognition of international large

companies, which makes it difficult for other new entrants to enter.

B. Product diversification.

The Group is a professional semiconductor packaging and testing company, mainly engaged in the assembly, testing, and sales of SiP packaging, high-speed optical fiber transceiver modules, and other types of integrated circuit modules. It has a wide range of products. In addition to its current main product, high-frequency wireless communication modules, there are also products such as wireless modules, low-noise power amplifiers, micro-electromechanical systems, automotive electronics, and light source sensing components. They have a wide range of applications and have spanned consumer electronics, new energy vehicles, AI servers, big data centers, telecommunications services, medical electronics, etc., which can reduce the operational risks caused by the reversal of the prosperity of a single industry..

C. Maintain long-term stable cooperative relationship with customers.

The Group's products are designed and developed jointly by customers according to their demands for new products. Under the characteristics of short life cycle of terminal consumer electronic products, rapid change of products and ever-changing functions, it is necessary to shorten the speed of joint development of new products. The Group has been cooperating with major customers for a long time, and has established a good tacit understanding with customers. With the advantage of stable and excellent product quality, the Group has won the certification of many international large companies, and has successfully won the trust and recognition of customers.

(2) Unfavorable factors and countermeasures

A. Changes in Demand for Consumer Electronic Products.

One of the Group's main sales products is high frequency wireless communication module and biometric module for consumer electronic products, and its products are used in mobile phones (smart phones), wireless network and other communication products. In terms of consumer electronic products, they are characterized by short life cycle, ever-changing functions and easy to be affected by the consumption habit of shopping during the Christmas and New Year. The peak shipping period is mostly concentrated in the fourth quarter. As a result, demand for suppliers is anticipated in the third to fourth quarters, so revenue in the second half of the year is typically significantly higher than in the first half.

The terminal application market of the Group's main cooperative customer is high-level smart phones, and the Group's revenue is closely related to sales in this market. Therefore, from the perspective of market demand, the industry where the group is has considerable relevance to the demand change of the downstream terminal application market.

Countermeasures

Global shipments of smart phones are expected to grow again in the future due to the application of 5G, which will bring a new wave of replacement opportunities in the high-level smart phone market and consequently rising shipments. The Group will keep an eye on the market demand at all times and work closely with end-brand manufacturers to grasp market opportunities, develop more innovative and advanced products, and launch new products in line with consumers' tastes and preferences earlier than competitors. At the same time, the Group will closely monitor the changes

in government policies to reduce the adverse effects of policy changes, while actively maintaining the diversification of product layout so as to reduce the risk caused by the change of demand for consumer electronic products.

B. Relevant Risks in Market Competition.

The Group mainly engages in the assembly, testing and sales of SiP, high-speed optical transceiver module and other types of integrated circuit module. It is a professional semiconductor packaging and testing Company. SiP products include high frequency wireless communication module and the wireless module and so on, main products are applied to the mobile phone of the Radio Frequency Power Amplifier (RFPA), domestic and foreign packaging factory, such as ASE's South Korea Plant, Amkor Technology's South Korea Plant, Jiangsu Changjiang Electronics Technology Co., Ltd., Tong Hsing Electronic Industries, Ltd. and LINGSEN PRECISION INDUSTRIES, LTD. all provide such module sealing and testing services. Our high-speed optical transceiver module is in competition with Fabrinet Co., Ltd. and PCL Technologies, Inc.. Therefore, in the fierce market competition, the Group not only focuses on diversification of products and diversification of operating risks, but also maintains the leading technology and quality of the process, and continuously obtains orders of new products from customers to reduce risks.

Countermeasures

- (A) In order to diversify the operation mode and disperse the operation risk, our Group has the capability of system-level packaging, cladding technology and other packaging technology, and provides customized service, develops and produces related module products according to customer needs, and provides one-stop customer service.
- (B) The Group has achieved heterogeneous integration through SiP in order to accelerate the integration of more functions in the module. Therefore, the Group will improve the difficulty of manufacturing process to increase and meet the order demand of customers, which has the advantages of economies of scale and improving the barriers for new manufacturers to enter. In the future, we will continue to deepen the cooperation with customers to consolidate the source of orders.
- (C) Our Group has many years of experience in the process of high-speed optical transceiver module. It can provide the next generation of 400G high-speed optical transceiver module technology services, as well as customized services, so that customer products can be quickly introduced into the terminal market.

2. Important Uses and Production Process of Major Products

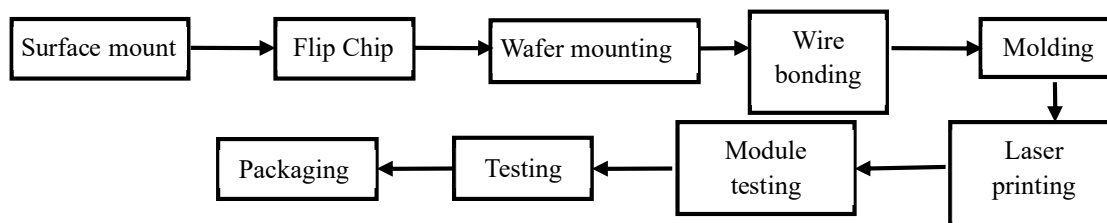
<1> Important Uses of Major Products

Main properties	Main products	Important uses
SiP Products	High Frequency Wireless Communication Module	Smart phones and tablets
	Filter module	Smart phones
High Speed Optical Transceiver Module	High Speed Fiber Transceiver Module	Telecom Network and Data Center
Other Integral Circuit Modules	Micro-electromechanical systems	Smart phones
	sensing elements	Smart phones

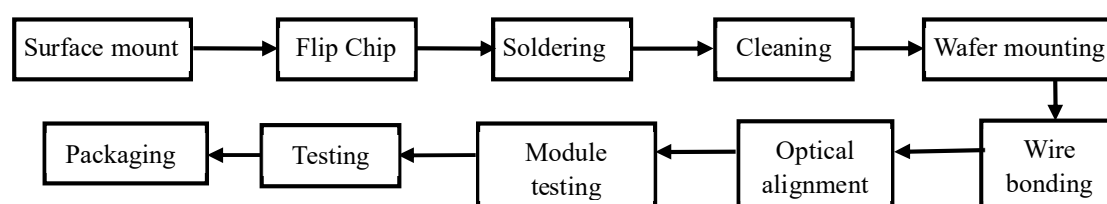
Main properties	Main products	Important uses
	Automotive electronics	Automotive electronics
	Biometric Module	Smart phones

<2> Major Product Production Process

(1) SiP product production process



(2) Production process of optical transceiver module



<3> Supply status of main raw materials

Product name	Major supplier	Supply status
Substrate	Substron, SHENGYI, COMPEQ	Good
Electronic parts	MARVELL, MICROCHIP, WT	Good
Mechanism parts	Auxora, SAKYA, PINJACK, KYOCERA (HONG KONG)	Good
Precious metals	Heraeus, Tanaka	Good
Chemical material	Kstone, Wellegion, NITTO	Good
Packaging material	BRADY, XTech, TEXCHEM- PACK (VIETNAM) CO.,LTD, ULTRA-PAK, Reflexchina, Trican	Good
Electronic industrial equipment	Booster, Suzhou MI Eq	Good

<4> The name of the customer who has accounted for more than 10% of the total imported (sold) goods in any year of the last two years, the amount and proportion of the imported (sold) goods, and the reasons for their increase or decrease are explained.

(1) Major supplier information for the last two years

Unit: NT\$ thousand; %

#	2022				2023				As of first quarter of 2024			
	Name	Amount	Percentage of net purchases for the whole year	Relations with issuers	Name	Amount	Percentage of net purchases for the whole year	Relations with issuers	Name	Amount	Percentage of net purchases for the whole year	Relations with issuers
1	A	677,704	21.78	None	A	296,818	12.72	None	D	79,283	16.62	None
2	C	280,579	9.02	None	D	248,078	10.63	None	B	64,788	13.59	None
	Others	2,152,623	69.20		Others	1,788,956	76.65		Others	332,794	69.79	
	Net purchase	3,110,906	100.00		Net purchase	2,333,852	100.00		Net purchase	476,865	100.00	

Explanation of Reasons for Change in Increase or Decrease

The Group's changes in the purchase amount of the above suppliers are mainly due to the fluctuation of product mix and market demand, and the changes are reasonable.

(2) Major Sales Customer Information for the Last Two Years

Unit: NT\$ thousand; %

#	2022				2023				As of first quarter of 2024			
	Name	Amount	Percentage of net sales for the whole year	Relations with issuers	Name	Amount	Percentage of net sales for the whole year	Relations with issuers	Name	Amount	Percentage of net sales for the whole year	Relations with issuers
1	D	2,678,170	50.36	None	D	1,978,066	37.95	None	D	259,684	28.06	None
2	B	1,225,640	23.05	Note	B	1,068,038	20.49	Note	G	152,324	16.46	None
3	E	298,748	5.62	None	F	779,491	14.96	None	F	70,848	7.66	Note
	Others	1,115,383	20.97		Others	1,386,627	26.6		Others	442,572	47.82	
	Net sales	5,317,941	100.00		Net sales	5,212,222	100.00		Net sales	925,428	100.00	

Note: Customer B has the same ultimate parent company as our Company.

Explanation of Reasons for Change in Increase or Decrease

The change of our Group's sales customers is mainly due to the recession of terminal market and the increase or decrease of individual customers' business needs and performance. The changes are reasonable.

<5> Value of Production for the Last Two Years

Unit: NT\$ thousand; thousand pieces

Year	2022			2023		
Production value						
Main products	Capacity	Yield	Output	Capacity	Yield	Output
High-speed Optical Transceiver Module	2,652	1,981	3,960,660	2,309	1,699	3,042,711
SiP Products	994,901	363,475	1,035,118	1,571,090	887,038	1,641,510
Other	-	-	-	-	-	-

<6> Sales Volume Table for the Last Two Years

Unit: NT\$ 1,000; 1,000 pieces

Year	2022				2023			
Production value	Domestic sales		Export sales		Domestic sales		Export sales	
Main products	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
High-speed Optical Transceiver Module	-	-	6,522	3,997,006	-	-	18,036	3,094,786
SiP Products	117,401	439,437	323,800	672,865	175,432	341,355	736,256	1,367,916
Other	-	-	-	-	-	-	-	-

Note: Export sales refers to sales outside Taiwan.

iii. Employees' Employment Data in the Last Two Years and up to the Print Date of Annual Report

Unit: Person

Year		2022	2023	As of April 30, 2024
Number of employees	Management	274	281	262
	General staff	736	732	743
	Operating Personnel	1,280	1,337	1,333
	In total	2,290	2,350	2,438
Average age		28.64	28.64	29.95
Average seniority		2.66	2.66	3.58
Ratio of academic qualifications distribution	PhD	0.04%	0.04%	0.04%
	Master	0.87%	0.94%	0.86%
	College	49.13%	44.77%	43.40%
	Senior high school	37.60%	30.43%	41.88%
	Below senior high school	12.36%	23.83%	13.82%

iv. Environmental Protection Expenditure Information

1. Total Amount of costs (including compensation) and penalties due to environmental pollution in recent years and up to the publication date of the annual report, together with future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of loss, punishment and compensation that may occur in the absence of

countermeasures. If it cannot be reasonably estimated, it shall state the fact that it cannot be reasonably estimated.)

As of the publication date of the annual report, no costs or penalties caused by environmental pollution has occurred in the latest year of the Group.

v. Labor-Management Relations

1. List the Company's employee welfare measures, further education, training, retirement system and its implementation, as well as the agreement between labor and management and various employee rights and interests safeguard measures.

<1> Employees' welfare measures

In addition to providing employees with relevant insurances in accordance with local government regulations, our Group provides regular salary promotion opportunities every year to reward employees with excellent performance, and provides annual bonuses, performance bonuses, retention bonuses and production incentive bonuses, etc., based on the Company's operating performance and individual work performance. Employees can enjoy statutory holidays, marriage leave, maternity leave, annual leave and other holidays. Other welfare measures include wedding, funeral, birthday gift money, proposal to improve special bonus, free annual health check, regular organization of all kinds of entertainment contests, evening party or garden party and other activities and the allocation of music room, game room, basketball court, (electronic) reading room, gym, leisure area and other staff cultural and health welfare activities.

<2> Further education and training

The Group has always been adhering to the "people-oriented" development ideas, to provide staff with a good learning environment and scientific and reasonable career development planning, in order to improve the overall quality of staff and work skills. The Group's educational training can be divided into:

(1) Pre-job training

Every new employee must attend the pre-job training and professional training. The complete new employees growth training plan provides the new employees with a quick way to get to know and integrate into the Company as soon as possible.

(2) Career planning

The Group has established seven well-regulated training systems, including competency development training, professional competency training, OJT training, subject training, quality management training, occupational safety/environmental protection/occupational health training, self-inspiration (such as foreign language training), and formulated annual training plans to train reserve management personnel and professional and technical personnel for the Group. The Group advocates lifelong learning and provides a resourceful online learning system that enables employees to systematically use the entire Company's learning resources online, laying a solid foundation for future development. The Group advocates lifelong learning and provides a resourceful online learning system that enables employees to systematically use the entire Company's learning resources online, laying a solid foundation for future development.

(3) Overseas training

Senior employees with good performance have the opportunity to receive training in Taiwan or other countries and regions.

(4) Academic education

In order to encourage employees to continue to serve the Company, the Company provides educational and training programs, establishes incentive system, and implements the policy of rewarding tuition fees for on-the-job academic education, so as to stimulate employees' potential, expand their career development channels, train technical and managerial reserve cadres at all levels of the Company, and foster the competitiveness of the enterprise by advantageous human resources.

<3> Retirement system and its implementation

The Taiwan branch of the company has established a retirement system for employees in accordance with the Labor Standards Act. The company pays 6% of the monthly salary as a pension and deposits it in the individual account of the labor pension.

The Company's subsidiary in China, due to the different local governments require different monthly salary contribution rates, there is no uniform rate, it has already made monthly contributions and paid social insurance for employees to the local social security bureau. After employees reach the statutory retirement age, Retirement pensions can be applied for by the Social Security Bureau. The retirement pensions of all active and retired employees are coordinated by the local government.

The Vietnamese subsidiary of the company has paid the pension by the company on a monthly basis to 17% of the monthly salary for Vietnamese nationals and 3% for non-Vietnamese nationals according to the requirements of the local government. Social insurance. After employees reach the legal retirement age, they can apply for retirement benefits from the Social Security Bureau. The retirement pensions of all active and retired employees are arranged by the local government.

<4> The agreement between labor and management and the protection measures of employee's rights

The Group has always attached great importance to employee rights. In order to strengthen the relationship between employer and employee and enhance employee's coherence, new employee's Need and Care Cards are issued when employees serve in the office, various seminars are held regularly, employee opinion survey is conducted, and appeal and handling channels such as senior supervisor mailbox, trade unions, party mailboxes and Employee Care Centers, Labor Dispute Mediation Committee and Catering Committee are set up, and these channels and information are disseminated to all staff at any time. Employees can reflect their opinions and suggestions through diversified channels at any time. Up to now, the channels of communication between the Company and employees are smooth and well-implemented

In accordance with the laws and regulations of Labor Safety And Health Act, the Group carries out the work of health and safety management, sets up special organizations and personnel to carry out environmental safety and health management, and sets up the Labor Protection Supervision Committee to conduct regular inspections to ensure the safety of employees, environment and equipment. The Group also pays attention to the coordination of physical and mental health of employees. In addition to arranging regular physical examination for in-service employees, the Group also provides occupational health examination for specific employees to strengthen prevention. The Group has restaurants, lounges and various sports venues for employees to use, and provides psychological counseling services to help employees to relieve stress and improve emotional management.

The relevant provisions of the Agreement on Labor and Management are governed by the Internal Control System and Management Regulations in accordance with the law. The responsibilities and powers of employees at all levels in various departments have been clearly regulated, and the working rules have been specified in the Employee Manual issued to employees in order to safeguard their rights.

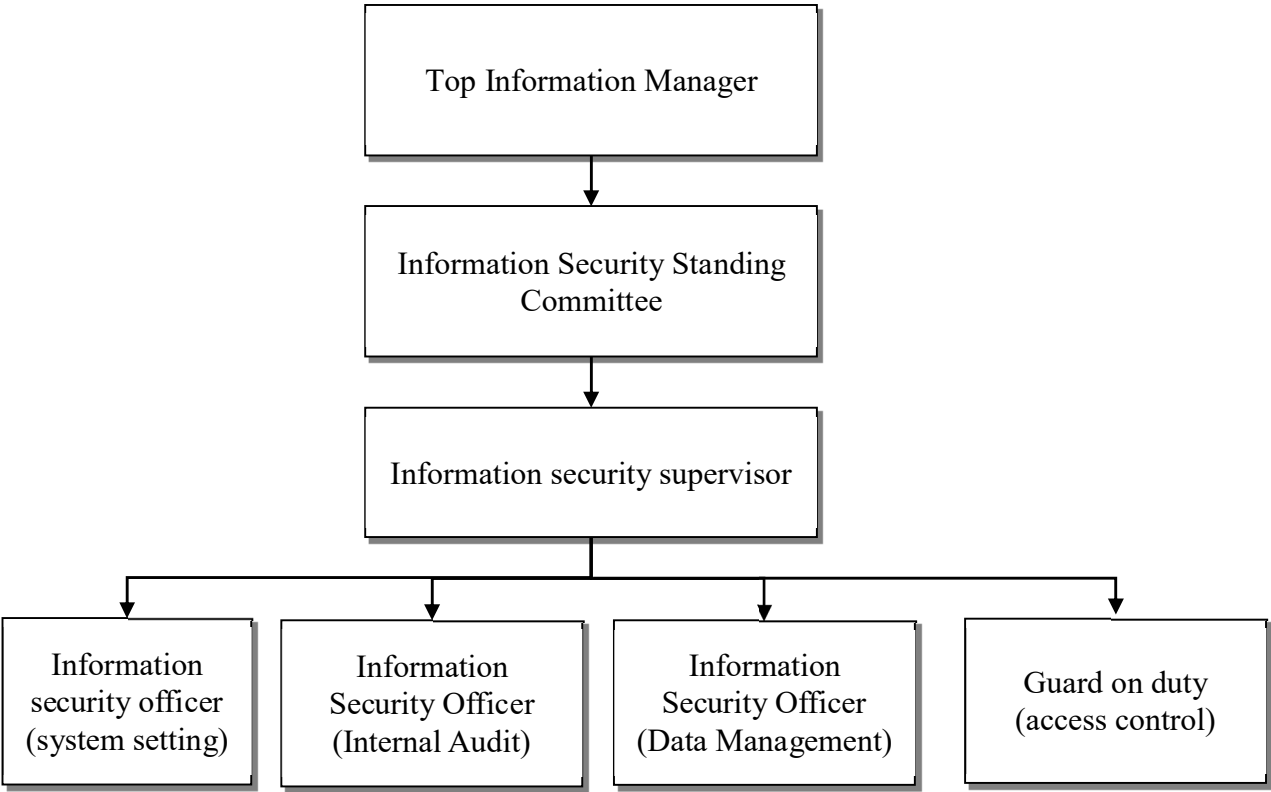
2.Please clarify the losses incurred as a result of labour disputes in recent years and up to the date of publication of the annual report, and disclose the estimated amount and response measures that may occur at present and in the near future. If the estimates are not available, the fact that the estimates are not available should be clarified.

The Group attaches great importance to labor-management relations andthere has been no loss due to labor disputes in the most recent year and as of the date of publication of the annual report.

vi. Information security management

Describe the information security work organization, information security policy, specific management plan, etc.

1. Information Communication Security Organization:



- A. Top Information Manager: Review of factory information security documents, supervision, and audit of information security operations.
- B. Information Security Standing Committee: Head of the Information Management Department, responsible for approving information security documents and reviewing information security specifications.
- C. Information security supervisor: The company designates a dedicated supervisor, who specifies and issues the factory information security operation specifications and rules, reviews information security documents, reviews information security specifications,

supervises and promotes information security operations, and promotes information security operations.

- D. Information security officer (system setting): The company designates a person who is mainly responsible for the management of the information security system, assists the information security director in promoting information security management, and assists the information security officer in promoting the implementation of information security standards.
 - E. Information Security Officer (Internal Audit): Implements information security standards and is mainly responsible for information security audit and improvement.
 - F. Information Security Officer (Data Management): Implements information security standards and is mainly responsible for collecting, organizing, and updating information security documents.
 - G. Guard on duty (access control): Information security access control is implemented by the regulations, and is mainly responsible for scanning and inspection of personnel entering and exiting the factory, and signature confirmation of entry and exit control of access control items.
2. Information security policy: The company strictly implements the information security management regulations by the group information security management requirements and the definition requirements of relevant documents, mainly including but not limited to the following aspects:
- A. Virus protection: All servers and client computers must install anti-virus software.
 - B. Patch update: The system automatically pushes the latest patches to the server and client computers regularly.
 - C. Mobile storage control: The company strictly controls the use of mobile storage devices, and can monitor their usage through the system.
 - D. Backup and recovery: Strictly schedule and execute daily, weekly, and monthly backup plans, and automatically monitor the execution status.
3. Specific implementation and resource input:
- A. Monitoring and auditing: The internal system automatically audits anti-virus software installation, patch update, USB port, illegal software installation, and other information security management and control items, and can automatically notify the administrator by email. Non-conforming items are automatically recorded and the administrator needs to reply to the processing status.
 - B. System improvement: Regularly adjust the information security control strategy according to customer requirements, internal and external information security news, and events to ensure the effective implementation of the company's information security management system.
 - C. Education and training: Regularly conduct knowledge training on company information security requirements and virus protection for new employees of the company; announce important information security events and precautions through announcements from time to time to strengthen employees' information security awareness and protection skills.
 - D. Improve the human resources allocation of information security: ShunSin will add a dedicated information security supervisor and a dedicated information security officer in

2023. The current human resources configuration for each information security-related function is as follows: 1 dedicated information security supervisor and a dedicated information security officer 1 person, 3 information security officers, 3 IT personnel, and 10 information security officers on duty.

4. Losses, possible impacts, and countermeasures due to major information security incidents in the most recent year and as of the date of publication of the annual report: None.

vii. Important Contracts

No.	Contract Property	Persons Concerned	Date of Commencement and Termination of Contract	Main Contents	Restriction Terms
1	Lease contract	Young Fast Optoelectronics (Vietnam)	2022/12/1~2025/11/30	Factory of ShunSin Ha Noi	None
2	Lease contract	LONG HUNG ELECTRONICS TECHNOLOGY COMPANY LIMITED	2023/11/1~2026/12/31	Factory of ShunSin Vietnam	None
3	Lease contract	Young Fast Optoelectronics (Vietnam)	2023/12/1~2024/11/30	Staff dormitory of ShunYun Hanoi	None
4	Lease contract	Zhongshan Port Export Processing Zone Property Development Co., Ltd.	2023/7/1~2024/6/30	Staff dormitory of ShunSin Zhongshan	None
5	Lease contract	Zhongshan Port Export Processing Zone Property Development Co., Ltd.	2023/9/1~2024/8/31	Staff dormitory of ShunYun Zhongshan	None
6	Lease contract	Hefei Lanke Investment Co., Ltd.	2023/8/28~2024/8/31	Talentek Hefei Factory	None
7	Lease contract	Hefei Lanke Investment Co., Ltd.	2024/2/06~2027/2/05	Talentek Hefei Factory	None
8	Loan	Banks of syndicated loan	2019/12/26~2024/12/25	Syndicated loan	(1) Credit line split equipment investment and operating working fund. (2) Specific financial ratio maintained during the loan period.
9	Sales contrac	Customer A	2021/12/1~2024/12/1	Sales terms	None
10	Sales contrac	Customer B	2022/7/15~2025/7/15	Sales terms	None
11	Sales contrac	Customer C	2023/1/1~2025/12/31	Sales terms	None
12	Sales contrac	Customer D	2023/2/1~2026/1/31	Sales terms	None
13	Sales contrac	Customer E	2024/5/1~2027/5/1	Sales terms	None
14	Sales contrac	Customer F	2023/3/1~2033/12/31	Sales terms	None
15	Sales contrac	Customer G	2022/1/28~2025/1/28	Sales terms	None
16	Sales contrac	Customer H	2021/10/18~2024/10/17	Sales terms	None
17	Sales contrac	Customer I	2022/3/23~2027/3/23	Sales terms	None

No.	Contract Property	Persons Concerned	Date of Commencement and Termination of Contract	Main Contents	Restriction Terms
18	Sales contrac	Customer J	2022/6/21~2027/6/21	Sales terms	None
19	Sales contrac	Customer K	2023/8/1~2026/8/2	Sales terms	None
20	Sales contrac	Customer L	2023/7/13~2026/7/13	Sales terms	None
21	Sales contrac	Customer M	2023/7/28~2033/7/28	Sales terms	None
22	Sales contrac	Customer N	2023/8/8~2033/8/8	Sales terms	None
23	Sales contrac	Customer O	2024/1/18~2033/1/18	Sales terms	None
24	Sales contrac	Customer P	2023/2/1~2026/2/1	Sales terms	None
25	Sales contrac	Customer Q	2024/1/8~2025/1/8	Sales terms	None
26	Sales contrac	Customer R	2023/6/6~2026/6/6	Sales terms	None
27	Sales contrac	Customer S	2023/6/26~2026/6/25	Sales terms	None
28	Sales contrac	Customer T	2024/3/6~2027/3/5	Sales terms	None

VI. Financial Overview

i. Condensed Balance Sheet and Consolidated Income Statement over the Last Five Years

1. Condensed Balance Sheet and Consolidated Income Statement

(1). Condensed Balance Sheet

Unit: NT\$ thousand

Year		Financial Information over the Last Five Years					March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		8,323,471	11,627,062	11,686,590	11,261,661	9,693,425	9,676,494
Property, plant and equipment		2,255,451	2,120,032	2,283,174	3,946,760	4,161,066	4,373,098
Intangible assets		2,915	10,779	989	1,566	1,461	1,301
Other assets		866,999	926,008	997,485	1,082,325	895,159	954,685
Total assets		11,448,836	14,683,881	14,968,238	16,292,312	14,751,111	15,005,578
Current liabilities	Before distribution	3,818,993	6,944,416	5,418,977	7,458,745	7,106,046	7,015,208
	After distribution	3,431,352	6,504,204	5,859,189	7,582,330	6,844,858	Not distributed
Non-current liabilities		1,850,897	1,962,063	1,501,240	2,155,371	403,236	405,661
Total liabilities	Before distribution	5,781,056	8,445,656	8,440,506	9,614,116	7,509,282	7,420,869
	After distribution	5,393,415	8,005,444	8,880,718	9,737,701	7,248,094	Not distributed
Total equity attributable to owners of parent							
Common stock		1,065,248	1,072,558	1,074,648	1,074,648	1,074,648	1,074,648
Capital reserves		2,753,167	2,816,502	2,963,425	2,933,948	2,903,693	2,906,416
Retained earnings	Before distribution	2,324,580	2,636,059	2,598,929	2,529,493	2,840,125	2,754,605
	After distribution	1,936,939	2,195,847	2,158,717	2,405,908	2,578,937	Not distributed
Other equity		(345,230)	(253,000)	(298,036)	(162,447)	(376,209)	14,803
Treasury stock		(149,649)	(74,605)	-	(151,236)	(108,347)	(108,347)
Non-controlling interests		19,664	40,711	188,766	453,790	907,919	942,584
Total equity	Before distribution	5,667,780	6,238,225	6,527,732	6,678,196	7,241,829	7,584,709
	After distribution	5,280,139	5,798,013	6,087,520	6,554,611	6,980,641	Not distributed

Source: The financial reports which have been audited by the accountants are compiled according to the International Financial Reporting Standards (IFRS).

(2). Consolidated Income Statement

Unit: NT\$ thousand

Year		Financial Information over the Last Five Years					The year ended March 31, 2024
		2019	2020	2021	2022	2023	
Operating revenue		5,744,804	4,849,689	4,270,400	5,317,941	5,212,222	925,428
Gross profit from operations		1,386,499	1,580,357	922,452	649,724	1,221,187	144,718
Net operating profits		623,298	961,606	59,012	(81,047)	283,961	(61,686)

Items \ Year	Financial Information over the Last Five Years					The year ended March 31, 2024
	2019	2020	2021	2022	2023	
Non-operating income and expenses	165,136	44,765	147,160	97,527	282,698	(43,919)
Profit (loss) from continuing operations before tax	788,434	1,006,371	206,172	16,480	566,659	(105,605)
Profit from the continuing business unit	629,285	719,556	378,607	182,731	467,416	(92,116)
Losses of discontinued unit	-	-	-	-	-	-
Profit	629,285	719,556	378,607	182,731	467,416	(92,116)
Other comprehensive income, net	(350,138)	92,841	(43,209)	149,183	(236,695)	314,762
Total comprehensive income (loss)	279,147	812,397	335,398	331,914	230,721	222,646
Profit, attributable to Owners of parent	638,315	724,859	403,082	205,674	230,721	(85,520)
Profit, attributable to Non-controlling interests	(9,030)	(5,303)	(24,475)	(22,943)	434,217	(6,596)
Comprehensive income attributable to Owners of parent	288,992	817,089	358,046	341,263	33,199	305,492
Comprehensive income attributable to Non-controlling interests	(9,845)	(4,692)	(22,648)	(9,349)	220,455	9,270
Basic earnings per share	6.16	6.88	3.77	1.92	10,266	(0.81)

Source: The financial reports which have been audited by the accountants are compiled according to the International Financial Reporting Standards (IFRS).

2. Name of CPA and Audit Opinions for the Last Five Years:

Years	CPA	Name of CPA Firm	Audit Opinion
2019	Kuan, Chun-Hsiu, , Chao, Min-Ju	KPMG	Qualified Opinion
2020	Chao, Min-Ju, , Huang, Po-Shu	KPMG	Qualified Opinion
2021	Chao, Min-Ju, , Huang, Po-Shu	KPMG	Qualified Opinion
2022	Chao, Min-Ju, , Huang, Po-Shu	KPMG	Qualified Opinion
2023	Chao, Min-Ju, , Chang, Phyllis	KPMG	Qualified Opinion

ii. Financial Analysis over the Last Five Years

1. Financial Analysis Statement

Analysis Items \ Year		Financial Analysis over the Last Five Years					The year ended March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure(%)	Debts ratio	50.49	57.51	56.38	59.01	50.9	49.54
	Long-term Funds to Property, plant and equipment Ratio	338.28	365.06	418.24	223.81	183.1	182.71
Debt paying ability%	Current ratio	217.94	167.43	215.66	150.98	135.91	137.93
	Quick ratio	206.51	162.22	189.27	139.21	129.31	130.18
	Interest guarantee (times)	13.44	16.28	3.81	1.12	4.18	(1.37)
Operation Capacity	Average collection turnover(times)	4.75	4.41	4.61	5.95	5.95	5.16
	Average collection days	77	82.73	79.10	61.34	61.29	70.66
	Average inventory turnover (times)	10.43	9.91	4.56	4.80	6.8	8.44
	Average payable turnover(times)	9.13	9.53	7.02	7.40	8.34	8.70
	Average inventory turnover	35	36.80	79.94	75.96	53.65	43.24

Analysis Items	Year	Financial Analysis over the Last Five Years					The year ended March 31, 2024
		2019	2020	2021	2022	2023	
	days						
	Average property, plant and equipment turnover (times)	2.42	2.21	1.94	1.70	1.28	0.86
	Total asset turnover Ratio(times)	0.51	0.37	0.28	0.34	0.33	0.24
Profitability	Return on assets(%)	6.13	5.91	4.64	1.82	3.92	(1.51)
	Return on equity (%)	11.12	12.08	5.93	2.76	6.71	(4.97)
	Profit before tax to (%) (Note 2)	74.01	93.82	19.18	1.53	52.73	(39.30)
	Profit rate (%)	10.95	14.83	8.86	3.43	8.96	(39.81)
	Basic earnings per share	6.16	6.88	3.77	1.92	4.1	(0.81)
Cash flow	Cash flow ratio (%)	50.60	22.59	26.63	8.32	26.14	2.35
	Cash Flow Adequacy Ratio(%)	85.02	94.19	64.27	83.80	112.7	82.51
	Cash flow reinvestment ratio(%)	17.25	11.77	10.20	3.88	17.01	1.59
Leverage	Operating Leverage	1.58	1.57	6.09	-31.25	4.98	(2.59)
	Financial leverage	1.11	1.07	-4.15	0.38	2.68	0.581

Please explain the reasons for the recent changes in the financial ratios in the past two years (if the change is less than 20%, it can be exempted from analysis) :

1. Increase in interest coverage ratio:
Mainly due to the change in sales mix and the increase in the proportion of high gross profit margin products, the net income before tax and interest increased.
2. Increase in inventory turnover rate and decrease in sales days:
This is mainly due to the fact that the tight market situation of raw materials has eased in this period, and the previous preparation and disposal of materials for mass production was in good condition.
3. Decline in turnover rate of real estate, plant and equipment:
Mainly due to the increase in the book balance of real estate, plants and equipment due to the successive acceptance inspections of the Group's self-built factories in Vietnam.
4. Increase in return on assets, return on equity, ratio of pre-tax profits to paid-in capital, net profit margin, and earnings per share:
Mainly due to changes in sales mix and an increase in the proportion of high-gross profit products, resulting in an increase in profits.
5. Increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio:
Mainly due to the increase in operating cash flow in the current period.

Source: The financial reports which have been audited by the accountants are compiled according to the International Financial Reporting Standards (IFRS).

Note: the calculation formula are as follows:

1. Financial structure
 - (1) DebtsRatio=total liabilities/total assets.
 - (2) Long-term Funds to Property, plant and equipment Ratio= (total equity+non-current liabilities)/net amount of real estate, facilities and equipment.
2. Debt-paying ability
 - (1) Current ratio=current assets/current liabilities.
 - (2) Quick ratio= (current assets-inventory-payment in advance)/current liabilities.
 - (3) Interest guarantee (times)=income tax and pre-tax profit/interest expenses for current period.
3. Operating Ability
 - (1) Account Receivable turnover Ratio(Times) (including receivables and notes receivable arising from business) is equal to net sales/average receivables (including receivables and notes receivable arising from business).
 - (2) Average Accounts Receivable days=365/receivable turnover rate.
 - (3) Average Inventory turnover = cost of sale / average inventory.
 - (4) Average account Payable turnover Ratio(including accounts payable and notes payable arising from business) = sales cost/average balance of accounts payable for each period (including accounts payable and notes payable arising from business).
 - (5) Average inventory turnover=365/inventory turnover rate.
 - (6) Average property, plant and equipment Turnover Ratio=net sales volume/average net amount of real estate, facilities and equipment.
 - (7) Total asset turnover ratio=net sales volume/average total assets.

4. Profitability

(1) Return on assets = [after-tax profit and loss + interest expense * (1-tax rate)] / average total assets.

(2) Return on equity = after-tax profit/loss/total average equity.

(3) Profit ratio = after-tax profit/loss/net sales.

(4) Basic earnings per share = (profits and losses attributable to the owner of the parent Company)/weighted average number of issued shares.

5. Cash Flow

(1) Cash flow ratio = net cash flow of business activities / current liabilities.

(2) Net Cash Flow Adequacy = Net Cash Flow of Business Activities in the Last Five Years / Last Five Years (Capital Expenditure + Inventory Increase + Cash Dividend).

(3) Cash reinvestment ratio = (net cash flow of business activities - cash dividend) / (gross amount of real estate, facilities and equipment + long-term investment + other non-current assets + operating funds).

6. Leverage:

(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Benefits

(2) Financial Leverage = Operating Interest / (Operating Interest - Interest Cost).

iii. Audit Committee's review report of 2023

The Board of Directors has prepared the Company's Financial Statements and 2023 Business Report. Of which, the Financial Statements have been audited by KPMG Taiwan. The Financial Statements, 2023 Business Report have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

ShunSin Technology Holdings Limited

Chairman of the The Audit Committee: Ting, Hung-Hsun

On the date of March 14, 2024

The Board of Directors has prepared the Company's proposal for distribution of 2023 earnings. The proposal for distribution of 2023 earnings have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

ShunSin Technology Holdings Limited

Chairman of the The Audit Committee: Ting, Hung-Hsun

On the date of May 14, 2024

iv. Annual Financial Statements of the Recent Years: Please refer to P.129 to P.213.

v. Annual Individual Financial Statement audited by CPA of the Recent Years:
Not applicable.

vi. The impacts of financial difficulties on the Financial Situation happened to the Company and its affiliated companies in recent years and before the print date of Annual Report: None.

VII. Introspection and Analysis of Financial Situation and Financial Performance and Risk Management

i. Financial Situation

Unit: NT\$ thousand

Items	Year	2022	2023	Change in Increase (Decrease)		
				Amount	Change Ratio %	Statement
Current assets		11,261,661	9,693,425	(1,568,236)	(14)%	
Property, plant and equipment		3,946,760	4,161,066	214,306	5%	
Intangible assets		1,566	1,461	(105)	(7)%	
Other assets		1,082,325	895,159	(187,166)	(17)%	
Total assets		16,292,312	14,751,111	(1,541,201)	(9)%	
Current liabilities		7,458,745	7,106,046	(352,699)	(5)%	
Non-current liabilities		2,155,371	403,236	(1,752,135)	(81)%	1
Total liabilities		9,614,116	7,509,282	(2,104,834)	(22)%	1
Ordinary share		1,074,648	1,074,648	-	0%	
Capital surplus		2,933,948	2,903,693	(30,255)	(1)%	
Retained earnings		2,529,493	2,840,125	310,632	12%	
Exchange differences on translation of foreign financial statements		(162,447)	(376,209)	(213,762)	132%	2
Total equity		6,678,196	7,241,829	563,633	8%	
Major changes are specified as follows: (analysis is exempted if the change is less than 20% or the amount is less than NT\$10 million)						
1. Mainly because the convertible corporate bonds issued by the group have matured and been repaid in 2023/02.						
2. Mainly due to the strong exchange rate trend of the US dollar in 2023.						

Source: The financial reports which have been audited by the accountants are compiled according to the International Financial Reporting Standards (IFRS).

ii. Financial Performance

1. Financial Performance Analysis Statement

Unit: NT\$ thousand; %

Items	Year	2022	2023	Change in Increase (Decrease)		
				Amount	Change Ratio %	Statement
Net sales revenues		5,317,941	5,212,222	(105,719)	(1.99)%	
Operating costs		4,668,217	3,991,035	(677,182)	(14.51)%	
Gross profit from operations		649,724	1,221,187	571,463	87.95%	1
Operating expenses		730,771	937,226	206,455	28.25%	2
Net operating profit		(81,047)	283,961	365,008	450.37%	1
Non-operating income and expenses		97,527	282,698	185,171	189.87%	3
Profit from continuing operations before tax		16,480	566,659	550,179	3338.46%	1
Deduct: Income Tax Expense		(166,251)	99,243	265,494	159.69%	1
Profit		182,731	467,416	284,685	155.79%	1
Major changes are specified as follows: (analysis is exempted if the change is less than 20%)						
1. Mainly due to the change in sales mix and the increase in the proportion of high gross profit margin products, the gross profit amount increased and the corresponding income tax expense also increased.						
2. Mainly due to the change in sales mix and the increase in the number of customers, which requires the purchase of more different types of consumables, and the increase in short-term equipment rentals in response to customers' short-term urgent order needs.						

Items	Year	2022	2023	Change in Increase (Decrease)		
				Amount	Change Ratio %	Statement
3. Mainly due to the Group's profit from disposal of financial assets.						

2. Expected Sales Rate and Its Basis

The expected sales volume of the Company refers to the development situation of the industry of each major product, the sales situation of past products, the expected growth rate of products, the development of new customers and the business growth of existing customers, and takes into account the material situation of main raw materials, supplier capacity and delivery time, etc., to set the shipping target. Actual performance may vary significantly from expected sales volume due to a number of factors, including : (1) general economic, market and business conditions; (2) sales of final products using the Company's products; (3) the impact of the Company's product demand and price competition in the industry; (4) the Company may pursue other development opportunities.

3. Possible Impact on the Company's Future Financial Operations and Coping Plans

The Group keeps abreast of market trends and assesses the impact of market changes on the Group's operations as the demand for technology from end products continues to grow. In addition, most of our customers are major suppliers of leading industrial manufacturers, and we maintain close cooperation with them, so that the Group can grasp the market dynamics and obtain orders. In addition, the Group should pay attention to the changing situation of market demand at any time, continuously develop new products and expand market share, so as to improve the Company's profits. In the future, the Company's financial business should be in a sound and good state.

iii. Cash Flow

1. Analysis of Current Flow Change in Recent Years

Unit: NT\$ thousand;%

Items	Year	2022	2023	Increase (decrease) in Amount	Increase (decrease) in Ratio (%)
Cash Flow from Operating Activities		621,182	1,864,569	1,243,387	200%
Cash Flow from Investing Activities		(1,882,606)	(823,356)	1,059,250	56%
Cash Flow from Financing Activities		801,752	(1,601,112)	(2,402,864)	(300%)
Analysis in change:					
1. The increase in cash inflow from operating activities was mainly due to the increase in profits during the year, which resulted in an increase in net cash inflow from operating activities during the year.					
2. The decrease in cash outflow from investing activities was mainly due to the decrease in capital expenditures this year.					
3. The increase in cash outflow from financing activities was mainly due to the decrease in short-term borrowings and the repayment of corporate bonds this year.					

2. Improvement Plan of Liquidity Insufficiency and Analysis of Cash Flow in the Next Year (2024)

The cash inflow generated from the surplus cash and operation on the Group's account is sufficient to cover the daily operating turnover, and there is no lack of liquidity. In the event of a large capital expenditure programme in the future, the Company will assess borrowing by financial institutions or funding from capital markets.

iv. Impacts of Material Capital Expenditure on Financial Business in Recent Years

The turnover rate of real estate, plants, and equipment this year decreased compared with the

previous year. This was mainly because the Group's self-built factories in Bac Giang Province, Vietnam were successively completed and recorded in the accounts this year. Although the revenue was almost the same as last year, the turnover rate of real estate, plants, and equipment decreased. and equipment turnover rate decreased compared with the previous year. All capital expenditure plans of the Company will take into account the current financial situation and the income expected to be brought back in the future, so there will be no adverse impact on the financial business due to an increase in capital expenditures.

Turnover rate	2022	2023
Property, plant and equipment (time)	1.70	1.28
Total asset turnover ratio (time)	0.34	0.33

v. Joint Venture Policies in the Previous Year, Major Reasons for Profit or Loss, Improvement Plans and Investment Plan for the Upcoming Year

1. Investment Policies of the Company

At present, the Company's investment policy is to make long-term investments in the investment targets related to the Company's business, but not in other industries. The relevant executive departments follow the internal control system, such as “Investment Cycle” and “Procedures for Acquisition or Disposal of Assets”. The above measures or procedures are discussed and adopted by the Board of Directors or shareholders’ meeting.

2. Main Reasons for Recent Re-investment Gains or Losses

Unit: NT\$ thousand

Reinvestment Business	Shareholding ratio	Profit and Loss of Investment in 2023	Main Causes of Profit or Loss and Improvement Plans
ShunSin Technology Holdings(Hongkong) Limited	Direct and indirect holdings of 100%	551,321	This is mainly due to the profits of ShunSin (Zhongshan) and ShunYun (Zhongshan) recognized.
ShunSin Technology (Samoa) Corporation Limited	100%	32,297	The main reason is that the legal person is responsible for the purchase of overseas equipment and materials without any other operating expenses.
ShunYun Technology (Ha Noi, Vietnam) Limited	Indirect holdings of 78.05%	431,273	Mainly because the operating conditions this year were better than last year.
ShunSin Technology (Bac Giang, Vietnam) Limited	Indirect holdings of 78.05%	(113,299)	This is mainly due to the fact that the company has not yet achieved economies of scale.
ShunSin Technology (Vietnam) Company Limited	Indirect holding of 100%	-	Newly established on 2024/01/18.
ShunYun Technology Holdings Limited	Indirect holdings of 78.05%	290,941	Mainly due to the recognition of the profits of ShunYun Hanoi and ShunSin Beijiag.
ShunSin Technoogy Holdings Limited (Zhongshan)	Indirect holding of 100%	473,063	Mainly because the operating conditions this year are better than last year.
ShunYun Technoogy Holdings Limited (Zhongshan)	Indirect holdings of 78.05%	80,683	Mainly due to the recognition of ShunYun HK's profit.
ShunYun Technology Holdings(Hongkong) Limited	Indirect holdings of 78.05%	289,739	Mainly due to the recognition of ShunYun Cayman's profit.

Reinvestment Business	Shareholding ratio	Profit and Loss of Investment in 2023	Main Causes of Profit or Loss and Improvement Plans
Talentek Microelectronics (He fei) Limited	Indirect holding of 39.21%	5,624	Mainly because the operating conditions this year are better than last year.
Talentek Microelectronics (Zhongshan) Limited	Indirect holding of 39.21%	-	Newly established on 2024/01/10.

3. Investment Plan for the Coming Year

In order to disperse the operational risks and increase the production expansion space, the Group plans to invest and set up a factory in Vietnam. In addition to the operating turnover, the invested capital is primarily used to engage in plant construction, clean room and mechanical and electrical engineering, and information equipment purchases. According to the actual demand, we will invest in such production equipment as wafer machines, wire drawing machines, surface mounting equipment, and laser cutting machines.

vi. Risk Matters in Recent Years and Up to the Date of Publication of Annual Report

1. The Impact of Interest Rate, Exchange Rate Change and Inflation on Corporate Profits and Losses and the Future Countermeasures

<1> Interest rate change

The Group has been continuously planning to expand its operating scale to strengthen its competitiveness and maintain good relationships with its counterparty banks to facilitate access to lower-cost funds in the future. In addition to using the capital market to raise funds, the Group will also observe Depending on interest rate trends, you choose to borrow money with fixed or floating interest rates to avoid the risk of interest rate fluctuations. The Group's interest expense in 2023 will be NT\$178,005 thousand, accounting for the annual operating income ratio (3.4%). Therefore, future interest rate changes will not have a significant impact on the Group's operations.

<2> Exchange rate change

The main import and sales of the Group are denominated in US dollars, so the foreign currency positions of receivables and payables of import and sales can offset each other. However, as the receivables denominated in foreign currency are larger than the payables, the risk aversion cannot be completely realized. In order to reduce the impact of exchange rate fluctuations on the profit of the Group, the financial department will collect exchange rate data at any time, make trend judgment and risk assessment, keep close contact with the bank, and timely adjust foreign currency positions to avoid exchange risk.

The Group's net exchange benefits in 2023 and 2022 are NT\$10,586 thousand and NT\$28,880 thousand respectively, accounting for 0.2% and 0.5% of the current year's operating income respectively. On December 31, 2023, when the New Taiwan dollar depreciated or appreciated by 0.25 relative to the US dollar, %. If all other factors remain unchanged, the pre-tax profit and loss will increase or decrease by RMB 6,145,000. The impact on the Group's profit and loss should be limited.

<3> Inflation

The Group's past profits and losses have not yet been significantly affected by inflation. The Group will keep an eye on fluctuations in market prices and maintain good interaction with customers and suppliers. In case of higher purchase costs due to inflation, the Group will adjust its sales prices appropriately when necessary to minimize its impact on the Group's operations.

2. Main Reasons for Policies, Profits or Losses in High Risk and High Leverage Investment,

Lending funds to Others, Endorsement and Guarantee and Derivative Commodity Transactions and Countermeasures

Based on the prudent principles and pragmatic business concepts, the Group does not engage in high-risk, highly leveraged investment transactions, except for the businesses of the Group

The Group has stipulated “Procedures for Lending Funds to Others”, “Procedures for Endorsements & Guarantees”, “Procedures for Acquisition or Disposal of Assets” and “Procedures for Dealing with Derivatives Trade”. The Group will comply with the above procedures, so the relevant risks should be limited.

3. Future R&D plan and Estimated R&D cost

Because of the future demand for products integrating 5G and AI-related applications, the Group will continue to expand. As the 5G and AI application ecosystem gradually improves, various products will be combined with RF front-end modules, sensors, and optical fibers required for 5G and AI-related applications. The demand and technology for transceiver modules are constantly rising. To comply with the current trend of market products requiring high integration and high-speed transmission, the Group's annual R&D expenses in the past were approximately NT\$250 million to NT\$400 million. It is expected that the R&D expenses will be invested in 2024. range, and continues to improve the needs of various product specifications in the existing packaging technology market. The Group is also constantly designing and developing new power amplifiers, filters, sensors, optical fiber transceiver modules, optoelectronic co-packaged transceiver modules, and silicone-integrated coherent light. Packaging technology in various product fields such as modules, passive optical network equipment terminals, and automotive electronics to expand customer markets.

The R&D expenses invested in 2023 and 2022 accounted for 7.42% and 5.84% of operating income respectively. The Group is actively engaged in technology development, continuously investing in R&D resources and personnel, and developing high-end packaging process technology, including process optimization and high automation, and Actively developing diversified products. The proportion of R&D expenses in 2023 will increase compared with 2022. This is mainly due to the continued growth of the customer base in 2023 and the increase in demand for projects and samples, increasing related R&D expenses.

4. Impacts of Important Policy and Law Changes at Home and Abroad on Corporate Financial Business and Countermeasures

The Company is incorporated in the Cayman Islands and operates mainly in Hong Kong, Samoa, Taiwan, Vietnam and China. The Group carries out all business in accordance with important domestic and foreign policies and laws and regulations, keeps an eye on important domestic and foreign policy development trends and legal changes, and takes appropriate measures in response to changes in the market environment. The Group has also discussed with external experts about the economic substance identification regulations promulgated by the Cayman Islands recently, and preliminarily determined that there is no significant impact on the Group. Therefore, there is no case that there is a significant impact on the financial business due to important domestic and foreign policies and laws.

5. The Impact of Technological Change(including information security risks) and Industrial Change on Corporate Financial Business and Countermeasures

The Group keeps abreast of the terminal product market trends and evaluates the impact of market changes on the Group's operations. 5G-related products will become the mainstream of the market. Most of the Group's customers are leading terminal product manufacturers or significant suppliers. The Group continues to work closely with customers. To respond to the latest market trends, launch products in line with market patterns, and continue to diversify product portfolios to avoid the impact of market fluctuations in a single product. The Group has

established a sound information security control mechanism responding to information security risks. Pay attention to market-related risk information, so technological changes (including information security risks) and industry changes will not have a material adverse impact on the Group's financial business.

6. Impact of Corporate Image Change on Corporate Crisis Management and Countermeasures

The Group focuses on the operation of its own industry, continuously pursues the sustainable operation and growth of the enterprise, actively strengthens internal management, and improves product quality and production efficiency. In addition, the Group constantly introduces excellent talents, cultivates the strength of the business team, and returns the business results to shareholders and the public, so as to fulfill the social responsibility of the enterprise. The Group's business results and the Company's good reputation, as of the date of publication of the annual report, there is no corporate image change caused by the enterprise crisis.

7. Expected Effectiveness, Possible Risks and Countermeasures of Mergers and Acquisitions

The Group's board of directors approved the acquisition of SFA Semicon (Suzhou) Co., Ltd (hereinafter referred to as "SFA Suzhou") on March 14, 2024. The expected benefits of the merger can accelerate the expansion of the company's business scope to metal lead frame-based packaging and testing foundry services, leveraging SFA Suzhou's rich packaging experience. Our manufacturing team and sound manufacturing system, combined with ShunSin's existing advantages, will expand the scope of cooperation in response to the needs of existing customers and explore potential markets such as EV/vehicle, power management IC, MCU, etc. The relevant risks have been set up to conduct prudent assessments and commissioned External professional organizations assist in handling relevant matters to ensure the company's interests and overall shareholder rights, so the risks it brings are considered to be limited.

8. Anticipated Efficiency, Possible Risks and Countermeasures of the Expanded Plant:

In response to the continuous growth of operation scale and risks related to the trade war, the Board of Directors approved the establishment of a second production base in Vietnam on October 17, 2019, and brought into production in the fourth quarter of 2020. The Group also started integrating local resources to form a Vietnamese operation team based on the successful experience of China to meet local manpower needs and policies. The Vietnamese production base will help the Group increase order capacity and productivity, disperse geopolitical risks, and reduce the proportion of management and production costs, thus enabling the expansion of operation scale and enhancement of overall competitiveness, while still limiting the risks thereof.

In response to the continued growth of the Group's operating scale and risks related to trade wars, the board of directors approved the establishment of a second production base for optical communication products in Vietnam on October 17, 2019. The Ha Noi Vietnam factory started production in the fourth quarter of 2020. The Bac Giang Vietnam factory was put into use, and the production capacity of optical communication products further increased. On December 19, 2023, the board of directors approved the establishment of ShunSin Vietnam as the second production base for SiP products in Vietnam. In response to local manpower needs and policies, the Group successfully experienced an integration of local resources to form a Vietnam operation team. The Vietnam production base will help the Group strengthen its order-taking capabilities, increase production capacity, diversify geographical risks, reduce the proportion of management and production costs, expand operation scale, and enhance overall competitiveness, which brings Risks that are still limited.

The Group's board of directors approved the acquisition of SFA Suzhou on March 14, 2024, which can increase ShunSin's operating base in the Yangtze River Delta region of mainland China, get closer to the semiconductor supply chain in mainland China, provide customers with more timely services, and help To increase customers' reliance on ShunSin, relevant risks have been carefully assessed by setting up a project, and external professional organizations have

been entrusted to assist in handling relevant matters to ensure the interests of the company and the interests of the overall shareholders. Therefore, the risks it brings are considered to be limited.

9. Risks and Countermeasures Encountered in Purchasing or Marketing Concentration

<1> Purchasing Concentration Risks

The purchase proportions of the Group's top ten suppliers in 2023 and 2022 were 59.98% and 61.08% respectively. The concentration of purchases in 2023 decreased mainly due to changes in the Group's sales mix. The demand for ShunSin sensor products has increased in 2023, making the overall product structure more even, which in turn affects corresponding supplier purchases. Therefore, the purchase proportion of the top ten suppliers shows a downward trend.

<2> Marketing Concentration Risks

The sales ratios of the Group's top ten customers in 2023 and 2022 were 92.39% and 96.09% respectively. The top two customers accounted for approximately 59% and 74% of the overall revenue respectively in both years. The concentration of sales in both years has declined. The trend is mainly due to the Group's active expansion of new customers and new products, which affects the concentration of sales. The Group has long-standing relationships with its customers, who are also industry leaders and have good trading conditions. In addition, the Group is also actively developing new products and improving packaging technology, developing new customers striving to diversify its product portfolio, and supporting customers in developing new design concepts. Reduce the operational risks associated with transferring orders from important customers.

10. The impact, risks and countermeasures of the transfer or exchange of shareholdings of directors, supervisors or major shareholders holding more than 10% of the shares on the Company

The directors or major shareholders holding more than 10% of the shares of the Company in the most recent year and up to the date of the publication of the annual report of the Company have no substantial transfer or change of shares.

11. The Impact, Risks and Countermeasures of the Change of Management Right on the Company

The Company has not changed its management rights in recent years or as of the date of publication of the annual report. The Company has strengthened various corporate governance measures, introduced independent directors and established Audit Committee in order to enhance the protection of the rights of the overall shareholders. In addition, the operation of the Company relies on professional managers, and its good performance should be supported by shareholders. Moreover, the Company has formulated a complete internal control system and relevant management rules. Therefore, the change of the right to operate should not result in the significant impact on the Company's operation.

12. Litigation or Non-litigation matters should list of The Company and its directors, supervisors, general managers, substantive principals, major shareholders and affiliated companies with a shareholding ratio of more than 10% shall be specified as major litigation, non-litigation or administrative litigation events whose results may have a significant impact on shareholders' rights and interests or securities prices. The facts of the dispute, the amount of the subject matter, the date of commencement of the proceedings, the principal parties involved and the disposition as of the date of publication of the annual report shall be disclosed.

Courts (agencies) and their case	parties involved in litigation	Litigation start date	Disputed facts and subject amount	Current processing situation	Manager's views and plans on this case

numbers					
Taiwan Taipei District Court 2023 Heavy Litigation No. 527	Plaintiff : Browave Corporation Defendant : ShunYun Technology Holdings Limited Taiwan branch	June 8, 2023	The plaintiff requested the defendant to accept the ordered goods and pay the purchase and sale price and interest until the settlement date.	The two parties have reached a settlement, and the plaintiff has made a request to the court to withdraw the lawsuit. The defendant has also filed a petition indicating that it agrees to withdraw, and the court is waiting for the court to send a notice of cancellation of the court date.	Claim rights according to law.

13. Other important risks and countermeasures:

<1> The impact of changing demand for consumer electronics

One of the main sales products of the Group is high-frequency wireless communication modules, ambient light sensors, and various proximity and ranging modules used in consumer electronics products. The products are used in mobile phones (smartphones), wearable Mobile devices, wireless networks, and other communication products, as far as consumer electronics products are concerned, are characterized by short life cycles and rapidly changing functions, and are easily affected by the consumption habits of Christmas and New Year shopping. The peak period of shipments is mostly concentrated in the fourth quarter, so the demand for suppliers will be responded to in advance in the third to fourth quarters, so the revenue in the second half of the year will usually be significantly higher than that in the first half.

The Group's main customer terminal application market is high-end smartphones, and the Group's revenue is related to its sales. Therefore, in terms of market demand, the Group's industry is quite related to changes in downstream terminal application market demand.

5G applications are currently the main growth driver for global shipments of future smartphones. There is a new wave of replacement opportunities in the 5G smartphone market demand, and market shipments are picking up. However, the end consumer market is currently hit by economic uncertainty, which is expected to be Growth resumes as the economy recovers. The Group will monitor relevant market demand and closely contact and cooperate with terminal brand manufacturers to seize market opportunities, develop more innovative and advanced products, and launch new products that meet consumer tastes and preferences before competitors. We will pay close attention to Changes in government policies, which will reduce the adverse effects caused by policy changes. At the same time, we will actively maintain a diversified product layout, hoping to reduce risks caused by changes in demand for consumer electronics products.

<2> Relevant Risks of Market Competition

The Group mainly engages in the assembly, testing and sales of SiP, high-speed optical transceiver module and other types of integrated circuit module. It is a professional semiconductor packaging and testing Company. SiP products include high frequency wireless communication module and the wireless module and so on, main products are applied to the mobile phone of the Radio Frequency Power Amplifier (RFPA), domestic

and foreign packaging factory, such as ASE's South Korea Plant, Amkor Technology's South Korea Plant, Jiangsu Changjiang Electronics Technology Co., Ltd., Luxshare Precision Industry Co., LTD, Ltd. and LINGSEN PRECISION INDUSTRIES, LTD. all provide such module sealing and testing services. Our high-speed optical transceiver module is in competition with Fabrinet Co., Ltd. and PCL Technologies, Inc.. Therefore, in the fierce market competition, the Group not only focuses on diversification of products and diversification of operating risks, but also maintains the leading technology and quality of the process, and continuously obtains orders of new products from customers to reduce risks.

The Group has SiP, Flip Chip technology, Various light source sensor modules and other assemble and testing technology capabilities, and provides customized services, according to customer demand development and production of related module products, to provide customers with one-stop service. In addition, the Group has achieved heterogeneous integration through SiP to accelerate the integration of more functions in the module. Therefore, the Group will improve the difficulty of the manufacturing process to increase and meet the order demand of customers, which has the advantages of economies of scale and improving the barriers for new manufacturers to enter. In the future, we will continue to deepen the cooperation with customers, expand product diversification, and develop new customers, to consolidate the source of orders.

<3> Risks of Shareholders' Rights and Interests Protection

There are many differences between the Company Law of the Cayman Islands and the Company Law of the Republic of China. Although the Company has amended its Articles of Association in accordance with the "Checklist of Shareholders Rights Protection with respect to Foreign Issuer's Place of Incorporation" stipulated by the Taiwan Stock Exchange. However, there are still many differences between the two laws and regulations regarding the operation of the Company, and investors are not able to take the legal rights and safeguards of investing in a Taiwan Company as the case may be. In comparison with the Cayman Islands Company in which they have invested, investors should really know and consult with experts to discover whether the Cayman Islands Company has shareholders' rights and safeguards that are not available to them.

<4> Risks Associated with the Presentation of this Annual Report

A. Facts and Statistics

Some of the data and statistics in this annual report are drawn from different statistical publications. However, such information may be inaccurate, incomplete or not up to date. The Company makes no representations as to the truth or accuracy of such statements, and investors shall not rely excessively on such information for investment judgment.

B. Forward-looking Statements and Risks and Uncertainties Contained in this Annual Report

The annual report contains a number of forward-looking statements and information about our Company and related enterprises. These statements and information are based on the beliefs, assumptions and information available to the management of the Company. In this annual report, "estimate", "believe", "can" and "expect", "future", "intentionally", "or", "must", "plan", "forecast" and "seek", "should" and "will", "may" and "could" and similar words, when used in the Company or the Company's management, namely the forward-looking statements. Such statements reflect the current views of the Company's management regarding future events, operations, working capital, sources of funds, etc. Some of these views may not be realized or may change. These statements are subject to a number of risks, uncertainties and assumptions, including other risk factors described in this annual report. Investors should carefully consider and rely on any forward-looking statement involving

known and unknown risks and uncertainties. The risks and uncertainties faced by the Company may affect the accuracy of the forward-looking statements, including but not limited to:

(A) The statements in V. Operation Overview of this annual report.

(B) A number of statements in this annual report on price, volume, operating, profit trends, overall market trends, risk management and exchange rates.

The Company will not update the forward-looking statements in this annual report or modify them in light of future events or information. In view that such risks and other risks, uncertainties and assumptions, the forward-looking statements and circumstances of this annual report may not occur in the manner anticipated by the Company. Therefore, investors should not rely on any forward-looking statements.

<5> Information safety

As the Group is often in contact with customers' important information, it also attaches great importance to controlling information security. We also have strict controls over employees' access to external networks or installation of computer software, which must be approved in advance. For important system data, remote backup is also regularly carried out to prevent the loss of important data. In addition to basic information security education and training for new employees, information security training and the promotion of information security awareness are also carried out on a regular basis every year to provide the information security guarantee for the Company's production and operation activities. As of the latest annual report and the date of its publication, the Company has not experienced any major cyber-attacks that would impact its operations.

vii. Other Important Matters: None.

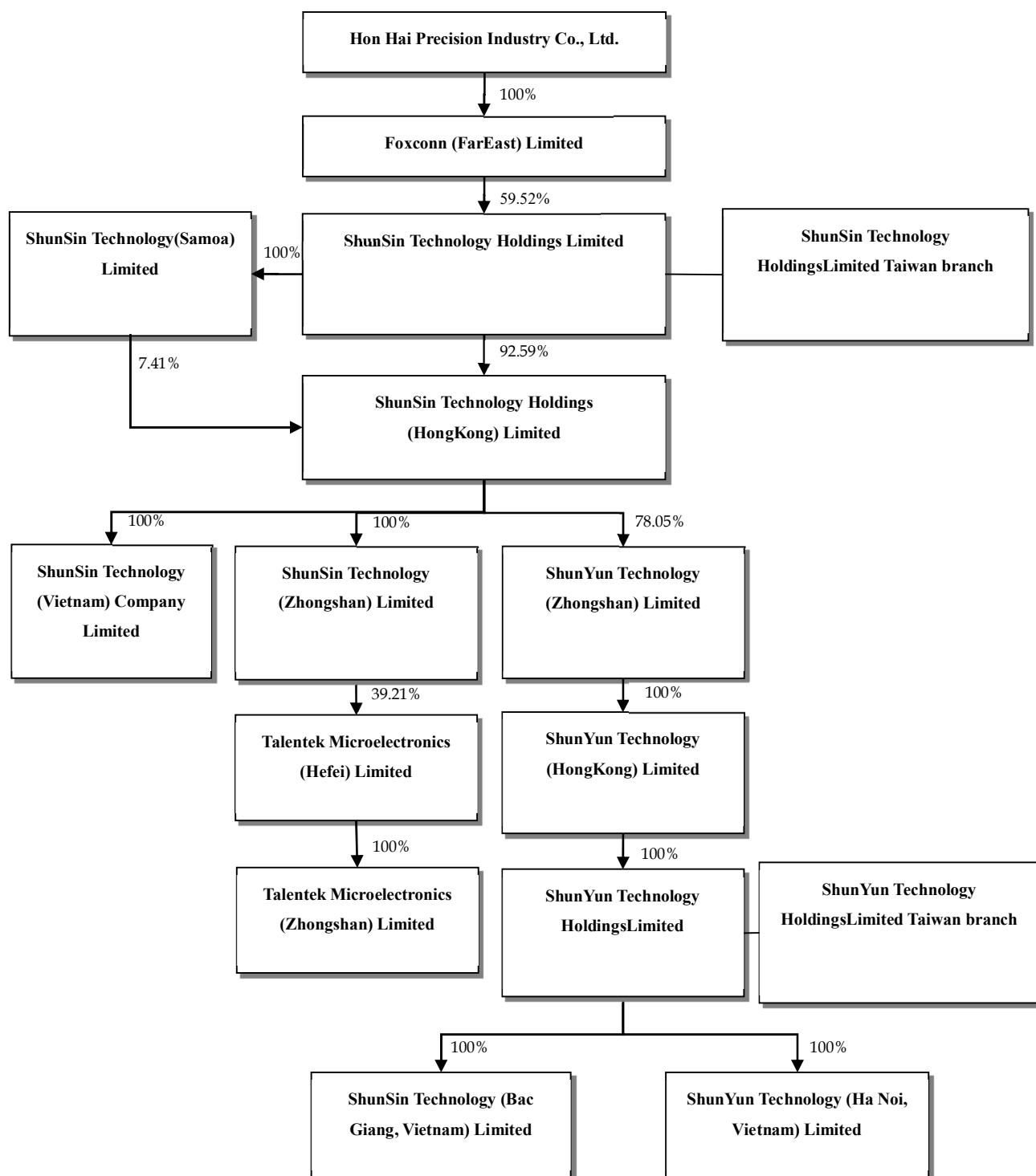
VIII. Special Items

i. Relevant Information of Associated Enterprises

1. Business Report on Merger of Related Enterprises

<1> Organization Chart of Related Enterprises

March 31, 2024



<2> Basic Information of Related Enterprises

March 31, 2024; Unit: \$ thousand

Name of Enterprise	Establishment Date	Location	Paid-in Capital		Main Business Items
HON HAI PRECISION INDUSTRY Company LTD.	1974/2/20	Taiwan	NTD	138,629,906	Information industry, communication industry, automation equipment industry, precision machinery industry, automotive industry and consumer electronics related connectors, chassis, radiators, wired/wireless communication products, optical products, power supply modules, manufacturing, sales and service of modular assembly products and network cable assembly products.
Foxconn (Far East) Limited	1996/1/25	Cayman Islands	USD	8,061,629	Holding Company for investment.
ShunYun Technology Holdings Limited	2020/7/13	Cayman Islands	USD	58,280	Holding Company for investment.
ShunSin Technology (Samoa) Corporation Limited	2015/2/5	Samoa	USD	15,516	Overseas material and equipment procurement.
ShunYun Technology (Ha Noi, Vietnam) Limited	2019/12/26	Vietnam	USD	6,000	Assembly, testing and sales of high speed optical transceiver.
ShunSin Technology (Bac Giang, Vietnam) Limited	2020/5/8	Vietnam	USD	69,000	Assembly, testing and sales of high speed optical transceiver.
ShunSin Technology (Vietnam) Company Limited	2024/01/18	Vietnam	USD	10,000	Assembly, testing and sales of system module packaging products and other types of integrated circuits.
ShunSin Technology Holdings(Hongkong) Limited	2008/2/15	Hong Kong	HKD	1,000,651	Holding Company for investment.
ShunYun Technology Holdings(Hongkong) Limited	2021/7/7	Hong Kong	USD	39,000	Holding Company for investment.
ShunSin Technoogy Holdings Limited (Zhongshan)	1998/6/19	Mainland China	RMB	722,637	Assembly, testing and sales of SiP products and other types of integrated circuits.
ShunYun Technoogy Holdings Limited (Zhongshan)	2020/11/26	Mainland China	RMB	373,496	Assembly, testing and sales of high speed optical transceiver.
Talentek Microelectronics (Zhongshan) Limited	2024/01/10	Mainland China	RMB	5,000	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment
Talentek Microelectronics (Hefei) Limited	2017/6/5	Mainland China	RMB	50,000	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment

<3> Subject to article 369 3 of the Company Act, a controlling and subordinate relationship is concluded to be: Not applicable.

<4> The industry covered by the overall business operation of the enterprise

The business of the Company and its affiliated enterprises includes general investment and business, as well as assembly, testing and sales of SiP products and other types of integrated circuits. The related enterprises operate in accordance with the overall business plan of the Group.

<5> Information on directors, supervisors and general managers of related enterprises

April 2, 2024

Name of Enterprise	Title	Name or Representative	Shareholding	
			Number of Share	Ratio %
HON HAI PRECISION INDUSTRY Company LTD.	Chairman / CEO	Liu, Young-Way	656,219	0.00%
	Legal Person as Corporate Director	Hon Jin International Investment Co., Ltd.	1,483,078	0.01%
		Representative: Wang, Chang-yang	47	0.00%
		Hon Jin International Investment Co., Ltd.	1,483,078	0.01%
	Legal Person as Corporate Director	Representative: Christina	12,000	0.00%
	Independent Director	James Wang	-	0.00%
	Independent Director	Hwang, Tsingyuan	-	0.00%
	Independent Director	Liu, Len-yu	-	0.00%
	Independent Director	Chen, Yue-min	-	0.00%
	Director	Huang, Chiu-Lien	-	-
Foxconn (Far East) Limited	Director	Huang, Te-Tsai	-	-
ShunYun Technology Holdings Limited	Director	Fan, Chen-Piao	-	-
ShunSin Technology (Samoa) Corporation Limited	Director	Hsu, Wen-Yi	-	-
ShunYun Technology (Ha Noi, Vietnam) Limited	Director	Fan, Chen-Piao	-	-
ShunSin Technology (Bac Giang, Vietnam) Limited	Director	Fan, Chen-Piao	-	-
ShunSin Technology Holdings (Hongkong) Limited	Director/general manager	Hsu, Wen-Yi	-	-
ShunYun Technology Holdings (Hongkong) Limited	Director	Fan, Chen-Piao	-	-
ShunSin Technology (Zhong Shan) Limited	Executive director/general manager	Hsu, Wen-Yi	-	-
	Supervisor	Fan, Chen-Piao	-	-
ShunYun Technology (Zhong Shan) Limited	Executive director/general manager	Fan, Chen-Piao	-	-
	Supervisor	James Cheng	-	-
Talentek Microelectronics (He fei) Limited (Note)	Chairman	Luo, Chi-Hua	RMB 2,369,864	5.26%
	Supervisor	Fan, Chen-Piao	RMB 1,500,000	3.33%
	Director	NG WAI KHEAN	-	-
	Director	Tan, Hai Lin	-	-
	Director	Liu, De Sheng	-	-
	Director	Teo, Chee Kheng	-	-

Note: It's a Limited Company in China, so there are no shares and par value.

2. Overview of the Operation of the Related Enterprises

March 31, 2023; Unit:\$ thousand

Name of Enterprise	Currency	Capital	Total Assets	Total Liabilities	Net Value	Operating revenue	Business Income(Losses)	Current Profit and Loss (after Tax)	EPS
HON HAI PRECISION INDUSTRY Company LTD. (Note 1)	NTD	138,629,906	3,939,788,977	2,253,545,331	1,686,243,646	6,162,221,359	166,528,495	154,789,382	10.25
Foxconn (Far East) Limited (Note 1)	NTD	8,061,629	1,584,033,226	63,439,779	1,520,593,447	-	(4,920,923)	120,517,205	0.55
ShunYun Technology Holdings Limited	USD	58,280	136,796	76,380	60,416	14,615	259	93	0.002
ShunSin Technology (Samoa) Corporation Limited	USD	15,516	26,978	286	26,692	-	-	39	0.003
ShunYun Technology (Ha Noi, Vietnam) Limited	VND	139,038,000	721,036,049	134,305,908	586,730,141	145,146,984	(8,113,203)	4,801,264	Note 2
ShunSinTechnology(BacGiang, Vietnam) Limited	VND	1,875,864,000	2,156,213,354	350,326,498	1,805,886,856	128,836,757	7,478,952	1,772,939	Note 2
ShunSinTechnology(Vietnam) Company Limited	USD	10,000	16,463	6,976	9,487	-	(198)	(513)	Note 2
ShunSin Technology Holdings (Hongkong) Limited	NTD	3,804,666	11,585,032	116,715	11,468,317	-	(2,441)	(54,072)	(0.005)
ShunYun Technology Holdings (Hongkong) Limited	USD	39,000	60,525	4,506	56,019	-	(48)	198	(0.005)
ShunSin Technology (Zhong Shan) Limited	RMB	722,637	2,183,038	100,127	2,082,911	82,052	(1,507)	(1,307)	Note 2
ShunYun Technology (Zhong Shan) Limited	RMB	373,496	588,012	32,983	555,029	5,307	(11,583)	(8,235)	Note 2
Talentek Microelectronics (He fei) Limited	RMB	45,056	149,016	51,095	97,921	33,079	(508)	488	Note 2
Talentek Microelectronics (Zhong Shan) Limited	RMB	5,000	5,454	575	4,879	-	(118)	(121)	Note 2

Note 1: Individual financial report data for 2023.

Note 2: Registered as a limited Company, no shares or par value.

Note 3: Except for Hon Hai Precision Industry Co., Ltd., and Foxconn (Far East) Limited, the data content in the above table is as of the first quarter of 2024.

3. Consolidated financial statements of related enterprises: same as Consolidated Financial Statements, please refer to pages 129 to 213.

4. Report of Related Enterprises: Not applicable.

- ii. Raising of private securities and financial bond in the previous year and up to the date of publication of the annual report: None.
- iii. Subsidiary holdings and disposal of shares in the previous year and up to the date of publication of the annual report: None.
- iv. Additional remarks: None.
- v. In the recent years up to the print date of Annual Report, a case has occurred that has had a significant impact on the rights of shareholders or the price of securities as specified in paragraph 2, paragraph 3, article 36 of the Securities and Exchange Act: None.

vi. The Significant Difference between Shareholders Rights Protection Provisions of the Country

Important matters of shareholder protection	Articles of Association and reason for discrepancy
The Company is not allowed to print stocks and issue them without entity.	This Company is the primary listed Company and does not apply to this important issue of checklist of shareholders rights protection.
1. The shareholders' meeting shall be held in the territory of the Republic of China. If the shareholders' meeting is convened outside the Republic of China, the stock exchange shall approve within two days after the resolution of the board of directors or the shareholders obtain the permission from the competent authority. 2. If the Shareholder continue to hold more than one year and hold more than 3% of the total outstanding shares, they may write down the proposed matters and reasons and request the Board of Directors to convene an extraordinary shareholders meeting. Within 15 days after the request is filed, and the Board of Directors has not notified to convene the meeting, the Shareholder may report to the competent authority for permission to convene themselves.	1. Since the convening of the extraordinary shareholders' meeting is not subject to the permission of the local authorities of the Cayman Islands, if shareholders hold their own meeting outside the Republic of China, Article 18.5 of the Articles of Association of the Company only stipulates that the Stock Exchange should be notified in advance for approval, instead of "reporting to the Stock Exchange for approval within two days after the shareholders have obtained the permission from the competent authority" as required by the "Important Matters in the Protection of Shareholders' Rights and Interests". This part shall have no material effect on shareholders' equity of the Republic of China. 2. In addition, regarding the extraordinary shareholders' meeting convened by the shareholders, as a result of the Cayman Company Law, such acts are not subject to the permission of the local authorities of the Cayman Islands. Therefore, Article 18.5 of the Articles of Association does not specify that the competent authority should be notified in advance for permission before they convene the extraordinary shareholders' meeting.
1. The Articles of Association may regulate for the allocation of earnings or loss to be made up after the end of each quarter or each semi-annual accounting year. 2. The Board of Directors' resolution shall be submitted to the supervisor for examination and approval, together with the business report and financial statements, of the Company's earnings allocation or loss allocation proposals for the first three quarters or the first half fiscal year. After supervisor approving, the company submit the related docutment to Board of Directors. 3. When distributing surplus in accordance with the provisions of the preceding paragraph, the Company shall first estimate and retain the tax payable, make up for losses in accordance with the law and set aside the statutory surplus reserve. However, this shall not apply when the statutory surplus reserve has reached the paid-in capital. 4. Where the Company issues new shares in accordance with the provisions of paragraph 2 to distribute the surplus, it shall be represented by the presence of more than two-thirds of the total number of shares issued, with the consent of more than half of the voting rights of the shareholders present. If the total number of shares of the shareholders present is less than the quota mentioned above, they may be represented by more than half of the shareholders who have issued the total shares, and the consent of more than two thirds of the voting rights of the shareholders present shall be exercised; the issuer of cash shall be decided by the Board of Directors. 5. When a Company distributes its surplus or makes up for its loss in accordance with the provisions of the preceding four items, it shall follow the financial statements audited or reviewed by the accountant.	According to the Company Law of Cayman Island, the Board of Directors of the Company may distribute mid-term earnings at any time after considering the Company's operation. The Company, taking into account the actual operating conditions, decides to allocate the earnings in each fiscal year in accordance with the provisions of article 13.5 of the Articles of Association. Therefore, important matters in the protection of shareholders' rights and interests shall not be amended, and such differences shall have no material impact on shareholder" rights and interests of the Republic of China.

Important matters of shareholder protection	Articles of Association and reason for discrepancy
Except as otherwise provided in the Articles of Association or the laws, resolutions of the shareholders' meeting shall be made in the presence of shareholders representing more than half of the total number of shares issued and with the consent of more than half of the voting rights of shareholders present.	As for the resolution method of the shareholders' meeting, apart from the ordinary and important resolutions under the law of R.O.C., there is still the "Special Resolution" defined by the Company Law of Cayman Island in article 1.1 of the Articles of Association. That is to say, in the absence of violation of the Company Law of Cayman Island, in the shareholders' meeting of a Company, a resolution passed with the consent of at least two-thirds of the voting rights of the shareholders present after the shareholders who are entitled to participate in the voting are present in person, or voted by a power of attorney, or by a representative legally authorized by a legal shareholder or a non-natural shareholder (in accordance with Article 22.1 of the Articles of Association, it means that shareholders representing more than half of the total voting shares issued are required to attend in person.)
- Any director (excluding independent director) or supervisor of a Company who transfers shares in excess of half of the amount of shares held by the Company at the time of election shall be relieved of his/her duties. - When a director (excluding independent directors) or supervisor of the Company is elected, his/her election is ineffective when the transfer of shares exceeds one-half of the amount of shares held at the time of his /her appointment, or during the period when the transfer of shares ceases before the shareholders' meeting is held, or when the transfer of shares exceeds one-half.	There are no "supervisors" in the Company Law of Cayman Island and the Company has set up Audit Committee but without supervisors. Therefore, in the Articles of Association, there is no relevant regulation of supervisors. If a director of the Company transfers shares more than one-half of the amount of shares held by the Company at the time of his/her appointment, the provision of natural dismissal or invalid election shall be stipulated in Article 36.3 of the Articles of Association of the Company.
- The Where the company has set up supervisors, the supervisor shall be elected via the shareholders' meeting. At least one of the supervisors must have a residence in the country. - The term of the supervisor shall not exceed three years. However, the supervisor may be re-elected. - When all supervisors are dismissed, the Board of Directors shall convene an extraordinary meeting of shareholders within 60 days to elect for supervisor. - The supervisor shall supervise business operations of the Company and, whenever deemed necessary, inspect the business and financial status of the Company, examine relevant accounting reports and documents and request the Board of Directors or managers to provide relevant reports. - The supervisor shall examine reports and statements compiled and submitted by the Board of Directors and provide opinions in the shareholders' meeting. - The supervisor must appoint an accountant or a lawyer to review the matter on behalf of the company. - Supervisors may attend and express their opinions in the Board of Directors' meeting. Where the Board of Directors or directors conducts business in violation of laws, Articles of Association, or resolutions of the shareholders' meeting, the supervisor shall immediately notify the Board of Directors or the Directors to stop their actions. - Each supervisor may exercise supervision independently. - The supervisor may not serve as a company director, manager or other employee.	The laws of the Cayman Islands does not have an equivalent concept as the supervisor. Moreover, the Company has an audit committee. Therefore, there is no regulations related to the supervisor in the Articles of Association.

Important matters of shareholder protection	Articles of Association and reason for discrepancy
- Shareholders who hold more than one percent of the current outstanding shares of the company for more than six months may request the supervisor to institute an action against the Director on behalf of the Company, and have the Taipei District Court of Taiwan as the court of first instance. - If the supervisor does not file a lawsuit within 30 days after the shareholder makes the request, the shareholder may file a lawsuit for the Company and the Taipei District Court of Taiwan shall be the court of first instance. - The supervisor or or the independent director of the Audit Committee may, in the interests of the Company, convene the shareholders' meeting, except that the Board of Directors does not or cannot convene the shareholders' meeting.	Since the laws of the Cayman Islands do not have an equivalent concept as the supervisor, and the Company has an audit committee, Article 47.3 of the Articles of Association of the Company provides that "within the scope permitted by the laws of the Cayman Islands, shareholders who hold at least one percent of the current outstanding shares for at least six months may: (a) In writing, request the independent director of the Audit Committee authorized by the Board of Directors to institute an action against the Directors on behalf of the Company, and may have the Taipei District Court of the Republic of China as the court of first instance; Or (b) In writing, request the independent director of the Audit Committee to institute an action against the Directors on behalf of the Company, and may have the Taipei District Court of the Republic of China as the court of first instance; Within 30 days after the request is made in accordance with the aforementioned Paragraph (a) or (b), if (i) the requested Board of Directors fails to authorize the independent director of the Audit Committee or the independent director of the Audit Committee authorized by the Board of Directors has not filed a lawsuit in accordance with paragraph (a); Or (b) if the independent director of requested the Audit Committee fails to institute an action, within the limits permitted by the laws of the Cayman Islands, the shareholders may institute an action on behalf of the Company against the Directors and have the Taipei District Court of the Republic of China as the court of first instance." This differs from the "Important Matters in the Protection of Shareholders' Rights and Interests," which specifies that "Shareholders who hold more than three percent of the current outstanding shares of the company for more than one year may request, in writing, the supervisor to institute an action against the Director on behalf of the Company, and have the Taipei District Court of Taiwan as the court of first instance. In addition, in view of the above provisions, counsel of Cayman Islands shall, in accordance with the acts of Cayman Islands, remind the following: The Cayman Islands' company law does not have specific regulations that allow certain minority shareholders to file derivative actions against the Directors in the courts of the Cayman Islands. In addition, the Company's Articles of Association is not a contract between the shareholders and the Directors but the agreement between the shareholders and the Company is that even if the minority shareholders are allowed to file a derivative action against the directors in the Articles of Association, lawyers of the Cayman Islands believe that the Directors will not be bound by the contents. However, under common law, all shareholders (including minority shareholders) have the right to file derivative actions (including litigation against the Directors) regardless of their shareholding proportion or period. Once the shareholder sues, the court of the Cayman Islands will have full discretion to decide whether the shareholder can continue the litigation. Furthermore, even if the Company's Articles of Association permits minority shareholders (or shareholders with the required shareholding ratio or period) to institute an action against the Directors on behalf of the Company, whether the lawsuit can continue ultimately depends on the court of the Cayman Islands. According to a relevant verdict of the Grand Court of the Cayman Islands, when the court of the Cayman Islands considers whether to approve the continuation of a

Important matters of shareholder protection	Articles of Association and reason for discrepancy
	derivative action, the applicable criterion is whether the court believes and accepts that the plaintiff's request on behalf of the Company is substantive on the surface and the claimed wrongful act is made by the controllable company, and the controller can prevent the Company from instituting a reverse action. The court of the Cayman Islands will determine on a case-by-case basis (although the court may refer to the provisions of the Company's Articles of Association, this is not a decisive factor). According to the laws of the Cayman Islands, the Board of Directors should decide on its behalf (instead of individual directors) on behalf of the Company. Therefore, the Directors shall, in accordance with the provisions of the Articles of Association, authorize any director according to resolution of the Board to file a lawsuit against other directors on behalf of the Company. The Cayman Islands' company act does not provide a clear specification to enable shareholders request the Directors to convene a board meeting to resolve specific matters. However, the Cayman Islands' company act does not prohibit the Company from establishing rules relating to the board meeting procedures in the Articles of Association (including the provisions for convening the board meeting).
1. When the shareholders' meeting resolves any of the following matters, the dissenting shareholders shall have the right to request the company to buy shares: (1) Company division, merger, acquisition, or share conversion; (2) The company concludes, modifies, or terminates the lease of the entire business, entrusts the operation, or frequently co-operates with others, transfers all or a major part of the business or property, or transfers the entire business or property of others that have a negative impact on the company's operations. Tremendous influence. 2. The shareholder's request for the preceding paragraph shall be submitted in writing within 20 days from the resolution date of the shareholders' meeting and shall specify the requested purchase price. If the shareholders and the company reach an agreement on the purchase price, the company shall pay the price within 90 days from the date of the resolution of the shareholder's meeting. If no agreement is reached, the company shall, within ninety days from the date of resolution, pay the price to the shareholders who have not reached an agreement at what it considers to be a fair price; if the company fails to make the payment, it shall be deemed to have agreed to the purchase price requested by the shareholders. 3. Shareholders who vote against or abstain from voting at the shareholders' meeting may request the company to purchase all of their shares based on the reasons specified in Subparagraph 1 of Paragraph 1. If an agreement is not reached within a few days, the company shall, within 30 days after the expiration of this period, apply to the court for a ruling on the price with all the shareholders who have not reached an agreement as counterparties, and the Taipei District Court of Taiwan may be the court of first instance jurisdiction. 4. The number of shares that have abstained from voting in the preceding paragraph shall	The Articles of Association have been revised with reference to the purpose of Taiwan Securities Exchange Co., Ltd.'s letter No. 1111704301 on January 9, 2023. After being approved by the board of directors on March 14, 2023, it will be submitted to the shareholders' meeting on June 28, 2023, for discussion.

Important matters of shareholder protection	Articles of Association and reason for discrepancy
not be included in the number of voting rights of shareholders present. 1. When the directors of the company have their own interests in the matters of the board meeting, they should explain the important content of their own interests in the current board meeting; The important contents of the interests, and the reasons for approving or opposing the merger and acquisition resolution, the company shall state the important contents of the directors' interests and the reasons for approving or opposing the merger and acquisition resolution in the reasons for convening the shareholder meeting, and the contents may be submitted to the securities regulatory authority of the Republic of China Or the website designated by the company, and its website address shall be stated in the notice. 2. If a director's spouse, a blood relative within the second degree, or a company with which the director has a controlling affiliation relationship, has an interest in the matters of the preceding meeting, it shall be deemed that the director has his own interest in the matter. 3. When a director of a company has a personal interest in matters of the board meeting that may harm the interests of the company, he may not participate in the vote, and shall not exercise his voting rights on behalf of other directors. The resolutions of the board of directors shall not be included in the voting rights of directors present for the directors who are not allowed to exercise voting rights in accordance with the foregoing provisions.	The Articles of Association have been revised with reference to the purpose of Taiwan Securities Exchange Co., Ltd.'s letter No. 1111704301 on January 9, 2023. After being approved by the board of directors on March 14, 2023, it will be submitted to the shareholders' meeting on June 28, 2023, for discussion.

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, 2023 and 2022, and the related consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, 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 for 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 (14) for accounting policy related to revenue recognition, and notes 6 (20) 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 sales transactions throughout the year 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.

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, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

		2023.12.31		2022.12.31	
Assets		Amount	%	Amount	%
Current assets:					
11xx	Cash and cash equivalents (note 6 (1))	\$ 8,070,508	55	8,819,738	54
1100	Current financial assets at fair value through profit or loss (note 6 (2))	-	-	6,004	-
1137	Financial assets at amortized costs- current (note 6 (3), (11), (12) and 8)	21,125	-	61,732	-
11140	Current contract assets (note 6 (20) and 7)	280,459	2	408,006	3
11170	Accounts receivable (note 6 (4) and (20))	718,183	5	968,455	6
11181	Accounts receivable— related parties (note 6 (4), (20) and 7)	66	-	63,785	-
1206	Other receivables (note 6 (2) and (5))	125,943	1	32,178	-
1220	Current tax assets	4,246	-	20,062	-
1310	Inventories (note 6 (6))	371,596	2	801,660	5
1410	Prepayments	99,521	1	76,653	1
1470	Other current assets	1,778	-	3,388	-
		9,693,425	66	11,261,661	69
Non-current assets:					
15xx	Financial assets measured at fair value through profit or loss-non-current (note 6 (2))	147,577	1	325,238	2
1510	Financial assets at amortized costs- non -current (note 6 (3), (11), (12) and 8)	-	-	8,010	-
1535	Property, plant and equipment (note 6 (8), 7 and 9)	4,161,066	28	3,946,760	24
1600	Right-of-use assets (note 6 (9))	400,698	3	330,849	2
1755	Intangible assets (note 6 (10))	1,461	-	1,566	-
1840	Deferred tax assets (note 6 (16))	322,898	2	395,789	3
1915	Prepayments for business facilities (note 9)	4,027	-	8,422	-
1920	Guarantee deposits paid	19,959	-	14,017	-
		5,057,686	34	5,030,651	31
Liabilities and equities					
Current liabilities:					
21xx	Short-term loans (note 6 (3), (11) and 8)	\$ 4,438,513	30	4,327,134	27
2100	Current contract liabilities (note 6 (20))	67,564	1	59,862	-
2170	Accounts payable	320,688	2	622,933	4
2180	Accounts payable to related parties (note 7)	4,655	-	8,100	-
2200	Other payables (note 6 (21))	614,821	4	662,723	4
2220	Other payables to related parties (note 7)	5,729	-	16,173	-
2230	Current tax liabilities	42,605	-	28,748	-
2280	Current lease liabilities (note 6 (14))	57,102	-	21,247	-
2321	Bonds payable, current portion (note 6 (13))	-	-	1,506,376	9
2322	Long-term borrowings, current portion (note 6 (3), (12) and 8)	1,528,536	11	198,690	1
2399	Other current liabilities	25,833	-	6,759	-
		7,106,046	48	7,458,745	45
Non-current liabilities:					
25xx	Long-term loans (note 6 (3), (12) and 8)	-	-	1,725,125	10
2540	Deferred tax liabilities (note 6 (16))	238,278	2	309,026	2
2570	Non-current lease liabilities (note 6 (14))	50,814	-	34,635	-
2580	Long-term deferred revenue	109,183	1	81,701	1
2630	Guarantee deposits received	4,961	-	4,884	-
2645		403,236	3	2,155,371	13
	Total liabilities	7,509,282	51	9,614,116	58
Total equity attributable to owners of parent (note 6 (7), (13), (17) and (18)):					
31xx	Ordinary share	1,074,648	7	1,074,648	7
3110	Capital surplus	2,903,693	20	2,933,948	18
3200	Retained earnings:				
3300	Legal reserve	534,118	4	513,551	3
3310	Special reserve	162,447	1	298,036	2
3320	Unappropriated retained earnings	2,143,560	15	1,717,906	11
3350		2,840,125	20	2,529,493	16
3400	Other equity interest				
3410	Exchange differences on translation of foreign financial statements	(376,209)	(3)	(162,447)	(1)
3500	Treasury shares	(108,347)	(1)	(151,236)	(1)
	Total equity attributable to owners of parent	6,333,910	43	6,224,406	39
36xx	Non-controlling interests (note 6 (7))	907,919	6	453,790	3
3xxx	Total equity	7,241,829	49	6,678,196	42
2-3xxx	Total liabilities and equity	\$ 14,751,111	100	16,292,312	100

See accompanying notes to consolidated financial statements

Manager: Hsu, Wen-Yi

Chairman: Chiang, Shang-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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earning Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6 (20) and 7):				
4110	Sales revenue	\$ 5,214,980	100	5,319,347	100
4190	Loss: Sales discounts and allowances	2,758	-	1,406	-
	Operating Revenue	5,212,222	100	5,317,941	100
5000	Operating costs (note 6 (6), (8), (9), (10), (14), (15), (21) and 7)	3,991,035	77	4,668,217	88
5900	Gross profit from operations	1,221,187	23	649,724	12
6000	Operating expenses (note 6 (8), (9), (10), (14), (15), (18), (21) and 7):				
6100	Selling expenses	48,375	1	56,412	1
6200	Administrative expenses	501,892	10	363,854	7
6300	Research and development expenses	386,959	7	310,505	6
	Total operating expenses	937,226	18	730,771	14
6900	Net operating profits (losses)	283,961	5	(81,047)	(2)
7000	Non-operating income and expenses (note 6 (2), (13), (14), (22) and 7):				
7100	Interest revenue	191,856	4	201,297	4
7010	Other income	78,700	1	72,524	1
7020	Other gains and losses	190,147	4	(48,591)	(1)
7050	Finance costs	(178,005)	(3)	(127,703)	(2)
	Total non-operating income and expenses	282,698	6	97,527	2
7900	Profit from continuing operations before tax	566,659	11	16,480	-
7950	Loss: Tax expense (benefit) (note 6 (16))	99,243	2	(166,251)	(3)
8200	Profit	467,416	9	182,731	3
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	(236,695)	(5)	149,183	3
8399	Loss: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income, net	(236,695)	(5)	149,183	3
8500	Total comprehensive income	\$ 230,721	4	331,914	6
	Profit, attributable to:				
8610	Owners of parent	\$ 434,217	8	205,674	3
8620	Non-controlling interests	33,199	1	(22,943)	-
		\$ 467,416	9	182,731	3
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 220,455	4	341,263	6
8720	Non-controlling interests	10,266	-	(9,349)	-
		\$ 230,721	4	331,914	6
	Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (19))				
9750	Basic earnings per share	\$ 4.10		1.92	
9850	Diluted earnings per share	\$ 4.06		1.92	

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Retained earnings						Exchange differences on translation of foreign financial statements		Treasury shares	Total equity attributable to owners of parent		
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
\$	1,074,648	2,963,425	473,243	253,000	1,872,686	2,598,929	(298,036)	-	6,338,966	188,766	6,527,732	
Balance as of January 1, 2022												
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	40,308	-	(40,308)	-	-	-	-	-	-	
Special reserve	-	-	-	45,036	(45,036)	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(275,110)	(275,110)	-	-	(275,110)	-	(275,110)	
Profit (loss)	-	-	-	-	205,674	205,674	-	-	205,674	(22,943)	182,731	
Other comprehensive income (loss)	-	-	-	-	-	-	135,589	-	135,589	13,594	149,183	
Total comprehensive income (loss)	-	-	-	-	205,674	205,674	135,589	-	341,263	(9,349)	331,914	
Purchase of treasury shares	-	-	-	-	-	-	-	(151,236)	(151,236)	-	(151,236)	
Changes in ownership interests in subsidiaries	-	(29,477)	-	-	-	-	-	-	(29,477)	29,477	-	
Share-based payment transactions	-	-	-	-	-	-	-	-	-	19,329	19,329	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	225,567	225,567	
Balance as of December 31, 2022												
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	
\$	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	
Balance as of December 31, 2023												

See accompanying notes to consolidated financial statements

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

Chairman: Chiang, Shang-Yi

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 566,659	16,480
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	492,928	511,583
Amortization expense	792	568
Net loss (profit) on financial assets and liabilities at fair value through profit or loss	(34,958)	45,511
Interest expense	178,005	127,703
Interest income	(191,856)	(201,297)
Share-based payments	111,580	19,329
Gain on bond redemption	(7,500)	-
Net loss (gain) on disposal and scrapping of property, plant and equipment	1,277	(9,609)
Property, plant and equipment transferred to expenses	323	241
Gains on disposals of investments	(148,397)	-
Gain from modification of lease	(43)	(47)
Total adjustments to reconcile profit (loss)	402,151	493,982
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets designated at fair value through profit and loss	269,328	35,872
Contract assets	127,547	(78,502)
Accounts receivable	250,272	(314,684)
Accounts receivable—related parties	63,719	37,673
Other receivables	3,221	30,869
Inventories	432,432	339,795
Prepayments	(22,868)	247,036
Other current assets	1,610	(215)
Total changes in operating assets	1,125,261	297,844
Changes in operating liabilities:		
Contract liabilities	7,702	(3,918)
Accounts payable	(302,245)	3,875
Accounts payable—related parties	(3,445)	(3,385)
Other payable	56,406	(122,683)
Other payable—related parties	-	(6,694)
Other current liabilities	19,074	(18,042)
Long-term deferred income	27,482	(9,947)
Total changes in operating liabilities	(195,026)	(160,794)
Total changes in operating assets and liabilities	930,235	137,050
Total adjustments	1,332,386	631,032
Cash inflow generated from operations	1,899,045	647,512
Interest received	205,044	187,497
Interest paid	(172,800)	(94,119)
Income taxes paid	(66,720)	(119,708)
Net cash flows from (used in) operating activities	1,864,569	621,182
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized costs	(13,133)	(8,819)
Proceeds from disposal of financial assets at amortized cost	64,033	-
Acquisition of property, plant and equipment	(863,804)	(1,874,327)
Proceeds from disposal of property, plant and equipment	312	18,436
Increase in guarantee deposits paid	(5,942)	(2,591)
Acquisition of intangible assets	(813)	(1,130)
Increase in prepayments for business facilities	(4,009)	(14,175)
Net cash flows from (used in) investing activities	(823,356)	(1,882,606)
Cash flows from (used in) financing activities:		
Increase in short-term loans	7,011,487	9,205,383
Decrease in short-term loans	(6,900,108)	(8,020,489)
Repayments of bonds	(1,500,000)	-
Repayments of long-term loans	(398,096)	(144,585)
Increase in guarantee deposits received	77	58
Payments of lease liabilities	(35,804)	(37,836)
Cash dividends paid	(123,585)	(275,110)
Payments to acquire treasury shares	-	(151,236)
Proceeds from sale of treasury shares	42,889	-
Changes in non-controlling interests	302,028	225,567
Net cash flows from (used in) financing activities	(1,601,112)	801,752
Effect of exchange rate changes on cash and cash equivalents	(189,331)	212,511
Net decrease in cash and cash equivalents	(749,230)	(247,161)
Cash and cash equivalents at beginning of period	8,819,738	9,066,899
Cash and cash equivalents at end of period	\$ 8,070,508	8,819,738

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 14, 2024.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group’s adoption of the newly revised International Financial Reporting Standards from January 1, 2023, and it does not cause significant impact on consolidated financial report.

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements.

- 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”

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

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

- Amendments to IFRS 10 and IAS 28 “sale or contribution of Assets Between an Investor and Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

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) Basic 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 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

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

For the year ended December 31, 2023 and 2022

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	
			2023.12.31	2022.12.31
The Company	ShunSin Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunSin (Hong Kong))	Holding Company	91.80%	91.80%
The Company	ShunSin Technology (Samoa) Corporation Limited (hereinafter referred to as ShunSin (Samoa))	Overseas material and equipment purchase	100.00%	100.00%
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	8.20%	8.20%
ShunSin (Hong Kong)	ShunSin Technology (Zhongshan) Limited (hereinafter referred to as ShunSin (Zhongshan))	Assembly, testing and sales of high-speed optical transceiver module, high-frequency wireless communication module and various integrated circuits	100.00%	100.00%
ShunSin (Hong Kong)	ShunYun Technology (Zhongshan) Limited (hereinafter referred to as ShunYun (Zhongshan))	High-speed optical transceivers manufacturing	78.05% (Note 1)	86.77%
ShunSin (Zhongshan)	Talentek Microelectronics (Hefei) Limited (hereinafter referred to as Talentek (Hefei))	Design, R&D, measurement and sales of electrical equipment, communication equipment and automation	39.21% (Note 2)	43.89%
ShunYun (Zhongshan)	ShunYun Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunYun (Hong Kong))	Holding Company	100.00%	100.00%
ShunYun (Hong Kong)	ShunYun (Cayman)	Sales of high-speed optical transceiver module	100.00%	100.00% (Note 3)
ShunYun (Cayman)	ShunYun Technology (Ha Noi, Vietnam) Limited (hereinafter referred to ShunYun (HaNoi))	High-speed optical transceivers manufacturing	100.00%	100.00%
ShunYun (Cayman)	ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to ShunSin (Bac Giang))	High-speed optical transceivers manufacturing	100.00%	100.00%

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

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Note 2: Non-controlling shareholders of Talentek (Hefei) continue to invest in 2023. The actual shareholding ratio ShunSin (Zhongshan) hold is 39.21% according to invested capital as of December 31, 2023. Although the shareholding ratio of ShunSin (Zhongshan) in Talentek (Hefei) is less than 50%, according to the overall shareholding ratio of ShunSin (Zhongshan) and its related parties which is still the largest shareholder, it is still considered to have control over Talentek (Hefei).

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

Subsidiaries not included in the consolidated financial report: None.

(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 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

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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 expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for 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;
- B. It is held primarily for purpose of trading;
- C. It is due to be settled within 12 months after the reporting period; or
- D. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting period. Terms of a liability that could at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(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.

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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 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, 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.

Accounts receivable and contractual assets are measured against the expected amount of

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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 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.

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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 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

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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 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

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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.

(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) Non-current assets classified as held for sale

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

Non-current assets should be classified as held for sale when their carrying amount is highly likely to be recovered through sale rather than continuing use. Assets shall be remeasured according to the accounting policies of the Group before they are originally classified as for sale. After being classified as held for sale, it is measured based on the lower of its book amount and fair value minus selling cost. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss, but gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment is no longer amortized or depreciated.

(10) Property, plant and equipment

A. Recognition and measurement

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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 32 years
(b) Machinery and equipment	1 year 2 months to 10 years
(c) Office equipment (including computer and telecommunication equipment)	4 to 7 years
(d) Inspection equipment	1 to 10 years
(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.

(11) Lease — As a lease

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.

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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 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-

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line basis.

(12) 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, which are amortized on a straight-line basis over the estimated service life of one to five years from the moment they become available for use.

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

(13) 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.

(14) 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:

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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 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.

(15) 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.

(16) 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.

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(17) 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.

(18) 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.

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

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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 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.

(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 by0020retroactive 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.

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, employee stock options, 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.

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

In preparing these consolidated financial reports in accordance with the IFRS recognized by the FSC, management must make judgments, estimates and assumptions 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 continuously reviews estimates and basic assumptions and recognizes accounting estimates changes during periods of change and in the affected future periods.

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 (23) 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

	2023.12.31	2022.12.31
Cash on hand	\$ 47	114
Current deposit	5,942,309	5,284,123
Time deposits with original maturity within three months	2,128,152	3,535,501
Cash and cash equivalents as shown in the consolidated cash flow statement	\$ 8,070,508	8,819,738

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

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

A. Current

	2023.12.31	2022.12.31
Financial assets held for trading:		
Non hedging derivatives		
SWAP contract	\$ -	6,004

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

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risks exposed by business activities. The details of the Group's derivative instruments reported as financial assets measured at fair value through profit or loss due to the absence of hedge accounting on December 31, 2022 is as follows:

SWAP contract:

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

B. Non-current

	2023.12.31	2022.12.31
Financial assets designated at fair value through profit and loss:		
Non-derivative financial assets		
Stocks of domestic unlisted companies	\$ 7,237	19,913
Stocks of foreign unlisted companies	140,340	86,118
Private Equity	-	219,207
	<u>\$ 147,577</u>	<u>325,238</u>

Please refer to note 6 (22) for the amount recognized as profit or loss in the fair value re-measurement and loss (gain) on disposal of investments.

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, the aforementioned remaining amount of 110,174 thousand has not yet been received, which is listed under other receivables.

(3) Financial assets at amortized cost

A. Current

	2023.12.31	2022.12.31
Restricted bank deposits	\$ 19,488	61,732
Time deposits with original maturity exceeding three months	1,637	-
	<u>\$ 21,125</u>	<u>61,732</u>

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, 2023, the Group held a foreign currency time deposits with original maturity exceeding three months amounting to 1,637 thousand (VND 1,300,000,000), with effective rate of 4.5%. The time deposit matures in November, 2024.

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

B. Non-current

	<u>2023.12.31</u>	<u>2022.12.31</u>
Restricted bank deposits	\$ -	<u>8,010</u>

The Group used the long-term loans on December 31, 2023 and 2022. According to the deal of contract, the Group saved NTD 0 thousand and NTD 8,010 thousand into the syndicated loan interest custody account respectively. The Group transferred restricted bank deposits to current assets due to the long-term loans will be due in one year as of December 31, 2024.

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

Please refer to note 8 for the details of customs deposit and collateral for long-term loans as of December 31, 2023 and 2022.

(4) Notes receivable and accounts receivable

	<u>2023.12.31</u>	<u>2022.12.31</u>
Accounts receivable	\$ 718,183	968,455
Accounts receivable-related party	66	63,785
	<u>\$ 718,249</u>	<u>1,032,240</u>

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

The Group uses the simplified method of estimating the anticipated credit loss for all accounts receivable, that is to say, the Group estimates anticipated credit losses based on the duration of those. In order to measure the abovementioned, the Group categorized its clients based on common credit risk about the ability to pay off the due amount, considered foresighted information which includes information on the overall economy and related industries. 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 accounts receivable of the Group on December 31, 2023 and 2022, are analyzed as follows:

	<u>2023.12.31</u>	
<u>Book value of accounts receivable</u>	<u>Weighted average anticipated</u>	<u>Provision against anticipated</u>

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		<u>credit loss rate (%)</u>	<u>credit losses during the continuance of existence</u>
Not overdue	\$ 682,840	-	-
Past due 1-30 days	34,659	-	-
Past due 31-60 days	48	-	-
Past due 61-90 days	702	-	-
	<u>\$ 718,249</u>	<u>-</u>	<u>-</u>
2022.12.31			
	<u>Book value of accounts receivable</u>	<u>Weighted average anticipated credit loss rate (%)</u>	<u>Provision against anticipated credit losses during the continuance of existence</u>
Not overdue	\$ 1,009,106	-	-
Past due 1-30 days	3,823	-	-
Past due 31-60 days	815	-	-
Past due 61-90 days	16,606	-	-
Past due 91-120 days	1,890	-	-
	<u>\$ 1,032,240</u>	<u>-</u>	<u>-</u>

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

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

(5) Other receivables

	<u>2023.12.31</u>	<u>2022.12.31</u>
Other receivables	<u>\$ 125,943</u>	<u>32,178</u>

Other receivables of the Group were not overdue in December 31, 2023 and 2022.

(6) Inventories

	<u>2023.12.31</u>	<u>2022.12.31</u>
Raw materials	\$ 342,928	718,822
Work-in-process	16,752	38,183
Finished products (including semi-finished products)	11,916	44,655
	<u>\$ 371,596</u>	<u>801,660</u>

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Operating costs recognized for the year of 2023 and the year of 2022 of the Group:

	2023	2022
Cost of selling inventories	\$ 3,961,614	4,597,834
Loss allowance for inventory valuation losses and slow-moving inventories	9,186	54,805
Inventory Obsolescence	9,594	3,780
Unallocated manufacturing overhead	13,197	13,765
Inventory short	134	-
Revenue from sale of scraps	(2,690)	(1,967)
	<u>\$ 3,991,035</u>	<u>4,668,217</u>

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

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

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

ShunYun (Zhongshan) issued 37,550 thousand shares and 44,450 thousand shares for the cash capital increase in 2023 and 2022 respectively. 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% and 13.23% respectively.

Talentek (Hefei) has finished the cash capital increase in 2023 and 2022, hence the shareholding rate of the Company toward Talentek (Hefei) decreased by 4.68% and 1.53%.

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

	2023	2022
ShunYun (Zhongshan)	\$ (56,428)	(29,753)
Talentek (Hefei)	26,173	276
	<u>\$ (30,255)</u>	<u>(29,477)</u>

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

Name of subsidiary	Main place of business/ Country where the	Proportion of ownership interests and voting rights of non-controlling interests	
		2023.12.31	2022.12.31

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	<u>company is registered</u>		
ShunYun (Zhongshan)	China	21.95%	13.23%
Talentek (Hefei)	China	60.79%	56.11%

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:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Current assets	\$ 1,048,196	1,565,362
Non-current assets	1,978,832	1,348,688
Current liabilities	(463,193)	(887,178)
Non-current liabilities	(65,356)	(45,814)
Net asset	<u>\$ 2,498,479</u>	<u>1,981,058</u>
Book value of ending balance on non-controlling interests	<u>\$ 651,105</u>	<u>279,438</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 468,159</u>	<u>575,111</u>
Profit	\$ 103,373	366,374
Other comprehensive income	80,827	58,961
Total comprehensive income	<u>\$ 184,200</u>	<u>425,335</u>
Profit attributable to non-controlling interests	<u>\$ 22,690</u>	<u>6,179</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 3,530</u>	<u>11,306</u>

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
Current assets	\$ 252,266	180,711
Non-current assets	342,713	248,062
Current liabilities	(137,305)	(88,966)
Non-current liabilities	(35,213)	(29,073)
Net asset	<u>\$ 422,461</u>	<u>310,734</u>
Book value of ending balance on non-controlling interests	<u>\$ 256,814</u>	<u>174,352</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 400,529</u>	<u>178,915</u>

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Profit (Loss)	\$	16,132	(52,633)
Other comprehensive income		(6,173)	5,531
Total comprehensive income (loss)	\$	<u>9,959</u>	<u>(47,102)</u>
Profit (Loss) attributable to non-controlling interests	\$	<u>10,509</u>	<u>(29,122)</u>
Comprehensive income (loss) attributable to non-controlling interests	\$	<u>6,736</u>	<u>(20,655)</u>

(8) 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 2023 and the year of 2022 are as follows:

	Housing and building	Machinery and equipment	Office equipment (including computer communication equipment)	Inspection equipment	Other equipment	Lease improvement	Unfinished construction and equipment to be inspected	Total
Cost:								
Balance as of January 1, 2023	\$ 1,273,114	2,850,187	74,925	666,161	403,220	54,466	1,765,850	7,087,923
Acquisition	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 1)	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	<u>\$ 3,099,861</u>	<u>3,203,681</u>	<u>79,251</u>	<u>683,490</u>	<u>482,258</u>	<u>50,938</u>	<u>70,992</u>	<u>7,670,471</u>
Balance as of January 1, 2022	\$ 1,253,510	2,471,996	75,090	668,513	374,460	46,897	213,247	5,103,713
Acquisition	-	326,959	1,457	24,845	26,478	4,716	1,700,462	2,084,917
Disposal	-	(124,586)	(2,975)	(48,106)	(15,791)	-	-	(191,458)
Re-classification (Note 2)	-	148,032	-	1,302	10,142	2,138	(146,132)	15,482
Impact of exchange rate changes	19,604	27,786	1,353	19,607	7,931	715	(1,727)	75,269
Balance as of December 31, 2022	<u>\$ 1,273,114</u>	<u>2,850,187</u>	<u>74,925</u>	<u>666,161</u>	<u>403,220</u>	<u>54,466</u>	<u>1,765,850</u>	<u>7,087,923</u>
Accumulated depreciation and impairment losses:								
Balance as of January 1, 2023	\$ 343,459	1,863,102	66,210	521,965	319,211	27,216	-	3,141,163
Depreciation	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 1)	-	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	<u>\$ 398,362</u>	<u>2,088,817</u>	<u>69,499</u>	<u>561,776</u>	<u>362,233</u>	<u>28,718</u>	<u>-</u>	<u>3,509,405</u>
Balance as of January 1, 2022	\$ 284,128	1,711,308	63,395	490,519	250,334	20,855	-	2,820,539
Depreciation	55,042	247,719	4,727	73,698	78,151	6,052	-	465,389
Disposal	-	(115,765)	(2,975)	(48,100)	(15,791)	-	-	(182,631)
Impact of exchange rate changes	4,289	19,840	1,063	5,848	6,517	309	-	37,866
Balance as of December 31, 2022	<u>\$ 343,459</u>	<u>1,863,102</u>	<u>66,210</u>	<u>521,965</u>	<u>319,211</u>	<u>27,216</u>	<u>-</u>	<u>3,141,163</u>
Carrying amount:								
Balance as of December 31, 2023	<u>\$ 2,701,499</u>	<u>1,114,864</u>	<u>9,752</u>	<u>121,714</u>	<u>120,025</u>	<u>22,220</u>	<u>70,992</u>	<u>4,161,066</u>
Balance as of December 31, 2022	<u>\$ 929,655</u>	<u>987,085</u>	<u>8,715</u>	<u>144,196</u>	<u>84,009</u>	<u>27,250</u>	<u>1,765,850</u>	<u>3,946,760</u>

Note 1: The amounts reclassified from prepayments for business facilities is \$8,404 thousand respectively and the amounts of reclassifying into inventories and expenses is \$241 thousand in 2023. 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.

Note 2: The amounts reclassified from prepayments for business facilities is \$15,723 thousand respectively and the amounts of reclassifying into expenses is \$241 thousand in 2022.

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(9) Right-of-use asset

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

	<u>Land</u>	<u>Building</u>	<u>Vehicle</u>	<u>Total</u>
Cost:				
Balance as of January 1, 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	<u>\$ 314,699</u>	<u>213,121</u>	<u>1,916</u>	<u>529,736</u>
Balance as of January 1, 2022	\$ 280,657	98,914	7,801	387,372
Acquisition	-	50,734	3,995	54,729
Decrease (contract modified)	-	(671)	(5,633)	(6,304)
Impact of exchange rate changes	14,848	4,496	122	19,466
Balance as of December 31, 2022	<u>\$ 295,505</u>	<u>153,473</u>	<u>6,285</u>	<u>455,263</u>
Accumulated depreciation of right-of-use assets:				
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	<u>\$ 29,662</u>	<u>98,786</u>	<u>590</u>	<u>129,038</u>
Balance as of January 1, 2022	\$ 12,193	63,091	4,341	79,625
Depreciation	8,739	34,812	2,643	46,194
Decrease (contract expired)	-	-	(4,863)	(4,863)
Impact of exchange rate changes	500	2,884	74	3,458
Balance as of December 31, 2022	<u>\$ 21,432</u>	<u>100,787</u>	<u>2,195</u>	<u>124,414</u>
Carrying amount:				
Balance as of December 31, 2023	<u>\$ 285,037</u>	<u>114,335</u>	<u>1,326</u>	<u>400,698</u>
Balance as of December 31, 2022	<u>\$ 274,073</u>	<u>52,686</u>	<u>4,090</u>	<u>330,849</u>

(10) Intangible assets

The cost, amortization and impairment losses of the Group' intangible assets for the year of 2023 and 2022 are as follows:

	<u>Cost of computer software</u>
Cost:	

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Balance as of January 1, 2023	\$	32,499
Acquisition		813
Disposal		(333)
Impact of exchange rate changes		(647)
Balance as of December 31, 2023	<u>\$</u>	<u>32,332</u>
Balance as of January 1, 2022	\$	30,888
Acquisition		1,130
Impact of exchange rate changes		481
Balance as of December 31, 2022	<u>\$</u>	<u>32,499</u>
Amortization and impairment losses:		
Balance as of January 1, 2023	\$	30,933
Amortization		792
Disposal		(333)
Impact of exchange rate changes		(521)
Balance as of December 31, 2023	<u>\$</u>	<u>30,871</u>
Balance as of January 1, 2022	\$	29,899
Amortization		568
Impact of exchange rate changes		466
Balance as of December 31, 2022	<u>\$</u>	<u>30,933</u>
Carrying amount:		
Balance as of December 31, 2023	<u>\$</u>	<u>1,461</u>
Balance as of December 31, 2022	<u>\$</u>	<u>1,566</u>

The amortization expenses of intangible assets for 2023 and 2022 are reported under the consolidated income statement as follows:

	2023	2022
Operating costs	\$ 111	112
Operating expenses	681	456
	<u>\$ 792</u>	<u>568</u>

(11) Short-term loans

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

	2023.12.31	2022.12.31
Unsecured bank loans	<u>\$ 4,438,513</u>	<u>4,327,134</u>
Line of credit	<u>\$ 4,751,670</u>	<u>2,932,934</u>
Interest rate range (%)	<u>1.89%-6.17%</u>	<u>0.75%-5.16%</u>

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

(12) Long-term loans

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

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	171,931
Subtotal			1,528,536
Less: past due within one year			(1,528,536)
Total			<u>\$ -</u>
Line of credit			<u>\$ -</u>
Interest rate range (%)			<u><u>2.21-6.58</u></u>

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

The subsidiary of the Company, ShunYun (Cayman), started to use the secured loans from E.SUN Bank and MUFG Bank 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

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provided endorsement guarantees for the bank loans.

C. Loan contract

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 not considered as default.

When the Group performed the semi-annual audit in 2023 and annual audit in 2023 and 2022, it was not found that there was a violation of the requirement of financial coverage ratio. When the Group performed the semi-annual audit in 2022, it was found that there was a violation of the requirement of interest coverage ratio. The Group has performed the audit and calculation in the third quarter of 2022, and the interest coverage ratio has complied with the provisions of the loan contract.

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. Therefore, the amount of long-term borrowings, current portion on December 31, 2023 and 2022 are 496,725 thousand and 198,690 thousand respectively. 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. Therefore, the amount of long-term borrowings, current portion on December 31, 2023 and 2021 are 1,031,811

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thousand and 0 thousand respectively.

(13) Convertible bonds payable

	2023.12.31	2022.12.31
The total amount of convertible bonds issued	\$ 1,500,000	1,500,000
Less: amount of discount on issuing convertible bonds	142,650	142,650
Underwriting expenses	<u>7,294</u>	<u>7,294</u>
Compound present value of bonds converted at issuance	1,350,056	1,350,056
Amortization of Company debt payable at discount	149,944	148,820
Cost of convertible bonds issue at premium	7,500	7,500
Less: pay off convertible bonds payable expired	<u>1,507,500</u>	<u>-</u>
Ending balance of convertible bonds payable	<u><u>\$ -</u></u>	<u><u>1,506,376</u></u>

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

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

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
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><u>\$ 1,500,000</u></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

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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.

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

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

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

(14) Lease Liability

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

	2023.12.31	2022.12.31
Current	\$ 57,102	21,247
Non-current	50,814	34,635
Total	<u>\$ 107,916</u>	<u>55,882</u>

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

Amounts recognized in profit or loss are as follows:

2023	2022
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Interest expense from lease liabilities	\$ 3,339	992
Expense of short-term lease	\$ 36,412	7,942
Expense of low-value leasing asset (not include low-value short-term lease)	\$ 78	37

Amounts recognized in cash flow statement are as follows:

	2023	2022
Total cash used in operating activity	\$ 39,829	8,971
Total cash used in financing activity	35,804	37,836
Total cash used in lease	\$ 75,633	46,807

A. Lease of land, buildings and constructions

The Group leases land, houses and buildings as operating site and factory. The leasing periods of land is usually 30 to 50 years, the leasing periods of buildings and constructions are usually 1 to 3 years, and some leases include the option to extend the same period as the original contract when the lease period expires.

B. Other leases

The Group leases transportation equipment for a period of 2 to 4 years.

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

(15) Employee benefit

The 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 2023 and 2022 have been allocated to the labor insurance bureau and the local competent authority of the consolidated foreign subsidiaries. The details of the expenses reported by the Group are as follows:

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	2023	2022
Operating costs	\$ 35,995	28,902
Operating expenses	25,282	22,639
	<u>\$ 61,277</u>	<u>51,541</u>

(16) 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 2023 and the year of 2022 are as follows:

	2023	2022
Current		
Current period	\$ 94,088	50,361
Underestimate (overestimate) of income tax for previous year	3,473	(9,144)
	<u>97,561</u>	<u>41,217</u>
Deferred income tax expense (benefit)		
Occurrence and reversal of temporary differences	11,169	(209,333)
Previous year's loss deduction against (underestimates) overestimates	(9,487)	1,865
	<u>1,682</u>	<u>(207,468)</u>
Income tax expense (benefit)	<u>\$ 99,243</u>	<u>(166,251)</u>

The income tax expense (benefit) details of the Group for the year of 2023 and the year of 2022 are as follows:

	2023	2022
Pre-tax net profit	<u>\$ 566,659</u>	<u>16,480</u>
Income tax calculated according to the local tax rate of each company	\$ 91,840	174,600
Adjustment according to tax law	17,229	(251,699)
Overestimate of income tax for previous year	3,473	(9,144)
Previous year's loss deduction against underestimates	(9,487)	(1,674)
Reverse the estimated tax on the income distribution of subsidiaries	(3,812)	(78,334)
Income tax expense (benefit)	<u>\$ 99,243</u>	<u>(166,251)</u>

B. Deferred tax assets and liabilities

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(a) Unrecognized deferred tax liabilities

Board of Directors of ShunSin (Zhongshan) decided not to distribute the undistributed earnings of 2016 and 2015 on September 30, 2021. On June 29, 2015 and November 24, 2014, respectively, Board of Directors of ShunSin (Zhongshan) decided not to distribute the undistributed earnings of 2013 and previous years. Therefore, as of December 31, 2023 and 2022, 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 2014 and previous years. The relevant amounts are as follows:

	2023.12.31	2022.12.31
Taxable surplus of long-term equity investment in Equity method	\$ 346,139	346,139

(b) Recognized deferred tax assets and liabilities

The changes of deferred tax assets and liabilities in 2023 and 2022 are as follows:

Deferred tax assets:

	Unrealized exchange gains (losses)	Loss deduction	Difference in durability of property, plant and equipment	Unrealized evaluate gains (losses)	Others	Total
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	\$ 56,276	178,650	14,836	-	73,136	322,898
Balance as of January 1, 2022	\$ 2,127	120,473	34,839	24,127	37,596	219,162
Income Statement	679	147,400	(6,451)	12,936	18,836	173,400
The impact of exchange rate change	(2,806)	1,467	862	(859)	4,563	3,227
Balance as of December 31, 2022	\$ -	269,340	29,250	36,204	60,995	395,789

Deferred tax liabilities:

	Long-term equity investment	One-time expense of equipment (Note)	Unrealized exchange gains (losses)	Unrealized evaluate gains (losses)	Others	Total
Balance as of January 1, 2023	\$ 106,433	153,617	7,453	-	41,523	309,026
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
Balance as of January 1, 2022	\$ 182,591	141,340	-	-	15,114	339,045
Income Statement	(78,334)	10,094	10,061	-	24,111	(34,068)
The impact of exchange rate change	2,176	2,183	(2,608)	-	2,298	4,049
Balance as of December 31, 2022	\$ 106,433	153,617	7,453	-	41,523	309,026

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

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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 2021, respectively.

(17) Capital and other equities

As of December 31, 2023 and 2022, 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)	
	2023	2022
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:

	2023.12.31	2022.12.31
Share premium	\$ 2,689,050	2,689,050
Changes in ownership interests in subsidiaries	37,389	67,644
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 convertible bonds	-	129,000
Issuance of stock option embedded in expired convertible bonds	129,000	-
	\$ 2,903,693	2,933,948

B. Retained earnings distribution

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

(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

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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.

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

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

As of December 31, 2023 and 2022, 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

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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.

(18) Share-based payment

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, 2023 and 2022, the Group have the following underlying share payment transactions:

Equity transactions	
ShunYun (Zhongshan)'s first restricted stock plan	ShunYun (Zhongshan)'s second restricted stock

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

	2023		2022	
	1st time share granted	2nd time share granted	1st time share granted	2nd time share granted
Outstanding stock as of January 1	44,450	37,550	-	-
Grant quantity in current period	-	-	44,450	37,550
Vested during the year	-	-	-	-
Quantity lost in current period	-	-	-	-
Outstanding stock as of December 31	44,450	37,550	44,450	37,550

Unit: 1,000

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

The Company transferred treasury stock to employees in accordance with the approval by Board of Directors on August 26, 2022 which is based on the Policy Governing First Share Repurchased and Transferred to Employees. The transferring price is actual average

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repurchased price, amounting to 83.93 per share. The subscription date is on July 31, 2023 and the fair value of the subscription is \$0 per share. As of December 31, 2023, 511 thousand shares were transferred.

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:

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

E. Expenses for employees of the share-based payment

The expenses incurred by the Group in the year of 2023 and 2022 due to the share-based payment are as follows:

	2023	2022
Expense from restricted stock plan for employees	<u>\$ 111,580</u>	<u>19,329</u>

(19) Earnings per share

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

	2023	Unit: 1,000 2022
Basic earnings per share of the Company		
Net profit for the current period	<u>\$ 434,217</u>	<u>205,674</u>
Weighted average number of outstanding shares	<u>105,853</u>	<u>107,035</u>
Basic earnings per share (NT\$)	<u>\$ 4.10</u>	<u>1.92</u>
Diluted earnings per share of the Company		
Net profit for the current period	\$ 434,217	205,674
The impact of potential common stocks with diluting effect		
Expected reduction in interest expense for convertible bonds conversion	<u>1,124</u>	<u>-</u>
Net profit for the current period	<u>\$ 435,341</u>	<u>205,674</u>
Weighted average number of outstanding shares	105,853	107,035

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The impact of potential common stocks with diluting effect

Employees' remuneration	221	334
The impact of convertible bonds	1,149	-
Weighted average number of outstanding shares	<u>107,223</u>	<u>107,369</u>
Diluted earnings per share (NT\$)	<u>\$ 4.06</u>	<u>1.92</u>

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

(20) Revenues from customers' contract

A. Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
US	\$ 1,986,262	2,682,145
Singapore	1,847,528	1,612,761
China	761,230	402,885
Taiwan	318,596	447,769
Australia	98,160	28,120
HK	85,548	10,590
Malaysia	74,094	80,758
Other countries	40,804	52,913
	<u>\$ 5,212,222</u>	<u>5,317,941</u>

B. Remaining balance of contracts

	<u>2023.12.31</u>	<u>2022.12.31</u>	<u>2022.1.1</u>
Accounts receivable (including related party)	\$ 718,249	1,032,240	755,229
Less: Loss allowance	-	-	-
Total amount	<u>\$ 718,249</u>	<u>1,032,240</u>	<u>755,229</u>
Contract assets	<u>\$ 280,459</u>	<u>408,006</u>	<u>329,504</u>
Contract liabilities	<u>\$ 67,564</u>	<u>59,862</u>	<u>63,780</u>

The Group has assessed that there is no need to recognize loss allowance for contract assets as of December 31 2023 and December 31, 2022.

The amount of the balance of contract liabilities on January 1, 2023 and 2022 are recognized as revenue in 2023 and 2022 are 54,452 thousand and 63,635 thousand, respectively.

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

(21) Profit sharing bonus of employees and directors

According to the Company's Articles of Association, the Company shall allocate profit sharing bonus to the employees with no less than 5% of the current year's profits before the payment of employees' and the directors' profit sharing bonus. The Company may allocate no more than 0.1% of the profits of the current year for the profit sharing bonus of directors. Base on the Articles of Association of the Company revised on June 28, 2023, the Company shall allocate profit sharing bonus to the employees with no less than 3% of the current year's profits before the payment of employees' and the directors' profit sharing bonus. The Company may allocate no more than 0.1% of the profits of the current year for the profit sharing bonus of directors.

The Company accrued profit sharing bonus to employees for 2023 and 2022 are \$24,801 thousand and \$18,000 thousand respectively, and \$441 thousand and \$252 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 2023 and 2022. 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 report of the Company for the year of 2023 and the year of 2022. Related information is available at the MOPS.

(22) Non-operating gains and losses

A. Interest income

Interest incomes of the Group are as follows:

	<u>2023</u>	<u>2022</u>
Bank deposit interest	<u>\$ 191,856</u>	<u>201,297</u>

B. Other incomes

Other incomes of the Group are as follows:

<u>2023</u>	<u>2022</u>
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Incomes from government subsidy	\$ 52,581	44,330
Gain from modification of lease	43	47
Other incomes	26,076	28,147
Total amount of other incomes	<u><u>\$ 78,700</u></u>	<u><u>72,524</u></u>

C. Other profits and losses

Other profits and losses of Group are as follows:

	<u>2023</u>	<u>2022</u>
Net profits of foreign currency exchange	\$ 10,586	28,880
Profits (Losses) from disposal of property, plant and equipment	(1,277)	9,609
Gains on disposals of investments	148,397	-
(Profits) Losses from financial assets/liabilities at fair value through profit and loss	34,958	(81,386)
Other losses	(2,517)	(5,694)
	<u><u>\$ 190,147</u></u>	<u><u>(48,591)</u></u>

D. Financial costs

The financial costs of the Group are as follows:

	<u>2023</u>	<u>2022</u>
Interest expenses from bank loans	\$ 173,542	95,169
Interest expenses of convertible bonds	1,124	31,542
Interest expenses of lease liabilities	3,339	992
	<u><u>\$ 178,005</u></u>	<u><u>127,703</u></u>

(23) 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, 2023 and 2022, 78% and 90% 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

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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, 2023						
Non-derivative financial liabilities						
Short-term loans	\$ 4,438,513	4,450,830	4,450,830	-	-	-
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	-	-
Total	\$ 7,025,819	7,113,473	7,057,406	50,729	5,338	-
December 31, 2022						
Non-derivative financial liabilities						
Short-term loans	\$ 4,327,134	4,330,104	4,330,104	-	-	-
Accounts payable (including related parties)	631,033	631,033	631,033	-	-	-
Other payables (including related parties)	678,896	678,896	678,896	-	-	-
Convertible bonds payable (including derivative financial assets)	1,506,376	1,500,000	1,500,000	-	-	-
Long-term loans	1,923,815	2,212,620	413,498	1,799,122	-	-
Lease liabilities	55,882	60,757	23,958	19,174	17,625	-
Guarantee deposits received	4,884	4,884	1,015	-	3,869	-
Total	\$ 9,128,020	9,418,294	7,578,504	1,818,296	21,494	-

C. Exchange rate risk

(a) Exchange rate exposure risk

The financial assets and liabilities of the Group exposed to significant foreign currency exchange rate risks are as follows:

	2023.12.31			2022.12.31		
	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	485,157	4.3270	2,099,274	695	4.4058	3,062

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USD	13,720	30.7091	421,329	37,683	30.7095	1,157,227
Yen	5,945	0.2178	1,295	12,868,122	0.2324	2,990,283
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	2,028	30.7041	62,268	13,566	30.6865	416,293
Yen	12,178	0.2173	2,646	12,867,203	0.2324	2,990,334

(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, 2023 and December 31, 2022, 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 2023 and 2022 will increase by approximately \$6,145 thousand and \$1,863 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 2023 and 2022, including realized and unrealized ones, are \$10,586 thousand and (\$28,880) thousand, respectively.

D. Interest rate analysis

The time deposits and short-term loans of the Company are fixed interest rates, which have no interest rate fluctuation risk. The significant financial liabilities with interest rate sensitivity held by the Group are long-term borrowings calculated with floating interest rates. It is assessed that the interest rates will not change much, hence it will not cause significant cash flow risks to the Group.

E. Information on fair value

(a) Types and fair value of financial instruments

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

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2023.12.31

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

2022.12.31

	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Derivative financial assets -current	\$ 6,004	-	6,004	-	6,004
Domestic unlisted stocks	19,913	-	-	19,913	19,913
Non-listed foreign shares	86,118	-	-	86,118	86,118
Private fund	219,207	-	-	219,207	219,207
Subtotal	331,242	-	6,004	325,238	331,242
Financial assets measured at amortized costs					
Cash and cash equivalents	8,819,738	-	-	-	-
Restricted bank deposit	69,742	-	-	-	-
Accounts receivable (including related parties)	1,032,240	-	-	-	-
Other receivables	32,178	-	-	-	-
Guarantee deposits paid	14,017	-	-	-	-
Subtotal	9,967,915	-	-	-	-
Total amounts	\$ 10,299,157	-	6,004	325,238	331,242
Financial liabilities measured at amortized costs					
Short-term loans	\$ 4,327,134	-	-	-	-
Accounts payable (including related parties)	631,033	-	-	-	-

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

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

(I) Non-derivative financial instruments

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

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

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

(II) Derivative financial instruments

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

SWAP contract are usually evaluated based on the bank statement.

(c) Statement of changes of Grade 3

	2023				2022			
	Domestic unlisted stocks	Non-listed foreign company shares	Private equity fund	Total	Domestic unlisted stocks	Non-listed foreign company shares	Private equity fund	Total
Balance on January 1	\$ 19,913	86,118	219,207	325,238	20,704	113,643	271,655	406,002
Gains/ Losses:								
Evaluate gains (losses)	(12,857)	56,421	21,881	65,445	-	-	-	-
Gain (loss) on disposal	-	-	148,397	148,397	(3,001)	(29,385)	(56,857)	(89,243)
Disposal	-	-	(395,607)	(395,607)	-	-	-	-
The impact of exchange rate	181	(2,199)	6,122	4,104	2,210	1,860	4,409	8,479
Balance on December 31	\$ 7,237	140,340	-	147,577	19,913	86,118	219,207	325,238

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

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

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

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

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

Items	Evaluation technologies	Significant unobservable input value	The relationship between significant unobservable input values and fair value
Financial assets at fair value through profit or loss—equity vehicle investment without active market	Refer to Listed (OTC) Company Act and Comparable transaction method	• Price-to-Revenue ratio (5.44 on 2023.12.31 and 3.81 on 2022.12.31)	• The higher the multiplier, the higher the fair value
		• Multiplier of enterprise value-to-sales (2.95 on 2023.12.31 and 1.85 on 2022.12.31)	
		• Lack of market liquidity discounts: Price-to-Revenue ratio (23% on 2023.12.31 and 28% on 2022.12.31)	• The higher the discount for lack of market liquidity, the lower the fair value
		Multiplier of enterprise value-to-sales: 31% on 2023.12.31 and 37% on	

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2022.12.31

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

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

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

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

(24) Financial risk management

A. Overview

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For the year ended December 31, 2023 and 2022

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 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

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- (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 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.

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- (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 2023 and 2022, the Group's floating-rate loans are denominated in New Taiwan Dollars.

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.

(25) 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.

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

For the year ended December 31, 2023 and 2022, the Group's non-cash investing and financing activities were derived from acquisition right-of-use asset through finance leasing and the amortization of convertible bonds discount. Please refer to notes 6 (9), (13) and (14) for related information.

Reconciliation of liabilities from financing activities are as follows:

	2023.1.1	Cash flow	Non-cash changes						2023.12.31
			Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Reduce	Others	
Short-term loans	\$ 4,327,134	111,379	-	-	-	-	-	-	4,438,513

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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>-</u>	<u>89,865</u>	<u>(1,328)</u>	<u>(7,500)</u>	<u>6,074,965</u>

	Non-cash changes								2022.12.31
	2022.1.1	Cash flow	Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Reduce	Others	
Short-term loans	\$ 3,142,240	1,184,894	-	-	-	-	-	-	4,327,134
Long-term loans	1,945,900	(144,585)	-	121,200	-	-	-	1,300	1,923,815
Bonds payable	1,474,834	-	31,542	-	-	-	-	-	1,506,376
Lease liabilities	39,109	(37,836)	-	1,368	-	54,729	(1,488)	-	55,882
Total liabilities from financing activities	<u>\$ 6,602,083</u>	<u>1,002,473</u>	<u>31,542</u>	<u>122,568</u>	<u>-</u>	<u>54,729</u>	<u>(1,488)</u>	<u>1,300</u>	<u>7,813,207</u>

7. Related-party transactions:

(1) Parent Company and ultimate controlling party

Foxconn (Far East) Limited is the parent company of the Group, holding 59.52% of the outstanding common shares of the Group as of December 31, 2023 and 2022. Hon Hai Precision Industry Co., Ltd. is the ultimate controller of the Group to which the Group belongs. Hon Hai Precision Industry Co., Ltd. has prepared a consolidated financial report for public use.

(2) Names and relationship with related parties

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

Name of related parties	Relation with Group
Hon Hai Precision Industry Co., Ltd.	Ultimate controller
Foxconn OE Technologies Singapore Pte. Ltd.	Its ultimate controller is the same as that of Group
Foxconn Interconnect Technology Limited	Its ultimate controller is the same as that of Group
Fortunebay Technology Pte. Ltd.	Its ultimate controller is the same as that of Group
Hong Fujin Precision Industry (Shenzhen) Limited Company	Its ultimate controller is the same as that of Group
Shenzhen Fu Neng New Energy Technology Co., Ltd.	Its ultimate controller is the same as that of Group
Futaihua Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Foxcavity Precision Industry (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen 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.	Ultimate controller
Icana Technology Limited	Its ultimate controller is the same as that of Group

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Champ Tech Optical (Foshan) Corporation

Other related parties (affiliates of the ultimate controller)

(3) Major transactions with related parties

A. Sales

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

	2023	2022
Other related parties		
Foxconn Interconnect Technology Limited	\$ 69,323	298,748
Others	1,079	1,470
	<u>\$ 70,402</u>	<u>300,218</u>

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:

	2023	2022
Other related parties	<u>\$ 20,206</u>	<u>86,569</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:

	2023	2022
Ultimate controller	<u>\$ 1,058</u>	<u>868</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	2023.12.31	2022.12.31
Accounts receivable	Other related parties		
	Foxconn Interconnect Technology Limited	\$ -	63,634
	Others	66	151
		<u>\$ 66</u>	<u>63,785</u>

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As of December 31, 2023 and December 31, 2022, no allowance for loss is required for the above-mentioned related parties.

E. Contract assets

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

Account items	Types of related parties	2023.12.31	2022.12.31
Contract assets	Other related parties	\$ 10	10

F. Property trading - property, plant and equipment acquired

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

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

In order to optimize assets and raise efficiency of operation, after obtaining management's approval on July 30, 2021, Board of Directors approved to sell ShunSin (Zhongshan)'s equipment to Triple Win Technology (Shenzhen) Co., Ltd on October 28, 2021. The book value of the equipment is 507,203 thousand (RMB 118,111 thousand). The Group transferred the equipment to non-current assets classified as held for sale with its book value. Among part of the aforementioned machinery and equipment for sale, the remaining machinery and equipment for sale were sold at their book value in March 2022. The disposal price was 24,532 thousand (RMB 5,651 thousand) and the gain on the disposal was 0. As of December 31, 2022, the aforementioned remaining amount has been received.

G. Payables to related parties

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

Account	Related-party categories	2023.12.31	2022.12.31
Accounts payable to related parties	Other related parties	\$ 4,655	8,100
Other payables to related parties	Other related parties		
	Foxcavity Precision Industry (Shenzhen) Co., Ltd.	-	10,464
	Others	5,729	5,709
		5,729	16,173
		\$ 10,384	24,273

(4) Remuneration of major management personnel

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Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 19,277	25,218
Post-employment benefits	282	450
	<u>\$ 19,559</u>	<u>25,668</u>

8. Pledged assets

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

Pledged asset	Object	2023.12.31	2022.12.31
Restricted bank deposit (recognized as financial assets measured at amortized cost-current)	Customs deposit	\$ -	61,732
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)	Long-term loan	-	8,010
Total		<u>\$ 19,488</u>	<u>69,742</u>

9. Material contingent liabilities and unrecognized contractual commitments

(1) As of December 31, 2023 and 2022, the Group has signed contracts for the purchase of property, plant and equipment with a price of 311,996 thousand and 2,274,033 thousand, respectively, and the paid amounts are 19,002 thousand and 1,357,374 thousand respectively, which are recognized as unfinished construction of property, plant and equipment and prepayments for business facilities.

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

10. Major disaster losses: None.

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11. Major subsequent events: None.

In order to expand the business scope and provide more complete packaging and testing OEM services based on lead frame, the Company was approved by Board of Directors on January 29, 2024 to increase capital on its 100% owned subsidiary, ShunSin (Hong Kong), to indirectly acquire 100% of the equity of SFA SEMICON (SUZHOU) CO., LTD. The total transaction amount is capped at USD 21,370 thousand or its equivalent in foreign currency.

12. Others

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

Items	Functions	2023			2022		
		Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses							
Salary expenses		533,559	497,295	1,030,854	394,010	325,834	719,844
Health insurance expenses		19,076	14,889	33,965	17,696	13,686	31,382
Pension expenses		35,995	25,282	61,277	28,902	22,639	51,541
Other employee benefit expenses		19,916	22,465	42,381	62,602	59,569	122,171
Depreciation expenses		419,846	73,082	492,928	439,623	71,960	511,583
Amortization expenses		111	681	792	112	456	568

13. Disclosure of Note

(1) Information on major transactions

In 2023, the Group shall disclose the information on the major transactions subject to Regulations Governing the Preparation of Financial Reports by Securities Issuers:

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, 2023	Balance at December 31, 2023	Actual amount drawn down (Note 2)	Interest rate (%)	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans
													Item	Value		
0	The Company	ShunYun (Cayman)	Other receivables	Y	452,768 (RMB 101,860)	-	-	-	2	-	Business operation	-	-	-	633,391 (Note 2)	2,533,564 (Note 2)
0	The Company	ShunSin (Bac Giang)	Other receivables	Y	565,560 (USD 18,000)	-	-	-	2	-	Business operation	-	-	-	633,391 (Note 2)	2,533,564 (Note 2)
1	ShunYun (Cayman)	ShunYun (Hong Kong)	Other receivables	Y	718,335 (USD 17,800+ RMB 32,600)	141,060 (RMB 32,600)	140,835 (RMB 32,548)	-	2	-	Business operation	-	-	-	7,688,224 (Note 3)	7,688,224 (Note 3)

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

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

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

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

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Note 3: The policy for loans to subsidiaries which ShunYun (Cayman) directly own 100% voting shares is as follows: the total amount shall not exceed 400% of the lender's net worth, and the limit for individual objects shall not exceed 400% of the lender's net worth.

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

B. Endorsement/Guarantee provided:

No	Guarantor/ Endorser	Party being guaranteed/ endorsed		Limited on guarantees/ endorsements provided for a single party (Note2)	Maximum outstanding guarantee/ endorsement amount as of December 31, 2023	Outstanding guarantee/ endorsement amount as of December 31, 2023	Amount of guarantees/ endorsements secured with collateral	Ratio of accumulated guarantee/ endorsement amount to net asset value of the guarantor/ endorser company (%)	Limit on total amount of guarantees/ endorsements period	Provision of guarantees/ endorsements by parent company to subsidiary (Note2)	Provision of guarantees/ endorsements by subsidiary to parent company	Provision of guarantees/ endorsements to the party in Mainland China	Amount of guarantees/ endorsements secured with collateral
		Company name	Relationship with the guarantor/endorser (Note1)										
0	The Company	ShunYun (Cayman)	2	3,166,995	1,945,800 (USD 60,000)	-	-	-	%	6,333,910	Y	N	N

Note 1: Relationship between guarantor and guarantee:

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

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

C. Marketable securities held as of September (excluding investment in subsidiaries, associates and joint ventures):

Holding company	Types and names of marketable securities	Relations with securities issuers	Account subjects	Closing period				Remarks
				Number of share	Book value	Shareholding ratio	Fair value	
ShunSin (Samoa)	Stocks: Dyna Image Corp	—	Financial assets measured at fair value through profit or loss-non-current	270,000 (Note)	7,237	5.56%	7,237	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Corporation Limited	—	"	3,044,625	140,340	0.76%	140,340	

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

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

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 (Zhongshan)	Ji Nan Fu Jie Industrial fund	Financial assets measured at fair value through profit or loss-non-current	-	-	-	219,207	-	-	-	395,607	241,089	148,397	-	-

Note 1: Including gain on evaluation of financial assets at fair value through profit or loss amounting to 21,882 thousand.

Note 2: Including the exchange differences on translations amounting to 6,121 thousand.

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

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

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

Companies purchasing	Counter party	relation	Transaction situation				Reason of trading terms differs from normal transaction		Notes receivable (payable), accounts receivable (payable)		Remarks
			Purchase/(sale)	Amount	Ratio of total purchase	Credit period	Unit price	Credit period	Balance	Ratio to total notes receivable,	

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and selling goods					(sales)					accounts receivable (payable)	
ShunSin (Zhongshan)	The Company	Parent company	Sale	1,052,379	70.05%	4 months	-		208,788	74.97%	Note 2
ShunYun (Cayman)	ShunSin (Bac Giang)	Affiliate	Sale	267,965	7.92%	4 months	-		258,754	41.96%	Note 2
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Sale	453,514	96.87%	4 months	-		-	- %	Note 2
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Sale	1,093,588	99.17%	4 months	-		-	- %	Note 2

Note 1: The price is calculated at the agreed price.

Note 2: The above transactions with the consolidated entities have been written off at the time of preparing the consolidated financial statements.

H. Receivables of related parties amounted to \$100 million or more than 20% of the capital receivable:

Companies that account for receivables	Companies that account for receivables	Relation	Related parties of receivables Balance of amounts	Turnover rate %	Overdue receivables of Related parties		Related parties of receivables Amount recovered after the period (Note 2)	setting aside for allowance for bad debt
					Amount	Treatment		
ShunSin (Zhongshan)	The Company	Parent and subsidiary company	Accounts receivable (Note 1): 208,788	5.83	-		132,844	-
ShunYun (Cayman)	ShunSin (Bac Giang)	Affiliate	Accounts receivable (Note 1): 258,754	2.07	-		-	-
ShunSin (Zhongshan)	The Company	Parent and subsidiary company	Other receivable (Note 1): 1,796,029	-	-		176,312	-
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Other receivable (Note 1): 372,246	-	-		-	-
ShunYun (Cayman)	ShunYun (Hong Kong)	Affiliate	Other receivable (Note 1): 140,835	-	-		-	-
ShunYun (Cayman)	ShunYun (Ha Noi)	Affiliate	Other receivable (Note 1): 167,758	-	-		-	-
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Other receivable (Note 1): 284,225	-	-		-	-

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

Note 2: As of March 5, 2024.

I. Engaging in derivatives trading: none.

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

No. (Note 1)	Trader's name	Business trading objects	Relation between trader (Note 2)	Transaction situation			
				Subject	Amount	Transaction conditions	Ratio to consolidated total operating income or total assets (Note 3)
0	The Company	ShunSin (Zhongshan)	1	Purchases	1,052,379	The price is based on the price agreed by both	20.18
0	"	"	1	Accounts payable	208,788	Within 4 months	1.42
0	"	"	1	Other payables	1,796,029	Pay/receive on behalf, no general customers for comparison	12.18
1	ShunYun (Cayman)	ShunYun (Zhongshan)	3	Purchases	453,514	The price is based on the price agreed by both	8.70
1	"	"	3	Other payables	372,246	Pay/receive on behalf, no general customers for	2.52

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						comparison	
1	ShunYun (Cayman)	ShunYun (Ha Noi)	3	Purchases	1,093,588	The price is based on the price agreed by both	20.97
1	"	"	3	Other payables	284,225	Pay/receive on behalf, no general customers for comparison	1.93
3	ShunSin (Bac Giang)	ShunYun (Cayman)	3	Purchases	267,965	The price is based on the price agreed by both	5.14
3	"	"	2	Accounts payable	258,754	Within 4 months	1.75
4	ShunYun (Ha Noi)	ShunYun (Cayman)	3	Contract assets	268,824	Recognition by completion ratio	1.82
4	"	"	3	Other payables	167,758	Pay/receive on behalf, no general customers for comparison	1.11
5	ShunYun (Hong Kong)	ShunYun (Cayman)	3	Other payables	140,835	Capital Loan	0.95

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

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

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

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

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

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

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

(2) Information on re-investment business:

The information of the reinvested business of the Group in 2023 is as follows (excluding the invested company in mainland China):

Name of investment company	Name of invested company	Location	Main business contents	Original investment amounts (Note3)		Shareholding at the closing period			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Note 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value (Note 1 and 2)			
The Company	ShunSin (Hong Kong)	Hong Kong	Holding Company	3,134,106	3,134,106	830,455,240	91.80%	9,870,234	551,321	506,113	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	472,575 (Note 5)	287,928	15,516,327	100.00%	881,052	32,297	32,297	subsidiary
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	8.20%	881,655	551,321	45,208	affiliate
ShunYun (Cayman)	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234	(Note 4)	100.00%	732,358	431,273	431,273	affiliate
ShunYun (Cayman)	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	2,099,906 (Note 6)	1,655,196	(Note 4)	100.00%	1,965,551	(113,299)	(113,299)	affiliate
ShunYun (Zhongshan)	ShunYun (Hong Kong)	Hong Kong	Holding Company	1,206,830 (Note 7)	781,748	(Note 7)	100.00%	1,783,812	289,739	289,739	affiliate

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ShunYun (Hong Kong)	ShunYun (Cayman)	Cayman	Holding Company	1,699,090 (Note 8)	1,274,008	58,279,660	100.00%	1,922,056	290,941	290,941	affiliate
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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: The Company has invested total US\$ 6,006 thousand from January 1 to December 31, 2023.

Note 6: ShunYun (Cayman) has invested total US\$ 14,500 thousand from January 1 to December 31, 2023.

Note 7: ShunYun (Zhongshan) has invested total US\$ 14,000 thousand from January 1 to December 31, 2023.

Note 8: ShunYun (Hong Kong) has invested total US\$ 14,000 thousand from January 1 to December 31, 2023.

(3) Information on investment in Mainland China:

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

Unit: NTS 1,000

Name of investee	Main business and products	Paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of investee	Percentage of ownership	Share of profits/losses of investee (Note 2 and 3)	Carrying value as of December 31, 2023 (Note 2 and 3)	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
ShunSin (Zhongshan)	Assembly, testing and sales of SiP products and other types of integrated circuits	3,030,692 (RMB 722,637)	(2)	Note 4	Note 4	Note 4	Note 4	473,063 (RMB 107,627)	100.00%	473,063 (RMB 107,627)	9,014,648 (RMB 2,082,887)	Note 4
Talentek (Hefei)	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	198,473 (RMB 45,056)	(2)	Note 4	Note 4	Note 4	Note 4	16,132 (RMB 3,670)	39.21%	5,624 (RMB 1,279)	165,647 (RMB 38,204)	Note 4
ShunYun (Zhongshan)	Produce high speed optical transceiver	1,645,231 (RMB 373,496)	(2)	Note 4	Note 4	Note 4	Note 4	103,373 (RMB 23,518)	78.05%	80,683 (RMB 18,356)	1,847,374 (RMB 426,065)	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 9,014,648 thousand has deducted the unrealized benefits of the fixed assets sold to affiliated companies which amounting to 18,150 thousand. This unrealized benefit has been recognized in the book value of the investment at the end of the period and the investment profit or loss recognized in the current period.

Note 6: The above paid-in capital is calculated at historical exchange rate, the book value held at the closing period is calculated at the exchange rate of December 31, 2023 (exchange rate at closing period RMB: NTD = 1: 4.3359), and the remainder is calculated at the average exchange rate (RMB: NTD = 1: 4.3954).

B. Investment limits in mainland China: Not applicable.

C. Major transactions with mainland invested companies:

For the major direct or indirect transactions between the Group and the mainland invested company in 2023 (which were written off at the time of compiling the consolidated financial report). Please refer to “Information on Major Transactions”.

(4) Information of major shareholders:

Unit: Share

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
Foxconn (Far East) Limited		63,964,800	59.52%

(a) The main shareholder information in this table is calculated by Taiwan Depository and

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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:

Revenues from external customers:

Region	2023	2022
United States	\$ 1,986,262	2,682,145
Singapore	1,847,528	1,612,761
Mainland China	761,230	402,885
Taiwan	318,596	447,769
Australia	98,160	28,120
HongKong	85,548	10,590
Malaysia	74,094	80,758
Other countries	40,804	52,913
Total	\$ 5,212,222	5,317,941

Non-current assets:

Region	2023.12.31	2022.12.31
Vietnam	\$ 2,264,718	2,094,103

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Mainland China	2,233,870	2,193,477
Hong Kong	68,655	-
Taiwan	9	17
Total	<u><u>\$ 4,567,252</u></u>	<u><u>4,287,597</u></u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, prepayment for equipment and non-current assets classified as held for sale, 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>2023</u>	<u>2022</u>
A	\$ 1,978,066	2,678,170
B	1,098,331	1,240,991
C	779,491	296,188
Total	<u><u>\$ 3,855,888</u></u>	<u><u>4,215,349</u></u>

ShunSin Technology Holdings Limited

Chairman: Chiang, Shang-Yi

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