



Common Stock Code:6451

ShunSin Technology Holdings Limited

2024 Annual Report

Market Observation Post System: <http://mops.twse.com.tw>
Company Website: <http://www.shunsintech.com>

Print Date: April 30, 2025

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1. Spokesman and Deputy Spokesman of the Company:

Spokesman

Name: Wang, Yaowei

Title: Senior Assistant Manager of business strategy committee

Tel: (02) 2268-8368

Email: SST@shunsintech.com

Deputy Spokesman

Name: Lo, Chi-Wah

Title: Chief operating officer of operations Office

Tel: (02) 2268-8368

Email: SST@shunsintech.com

2. Contact Information of the Head Office, Branch Offices and Factories

Head Office

Name: ShunSin Technology Holdings Limited

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

Tel: (02) 2268-8368

Branches

Name: ShunSin Technology Holdings Limited Taiwan Branch

Address: 11F-5, No. 495, Guangfu S. Rd., Xinyi Dist., Taipei City, Taiwan

Tel: (02) 2268-8368

Name: ShunYun Technology Holdings Limited Taiwan Branch

Address: 11F-6, No. 495, Guangfu S. Rd., Xinyi Dist., Taipei City, Taiwan

Tel: (86) 760-23381689

Subsidiaries

Name: ShunSin Technology Holdings (HongKong) Limited

Address: Suite 1222, 12/F., Leighton Centre, 77 Leighton Rd., Causeway Bay, Hong Kong

Tel: (02) 2268-8368

Name: ShunSin Technology (Zhong Shan) Limited

Address: Building 2 1st Floor Area B and 2 to 5th Floor, No.9-1, Jianye East Rd., Torch Hi-tech Development Zone, Zhongshan, Guangdong Province, China

Tel: (86) 760-23381357

Name: ShunSin Technology (Samoa) Corporation Limited

Address: Offshore Chambers, P.O. Box 217, Apia, Samoa

Tel: (02) 2268-8368

Name: Talentek Microelectronics (Hefei) Limited

Address: Plant No.1, Intersection of Xiangwang Rd. and Dongfeihe Rd., Hefei

Comprehensive Bonded Zone, Xinzhan Dist., Hefei City, Anhui Province, China

Tel: (02) 2268-8368

Name: ShunYun Technology (Ha Noi, Vietnam) Limited

Address: Lot CN8, Thach That-Quoc Oai, Industrial Zone, Phung Xa Commune, Thach That District, Ha Noi, Vietnam

Tel: (86) 760-23381689

Name: ShunYun Technology (Bac Giang, Vietnam) Company Limited

Address: Part of Lot H, Quang Chau Industrial Park, Tran Nanh Town, Viet Yen District, Bac Giang Province, Vietnam

Tel: (86) 760-23381689

Name: ShunYun Technology Holdings Limited

Address: P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand

Cayman, KY1 - 1205 Cayman Islands

Tel: (86)760-23381689

Name: ShunYun Technology (Zhong Shan) Limited

Address: No.9-1, Jianye East Rd., Torch Hi-tech Development Zone, Zhongshan, Guangdong Province, China

Tel: (86)760-23381689

Name: ShunYun Technology Holdings (HongKong) Limited

Address: Suite 1222, 12/F., Leighton Centre, 77 Leighton Road, Causeway Bay, HongKong.

Tel: (86)760-23381689

Name: ShunSin Technology (Vietnam) Company Limited

Address: Lot CNSG – 10 (rented factory B, factory C and auxiliary works from Long Hung Electronic Technology Company Limited), Van Trung Industrial Park, Van Trung commune, Viet Yen district, Bac Giang province, Vietnam

Tel: (02) 2268-8368

Name: Talentek Microelectronics (Zhong Shan) Limited

Address: Building 2 1st Floor Area A, No.9-1, Jianye East Rd., Torch Hi-tech Development Zone, Zhongshan, Guangdong Province, China

Tel: (02) 2268-8368

Name: SFA SEMICON (SUZHOU) CO., LTD

Address: No. 288, Jiangxing East Road, Wujiang Economic and Technological Development Zone

Tel: (02) 2268-8368

3. Litigation and Non-litigation Agent in the Republic of China:

Name: Hsu, Wen-Yi

Title: General Manager

Tel: (02) 2268-8368

Email: Suggestions.ZS@shunsintech.com

4. Share Transfer Agency:

Name: The Transfer Agency Department of Grand Fortune Securities Co., Ltd.

Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Taipei City, Taiwan

Website: <http://www.gfortune.com.tw>

Tel: (02)2383-6888

5. Contact Information of the Certified Public Accountants for the Latest Financial Report:

Name of firm: KPMG

Name of CPA: Charlotte Chao, Phyllis Chang

Address: 68F., No.7, Section 5, Xinyi Road, Taipei City, Taiwan

Website: <http://www.kpmg.com>

Tel: (02) 8101-6666

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. CEO, Wuhan Hongxin Semiconductor Manufacturing Co. Ltd. Vice Chairman of Semiconductor Manufacturing International Corporation CSO, 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 International 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 2024

The operating performance indicators of the Group in 2024 are as follows:

Currency: NT\$ thousand, %

	Item	FY2024		FY2023		Diff.	Note
Profitability	Consolidated Revenue	5,188,000		5,212,222		(24,222)	Revenue remains flat
	Consolidated Gross Profit (margin)	683,598	13.18%	1,221,187	23.43%	(537,589)	Decreased gross profit margin due to changes in product sales mix.
	Consolidated Net Income (margin)	38,949	0.75%	467,416	8.97%	(428,467)	The main reason is that the change in product sales mix has led to a decrease in gross profit margin, resulting in a simultaneous decrease in profits.
	Return on Asset	1.14%		3.92%		(2.78%)	Same as above
	Return on Equity	0.51%		6.71%		(6.20%)	Same as above
	Earnings per share	\$0.40		\$4.11		(3.71)	Same as above
Capital Structure	Debts ratio	53.63%		50.90%		2.73%	Mainly due to the fact that the medium-term loan was used to optimize financial liquidity.
Liquidity	Current ratio	173.86%		135.91%		37.95%	Same as above
	Quick ratio	160.98%		129.30%		31.68%	Same as above
Operating Performance	Average collection turnover (times)	6.18		5.84		0.34	Mainly due to a slight decrease in revenue
	Average collection days	59.05		62.5		(3.45)	Same as above
	Average inventory turnover (times)	9.37		6.8		2.57	Mainly due to factors such as changes in product sales mix, which have increased the speed of raw material sales.
	Average inventory turnover days	38.95		53.67		(14.72)	Same as above

In 2024, due to changes in the product mix and increased investment in the Van Trung plant in Vietnam, the gross profit margin decreased, resulting in a decline in overall net profit after tax compared to 2023. Looking forward to 2025, the Group has actively expanded its layout of multiple production bases in mainland China and Vietnam to provide customers with more comprehensive services and establish closer cooperative relationships. It has established a solid foundation in the field of semiconductor packaging and is expected to benefit from the growth of the global semiconductor market, driving the Group's operations to heat up in 2025.

Income Share of Product Sales in 2024 and 2023

	FY 2024	FY 2023
High-speed optical transceiver	53.36%	58.72%
SiP & Sensor	46.64%	41.28%
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 these two types of products are in a stage of continuous market growth. The global semiconductor market has benefited from the continued growth in demand for artificial intelligence (AI) and high-performance computing (HPC), especially in the field of artificial intelligence. As a leader, ChatGPT's functions are constantly expanding, and various applications are also developing rapidly. The Group's main cooperative customers are leading companies in the industry. We continue to work with customers on project research and development of related products and invest in the next generation of technology applications. The Group will respond to market changes and establish closer cooperation with customers, and develop forward-looking and competitive products.

Against the backdrop of geopolitics such as the Sino-US trade war, the Group established a production base in Vietnam. Since it started production in the fourth quarter of 2021, the operation of the Vietnam plant has gradually been on track, which has also injected great growth momentum into the Company. The Bac Giang plant in Vietnam was put into use in the third quarter of 2023, and the acquisition of the Suzhou plant was subsequently completed in 2024 to expand the power management business. It is expected that with the opening of the production capacity of the Vietnam plant and the existing momentum of the Zhongshan plant, the Group will be able to carry out more comprehensive 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:

- **SiP Market**

The Group has been focusing on SiP products for many years, mainly used in power amplifiers and sensors. In addition to smartphones, with the rapid development of IoT technology, the application of automotive electronics, especially sensors, will become one of the keys to future development. According to IDC's report, global smartphone shipments will continue to grow in 2025, and the automotive electronics market is also expanding rapidly. With the rise of electric vehicles and their integration with traditional vehicles, the automotive sensor market, especially automotive LiDAR, is continuing to set new highs. According to Yole's report, the global automotive LiDAR market size has reached US\$538 million in 2023 and is expected to reach US\$3.632 billion by 2029.

- **Optical Communication Market:**

The application of 5G and AI technologies is driving the rapid growth of demand for high-speed transmission in the global optical communication market. According to Mordor Intelligence's forecast, the global optical communication module market will grow to US\$19.4 billion in 2025 and is expected to reach US\$36 billion by 2030. LightCounting's research shows that CPO (photonic integration) technology is expected to reduce the power consumption of existing pluggable optical module architectures by 50%, thereby effectively responding to the challenges of high-speed, high-density interconnect transmission. The Group has many years of accumulated experience in optical transceiver module technology and has the mass production capacity of 51.2T CPO. In the future, we will continue to strengthen technology research and development, and it is expected that by 2025, high-speed fiber optic transceiver modules will become an important driving force for the company's operational growth.

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

According to the OECD Economic Outlook 2024, the global economy is recovering steadily and showing stable growth. However, the economic performance of various countries is significantly uneven. The United States, mainland China and other countries benefit from the growing demand for cutting-edge technologies such as artificial intelligence (AI), which is expected to further promote local economic performance better than other regions.

The Group continues to pay attention to changes in the global industrial and economic environment and actively respond to global supply chain risks. In recent years, we have not only actively deployed production bases in Vietnam, but also continued to work hard to expand product diversity to meet the rapidly changing needs of the global market. Our strategy is to be ahead of customer needs, actively plan and develop related products, provide customers with a full range of products and services, and continuously and steadily create value for investors.

It is expected that in 2025, the semiconductor terminal market will continue to expand, among which the smartphone market will maintain steady growth, while AI, optical communications, power management and other fields will continue to drive market expansion. ShunSin has long been highly recognized by customers. With multiple production bases in Vietnam and mainland China, it can not only effectively meet the needs of existing customers, but also continue to attract new international customers to join the cooperation. By deeply participating in the development of new products for customers, the Group has successfully achieved the mass production of a number of new technologies. The Group's long-term deep cultivation in the field of semiconductor packaging and testing has laid a solid foundation for future growth.

According to the analysis of the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD), the global inflation rate has fallen faster than expected, and the economic performance of the United States and mainland China may be better than previously predicted. Therefore, the two major institutions have successively raised their economic growth expectations for 2025. However, the current global economy is still affected by the rise of protectionism. Increased tariffs and import restrictions may further disrupt the global supply chain and push up prices.

Facing the situation in 2025, the Group will accelerate the optimization of its product portfolio and the layout of cross-border manufacturing to respond to global supply chain risks and follow the growth of market trends such as AI, high-performance computing (HPC), and power management. Relying on products with market potential such as high-speed fiber optic transceiver modules, SiP and sensors, as well as the support of high-yield packaging technology and rich industry experience, combined with the advantages of multiple production bases in mainland China and Vietnam, we will continue to deepen our technological advantages and operational efficiency to create higher added value for shareholders.

Chairman: Chiang, Shang-Yi

II. Corporate Governance Report

i. 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 27, 2025

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, under-age 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	%			
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. CEO, Wuhan Hongxin Semiconductor Manufacturing Co. Ltd. Vice Chairman of Semiconductor Manufacturing International Corporation CSO, Hon Hai Precision Industry Co., Ltd.	Consultant, Hon Hai Precision Industry Co., Ltd. Director, 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	-
	R.O.C.	Representative: Hsu, Wen-Yi	Male & 61 ~ 70	2023/06/28		2014/05/20	1,794,200	1.68	686,200	0.64	-	-	-	-	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.	Note 2	
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	Hung Yang Soft. Tech. Co. Ltd., Vice Present	

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, under-age 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	%			
Director	KY	Foxconn (Far East) Limited	-	2023/06/28	3	2014/05/20	-	-	-	-	-	-	-	-	Co., Ltd. R & D assistant manager IBM R & D manager		
	R.O.C.	Representative: Huang, Ying-Shih	Male & 51 ~ 60	2023/06/28		2023/06/28	-	-	-	-	-	-	-	-	NA 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.	Director, Zheng Ding Technology Holding Limited Supervisor, XSEMI Corporation Senior Director, HON HAI PRECISION INDUSTRY CO., LTD. Senior Assistant Manager, EY Transaction Advisory Services Inc. Senior Assistant Manager, Systex Corporation Senior Assistant Manager, HP Inc.	-
Independent director	R.O.C.	Ting, Hung-Hsun	Male & 61 ~ 70	2023/06/28	3	2014/05/20	-	-	-	-	-	-	-	-	Bachelor Degree in Accounting, Chinese Culture University Independent Director, Test Rite Retail Co., Ltd. Independent Director, Test Rite International 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, CEN LINK CO., LTD. Independent Director / Chairman of the Compensation Committee / Chairman of the Audit Committee, M POWER Information Co., Ltd	-
Independent director	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	-
Independent director	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.

Note 2: Senior Director, Hon Hai Precision Industry Co., Ltd. and Chairman, HEALTHCONN CORP. and Chairman, GENCONN BIOTECH CO., LTD. and Chairman, ALTUS TECHNOLOGY INC. and Chairman, SOCLE TECHNOLOGY CORP. and Chairman, Foxconn New Energy Vehicle Industry Development (Henan) Co., Ltd. and Chairman, SolidEdge Solution Inc and Chairman, FAROBOT INC. and Director, Linker Vision Co., Ltd. and Director, iCana Ltd. and Director, PowerX Semiconductor Corporation and Director, ADVANCED POWER ELECTRONICS CORP. and Director, XSemi Corporation and Director, Pan-International Industrial Corp. and Director, ShunSin Technology Holdings Limited and Director, Foxtron Vehicle Technologies Co., Ltd. and Director, BATT. CYCLE MATERIALS CO., LTD and Director, Beijing Hengyu Electric Vehicle Rental Co., Ltd. and Director, Foxconn Innovation Industry Development Group Co., LTD. and Director, Foxconn EV Netherlands Holdings B.V. and Director, Foxconn New Energy (Zhengzhou) Co.,Ltd and Director, Kore Semiconductor Co., Ltd and Director, iSenseTek Technology Inc. and Director, Hong Yang Semiconductor Co., Ltd. and Director, LONG TIME TECH. CO., LTD.

<2> Principal Shareholders of Corporate Shareholders

March 31, 2025

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

March 31, 2025

Name of legal person	Principal shareholders of corporate shareholders	Shareholding ratio
Hon Hai Precision Industry Co., Ltd.	Gou, Tai-Ming	12.54%
	New Labor Pension Fund	1.77%
	LGT Bank AG	1.27%
	Citibank Hosting Government of Singapore Investment Account	1.25%
	Standard Chartered Bank in custody for Vanguard Total International Equity Index	1.22%
	Citibank Hosting Norges Bank Investment Account	1.16%
	JPMorgan Chase Hosting Vanguard Developing Markets Index Fund	1.10%
	CTBC Custody of Yuanta Taiwan Excellence 50	1.00%
	Deutsche Commerzbank Managed iShares Emerging Markets ETF Investment Account	0.77%
	Chunghwa Post Co., Ltd.	0.69%

<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.	2

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

(1) Diversity of the Board of Directors

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company has adjusted the "Policy on Diversity of Board Members" in Article 20 of the "Corporate Governance Code of Practice" revised in 2023. The policy states that the composition of the Board of Directors should take into account various needs such as the company's operating structure, business development direction, and future development trends, and it is advisable to evaluate various diversity aspects, such as basic composition (such as gender, age, etc.), professional experience (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. The current Board of Directors of the Company consists of 7 directors, including 3 independent directors and 4 non-independent directors. All directors are experts from the industry and academia. The Company attaches great importance to gender equality in the composition of the Board of Directors and aims to increase the number of female directors to more than one-third (i.e., 33%). Currently, 86% (6) of the Board of Directors are men and 14% (1) are women. In the future, we will try our best to increase the number of female directors to achieve our goal.

(2) Diversification of Board Members

The current board of directors consists of 7 directors, all of whom have experience in business management of listed companies or management positions in government

agencies. In addition to leadership decision-making, crisis management, and international market perspectives, 3 of the independent directors are Ting, Hung-Hsun, Chien, Cheng & Co., CPA; Chuang, Chang-Hsing, chairman, ASPIRE LIGHTING CO., LTD; Dai, Shu-Huei, SME Credit Guarantee Fund/Vice President. Among the other 7 non-independent directors, Chiang, Shang-Yi, chairman; Hsu, Wen-Yi, director; Huang, Ying-Shih, director; Ho, Chia-Hua, director, all have experience in important management positions such as directors or general managers of listed companies. The company's industries include technology and traditional manufacturing, and they have professional capabilities in technology, business management, industry knowledge, and operational judgment. The basic composition of the board of directors is as follows:

Name of Director	Basic composition								
	Citizenship	Gender	Part-time employee of the company	Age			Independent Director Term of Office(years)		
				51~60	61~70	71~80	Less than 3	3~9	9+
Chiang, Shang-Yi	R.O.C.	male				V			
Hsu, Wen-Yi	R.O.C.	male	V		V				
Huang, Ying-Shih	R.O.C.	male		V					
Ho, Chia-Hua	R.O.C.	male		V					
Ting, Hung-Hsun	R.O.C.	male			V				V
Chuang, Chang-Hsing	R.O.C.	male			V		V		
Dai, Shu-Huei	R.O.C.	female			V		V		

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 27, 2025

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	686,200	0.64	-	-	-	-	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 (Zhong Shan) 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 spokesman, ShunSin Technology Holdings 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 Carsem, NPI manger Carsem, EQL manger Carsem, 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, Xiangfan 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	
Senior Assistant Manager of business strategy committee & Director of Management Information System Division	R.O.C.	Niu, Willam	Male	2019/09/17	-	-	-	-	-	-	Doctor of Information, University of Sydney, Australia Software Development Manager, Sonic Healthcare Software Development Manager, National Cancer Institute of Australia	Senior Assistant Manager of business strategy committee & Director of Management Information System Division, ShunSin Technology (Zhong Shan) Limited	-	-	-	-

ii. Remuneration of the Director, Supervisor, General Manager, Vice General Manager, etc. in Recent Years (2024)

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	27				21		
		All the companies within the consolidated financial reports	27				21		
	Business execution expenses (D)	The Company	56				42		
		All the companies within the consolidated financial reports	56				42		
The proportion of the four items A, B, C and D total amount on the profit after tax		The Company	1,763(4.13%)				1,323(3.10%)		
		All the companies within the consolidated financial reports	1,763(4.13%)				1,323(3.10%)		
Part-time employees remuneration	Salary, awards and special expenses (E)	The Company	3,300				-		
		All the companies within the consolidated financial reports	4,835				-		
	Pension (F)	The Company	108				-		
		All the companies within the consolidated financial reports	108				-		

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
		consolidated financial reports								
	Employee's Compensations (G)	The Company	Cash amount	18,639				-		
			Stock amount	-				-		
		All the companies within the consolidated financial reports	Cash amount	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		23,810(55.82%)				1,323(3.10%)		
		All the companies within the consolidated financial reports		25,345(59.42%)				1,323(3.10%)		
Is there any remuneration from other invested businesses apart from subsidiaries or parent company				27,457				-		
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. The evaluation items include six aspects: understanding of the company's goals and tasks, awareness of directors' responsibilities, degree of participation in the company's operations, internal relationship management and communication, directors' professional and continuing education, and internal control.										
(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

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; %

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	Stock amount			
General Manager	Hsu, Wen-Yi	2,632	4,167	108	108	560	560	18,639	-	18,639	-	21,939 (51.43%)	23,474 (55.03%)	-

Remuneration Scale

Range of remuneration paid to General Managers and Vice General Managers	General Manager and Vicegeneral Manager's name	
	TheCompany	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	-	23,083	23,083	54.11
Director of Finance & Accounting Division	Wang, Yaowei				
Chief Operating Officer of Operations Office	Lo, Chi-Wah				

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	2024		2023	
	Amount	%	Amount	%
Board of Directors	26,668	62.52	26,819	6.18
General manager and vice-general manager				
Net profit after tax	42,656	100.00	434,217	100.00

The total amount of remuneration paid by the Company to the Directors, General Manager and Deputy General Manager as a percentage of net profit after tax increased in 2024 compared to 2023, mainly due to the change in product sales mix in 2024, which resulted in a decrease in net profit after tax compared to 2024. The total amount paid was still the same as in 2023.

<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.

iii. Implementation of Corporate Governance

1. Information of the operation of Board of Directors:

<1> Directors' Attendance in the Most Recent Year (2024)

(1)The Fifth Board of Directors held 6 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	2	-	66.67	-
Director	Foxconn (Far East) Limited Representative: Hsu, Wen-Yi	6	-	-	100.00	-
Director (Note)	Foxconn (Far East) imited Representative: Huang, Ying-Shih	5	1	-	83.33	-
Director	Foxconn (Far East) Limited Representative: Ho, Chia-Hua	5	1	-	83.33	-
Independent director	Ting, Hung-Hsun	6	-	-	100.00	-
Independent director	Chuang, Chang-Hsing	5	1	-	83.33	-
Independent director	Dai, Shu-Huei	6	-	-	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
2024. 01.29	5 th session of the 5 rd BOD	Our company intends to indirectly acquire Suzhou Company by increasing the capital of our Hong Kong subsidiary	3/3	Adoption of resolution	None
2024. 03.14	6 th session of the 5 rd BOD	1. The distribution of employees' compensations and directors' remuneration in 2023.	3/3	Adoption of resolution	None
		2. The Company's consolidated financial statements for 2023.		Adoption of resolution	None
		3. 2023 performance evaluation of the Company's managers, performance bonus, and employee compensation issuance.		Adoption of resolution	None
		4. To issue the Company's 2023 business report.		Adoption of resolution	None
		5. 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
		6. Convened the Company's 2022 General Meeting of Shareholders.		Adoption of resolution	None
		7. The Company applied to financial institutions for short-term quotas and signed contracts.		Adoption of resolution	None
		8. Proposal to amend the company's internal control regulations.		Adoption of resolution	None
		9. Proposal on the assessment of the suitability and independence of the company's certified public accountants and the commission remuneration.		Adoption of resolution	None
2024. 05.14	7 th session of the 5 rd BOD	1. The Company's 2023 earnings allocation plan.	3/3	Adoption of resolution	None
		2. The Company's consolidated financial statements for 2024 Q1.		Adoption of resolution	None
		3. The Company applied to financial institutions for short-term quotas and signed contracts.		Adoption of resolution	None
		4. Dismissal of the company's managers.		Adoption of resolution	None
2024. 08.29	8 th session of the 5 rd BOD	1. The Company's consolidated financial statements for 2024 Q2.	3/3	Adoption of resolution	None
		2. The Company applied to financial institutions for short-term quotas and signed contracts.		Adoption of resolution	None
		3. Revise the organizational charter of the company's Sustainability Committee.		Adoption of resolution	None
		4. The company's 2023 Sustainability Report.		Adoption of resolution	None
		5. Establish the annual sustainable development plan, strategic direction, implementation status, and effectiveness tracking and review plan.		Adoption of resolution	None
		6. The company's 2024 manager salary increase plan.		Adoption of resolution	None
2024. 11.12	9 th session of the 5 rd BOD	1. The Company's consolidated financial statements for 2024 Q3.	3/3	Adoption of resolution	None
		2. To meet the operating turnover needs, a three-year medium-term credit line is planned to be applied for from a financial institution.		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
2024.12.27		3. The Company's 2023 Directors' Remuneration Distribution Plan.		Adoption of resolution	None
		4. The Company plans to issue the second unsecured convertible corporate bond in the Republic of China.		Adoption of resolution	None
		5. Approval of the lead underwriter appointment agreement to assist the Company in complying with the laws of the Republic of China.		Adoption of resolution	None
	10 th session of the 5 rd BOD	1. Formulated the 2025 Operation Plan of the Company.	3/3	Adoption of resolution	None
		2. Formulated 2025 Audit Plan of the Company.		Adoption of resolution	None
		3. The Company's application for banking facilities from a financial institution and the signing of the contract.		Adoption of resolution	None
		4. The Company intends to apply to CTBC Bank for the opening of a DBU (Domestic Banking Unit) account.		Adoption of resolution	None
		5. The Company intends to indirectly increase the capital of its Vietnamese subsidiary by increasing the capital of its subsidiary ShunSin Hong Kong.		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, 2024, 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 2023.	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 12, 2024, the Company discussed the directors' remuneration distribution in 2023 and the Company discussed the managers' compensations distribution in 2023, directors' execution of recusal was as follows:

Director	Proposal Contents	Reasons for interests recusal	Voting Situation
Chiang, Shang-Yi	Directors' remuneration Distribution in 2023	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.
Hsu, Wen-Yi (Note)			
Huang, Ying-Shih			
Ho, Chia-Hua			
Ting, Hung-Hsun			
Chuang, Chang-Hsing			
Dai, Shu-Huei			

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 2024	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 2024	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	
				Professional level and continuing education of directors	
				Internal controls	
				Evaluation results	96.29

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 2024	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 2024	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 (2024), the attendance of independent directors was as follows:

The fourth Audit Committee held 6 meetings and the independent directors were absent as follows:

Title	Name	Practical attendance	Commissioned attendance	Practical attendance ratio (%)	Remarks
Independent director	Ting, Hung-Hsun	6	-	100	-
Independent director	Chuang, Chang-Hsing	5	1	83.33	-
independent director	Dai, Shu-Huei	6	-	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' actions in responses to the Audit Committee's opinions
2024. 01.29	4 th session of the 4 nd A.C.	Our company intends to indirectly acquire Suzhou Company by increasing the capital of our Hong Kong subsidiary	Adoption of resolution	Submit to the Board of Directors for resolution
2024. 03.14	5 th session of the 4 nd A.C.	1. The Company's consolidated financial statements for 2023.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. To issue the Company's 2023 business report.	Adoption of resolution	Submit to the Board of Directors for resolution
		3. 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
		4. Proposal to amend the company's internal control regulations.	Adoption of resolution	Submit to the Board of Directors for resolution
		5. Proposal on the assessment of the suitability and independence of the company's certified public accountants and the commission remuneration.	Adoption of resolution	Submit to the Board of Directors for resolution
2024. 05.14	6 th session of the 4 nd A.C.	1. The Company's 2023 earnings allocation plan.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. The Company's consolidated financial statements for 2024 Q1.	Adoption of resolution	Submit to the Board of Directors for resolution
2024. 08.29	7 th session of the 4 nd A.C.	1. The Company's consolidated financial statements for 2024 Q2.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. Revise the organizational charter of the company's Sustainability Committee.	Adoption of resolution	Submit to the Board of Directors for resolution
2024. 11.12	8 th session of the 4 nd A.C.	1. The Company's consolidated financial statements for 2024 Q3.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. To meet the operating turnover needs, a three-year medium-term credit line is planned to be applied for from a financial institution.	Adoption of resolution	Submit to the Board of Directors for resolution
		3. The Company's 2023 Directors' Remuneration Distribution Plan.	Adoption of resolution	Submit to the Board of Directors for resolution
		4. The Company plans to issue the second unsecured convertible corporate bond in the Republic of China.	Adoption of resolution	Submit to the Board of Directors for resolution
2024. 12.27	9 th session of the 4 nd A.C.	The Company intends to indirectly increase the capital of its Vietnamese subsidiary by increasing the capital of its 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 2024, 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 5th session of the 4th Audit Committee meeting and the 7th session of the 4th Audit Committee meeting.
2	Review annual business report	Completed at the 5th session of the 4th Audit Committee meeting
3	Review earnings distribution statement	Completed at the 6th session of the 4th Audit Committee meeting
4	Review the effectiveness of the Company's internal control	Completed at the 5th session of the 4th 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.

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
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 of the Company, and risk control and firewall mechanisms are indeed implemented.	No significant differences.
(4) Does the Company have internal regulations that prohibit insiders from trading securities using unpublished information in the market?	✓		(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	No significant differences.

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
(2) Does the Company voluntarily set up other functional committees besides Compensation Committee and Audit Committee according to law?	✓		diversity. policy. (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 and remuneration, as well as the nomination and renewal of individual directors?	✓		(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. According to the evaluation method, the company completed the 2024 board performance evaluation and submitted it to the board of directors on March 11, 2025. 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 96.29 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.	No significant differences.
(4) Does the Company evaluate the independence of CPA on 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	No significant differences.

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
			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 2025 and 2024 certified accountants' competency and independence were submitted to the Audit Committee and the Board of Directors for approval on March 11, 2025, and March 14, 2024, 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 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 1. The accountant and the client do not have any significant financial conflict of interest. 2. The accountant and the client do not have any inappropriate conflict of interest. 3. The accountant and his assistants shall regularly participate in the evaluation of the industry association or other relevant organizations, and shall abide by honesty, fairness and independence. 4. The financial statements of the service institutions within the first two years of practice shall not be audited and certified. 5. The accountant's own name shall not be used by others. 6. The client's shares shall not be held. 7. The accountant shall not have any	

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
			money lending or borrowing with the client, but normal dealings with the financial industry are not limited to this. 8. The accountant shall not have a relationship of joint investment or sharing of interests with the client. 9. The accountant shall not concurrently hold the client's regular work and receive a fixed salary. 10. The accountant shall not receive any commission related to the business. 11. Has the term of office of any accountant exceeded seven consecutive years, or has the interval between the re-appointment of any accountant been less than two years? 12. Does the accountant have relevant industry audit experience? The above assessment results have no improper interests and meet the requirements of independence and suitability.	
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

Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM Listed Companies and reasons
	Y	N	Description	
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 business and corporate governance information?	✓		(1) The Company has set up a website and disclosed relevant information about the Company.	No significant differences
(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.	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	
			(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 interests of stakeholders.	No significant differences
			(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 Functional 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.	1	-
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 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 (2024), the attendance status of committee members is as follows:

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	3	-	100	-
Committee member	Ting, Hung-Hsun	3	-	100	-
Committee member	Chuang, Chang-Hsing	2	1	66.67	-
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
2024. 03.14	2 nd session of the 4 th C.C.	1. 2023 remuneration payment to the Company's employees and directors.	Adoption of resolution	Submit to the Board of Directors for resolution
		2. 2023 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
2024. 08.29	3 rd session of the 4 th C.C.	Our company's 2024 manager salary increase plan	Adoption of resolution	Submit to the Board of Directors for resolution
2024. 11.12	4 th session of the 4 th C.C.	The Company's distribution of director's remuneration for 2023.	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. (3) The Sustainability Committee held two meetings in 2024. The agenda items included (1) the draft of the Sustainability Report, (2) the formulation of the annual sustainable development plan and strategic direction, (3) the tracking and review of the implementation and effectiveness of sustainable development, and (4) the revision of the internal control system related to sustainability.	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 an organization under the Sustainability Committee. It is headed by senior executives and appoints social responsibility management representatives to coordinate and manage the various departments of the company to promote the work of the five modules of labor, safety and health, environment, ethics, and management system related to the company's operations in accordance with RBA requirements. In 2024, the company will collect laws and regulations, customer and industry requirements related to the company's operations every quarter, conduct risk assessments, and formulate relevant risk management policies or strategies at the same time. In 2024, a 28-hour social responsibility	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	
			education and training course will be carried out, and 803 people will participate in the training to enhance the social responsibility awareness of all employees and supervisors, promote the latest policies and regulations, and reduce risks related to the company's 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 efficiently and uses renewable materials which have a low impact on the environment?	✓		(2) The company implements the ISO 50001 energy management system, establishes 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	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	
(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?	✓		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) 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 2024, 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 compliance with human rights policy requirements.	No significant differences.
(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	✓		(2) In addition to providing relevant insurance for employees in accordance with local government regulations, the company has regular promotion and salary increase opportunities every year to reward employees with outstanding performance, and issues year-end bonuses, performance	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	
compensation?			bonuses, talent retention bonuses and production incentive bonuses based on the company's operating performance and personal work performance. Employees can enjoy statutory holidays, marriage leave, maternity leave, childcare leave, nursing leave, annual leave, and other holidays. Other welfare measures include wedding, funeral, and birthday gifts, free annual health check-ups, regular entertainment activities, evening parties or garden parties, music rooms, game areas, basketball courts, gyms, table tennis areas, leisure areas, and other employee cultural and recreational welfare venues.	
(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 employees with a safe and healthy working environment, actively improves and eliminates the company's safety hazards, formulates annual health and safety and energy-saving training and education, implements them according to the plan, and conducts induction safety and health education for new employees to enhance employee safety and health awareness. In 2024, there were 0 employee occupational accidents, 0 casualties, and 0% of the total number of employees. In response to occupational accidents, emergency rescue personnel conducted corresponding safety professional training and assessments, and conducted relevant safety course training for employees from time to time. In 2024, there were 0 fires, 0 casualties, and 0% of the total number of employees. In response to fires, 2 fire safety drills were carried out.	No significant differences. 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 major training systems and formulated an annual training plan to cultivate and reserve management talents and professional and technical talents for the Company. In 2024, the training course hours were 2,244.5, and 24,299 people participated in the training.	No significant differences.
(5) Does the Company comply with relevant laws and regulations and international standards for	✓		(5) The company's product manufacturing process is carried out in accordance with the quality specifications required by	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 health and safety, 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?	✓		customers, confidentiality agreements, 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.	
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 relevant content of the Company's website and annual report. The amount of donation or assistance provided by the Company in 2024 is RMB 20,200, and the number of beneficiaries is 153.				

6. Climate-related information of listed OTC companies:

a. Greenhouse Gas Inventory Information

State the greenhouse gas emissions (tons CO₂e), intensity (tons CO₂e/million dollars), and data coverage for the most recent two years.

1. The parent company should start the inventory from 2025.

2. The subsidiaries with consolidated financial statements should start the inventory from 2026.

The ISO14064-1 greenhouse gas inventory standard issued by the International Organization for Standardization (ISO) has established a greenhouse gas inventory mechanism. Since 2012, the greenhouse gas emissions of ShunSin (Zhongshan) and ShunYun (Zhongshan), two major subsidiaries of the company, have been regularly inspected every year to fully understand the use and emission of greenhouse gases and verify the effectiveness of the reduction actions.

In addition, the greenhouse gas inventory data for the last two years is summarized based on the operational control method, including the greenhouse gas emissions of the company and its subsidiaries in the consolidated financial statements, as follows:

		2023		2024	
		Emissions (tons CO ₂ e)	Intensity (tons CO ₂ e/ 5.2 million NTD turnover)	Emissions (tons CO ₂ e)	Intensity (tons CO ₂ e/ 5.2 million NTD turnover)
Parent company	Category 1	0	0	0	0
	Category 2	0	0	0	0
	Subtotal	0	0	0	0
Subsidiaries	Category 1	295.19	0.0566	282.48	0.0544
	Category 2	26,023.70	4.9930	24,414.11	4.7059
	Subtotal	26,318.89	5.0497	24,696.59	4.7603
Total		26,318.89	5.0497	24,696.59	4.7603

Note

1. The data disclosed in 2023 and 2024 are for subsidiaries ShunSin (Zhongshan) and ShunYun (Zhongshan). Vietnam is a newly built plant and is still in the early stages of operation, so it is not included in the 2024 inventory scope. In addition, the acquisition completed by the Suzhou subsidiary in 2024, its related operating locations have not yet fully introduced the company's environmental management system and inventory operation process, and it is expected to complete the inventory scope assessment and inclusion in the planning in the next year.

2. The turnover in 2023 is 5,212 million yuan, and the turnover in 2024 is 5,188 million yuan.

b. Greenhouse Gas Confirmation Information

A statement of the assurance status for the most recent two years ending on the date of publication of the annual report, including the assurance scope, assurance organization, assurance criteria, and assurance opinions.

1. The parent company shall start to implement assurance from 2028.

2. The subsidiaries with consolidated financial statements shall start to implement assurance from 2029.

The company disclosed the total greenhouse gas emissions. In 2023 and 2024, the verification was carried out by "SGS" using ISO 14064-3:2019 issued by the International Organization for Standardization (ISO), and the verification opinion was a reasonable assurance level. The verification scope covers ShunSin (Zhongshan) and ShunYun (Zhongshan). It is expected that the verification of the entire ShunSin Group will be completed in 2029.

2.Greenhouse gas reduction targets, strategies and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies and specific action plans, and the status of achievement of the reduction targets.

- Greenhouse gas reduction base year and reduction target

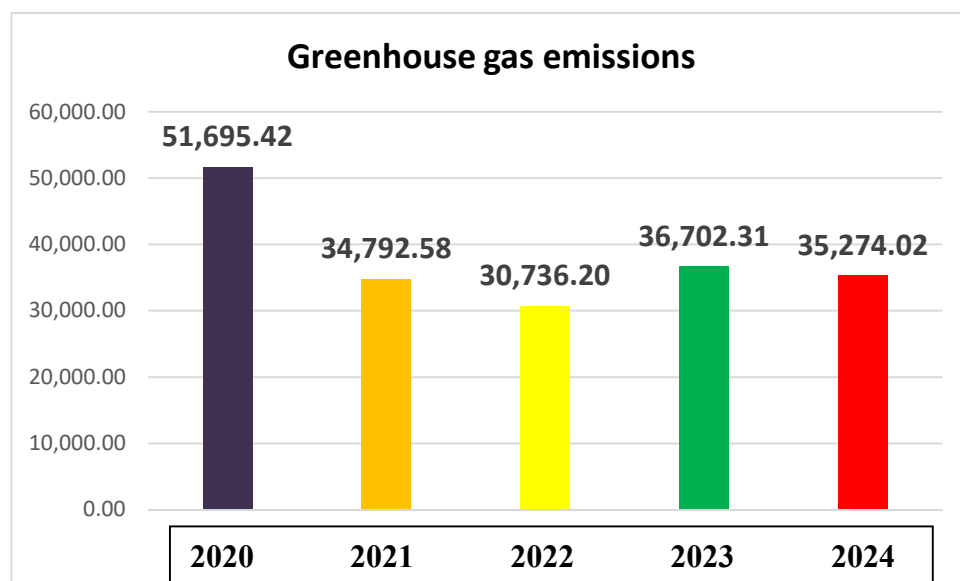
The Company is a listed company with a paid-in capital of less than NT\$5 billion. According to regulations, the Company shall complete the disclosure of carbon reduction targets for subsidiaries, including consolidated financial reports from 2027, so no clear reduction targets have been set at this stage. However, in order to plan the greenhouse gas reduction strategy, the Company completed the greenhouse gas inventory of the actual operating sites, ShunSin (Zhongshan) and ShunYun (Zhongshan), in 2020. Since the inventory scope is more complete, 2020 is selected as the base year for comparison with other years. The emissions of Scope 1 and Scope 2 in that year were 511.514 tons CO₂e and 28,295.73 tons CO₂e, respectively, and continued to promote carbon reduction.

- Greenhouse gas reduction strategy and specific action plan

The company has integrated carbon management into its operational strategy, including the introduction of "renewable energy use" and "energy conservation action plan promotion" as the main action plans for greenhouse gas reduction during the operation process. In terms of "renewable energy use", the company has been planning to install solar power generation facilities in the factory to reduce greenhouse gas emissions caused by purchased electricity. In terms of "energy conservation action plan promotion", by improving the energy efficiency of operating machines and replacing energy-consuming office equipment, we ensure that the reduction results are actually carried out, actively reduce the impact of emissions, and meet the requirements of stakeholders for corporate carbon reduction.

- Achievement of reduction targets

The emission data and target achievement status for each year so far are as follows :



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	
1. Formulating Integrity Operation Policies and Programs			

Evaluation items	Operation situation			Differences and Reasons between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Y	N	Summary	
(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 conduct, and supervision of implementation?	✓		(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 towards any behavior or activity that violates the regulations and reporting	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	
(3) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	✓		activity to the Board of Directors at least once a year. (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 investigation, and a relevant confidentiality mechanism for	✓		(2) The Company’s “Code of Operations for Employee Appeals Management” and “Procedures for Business Ethics Management” clearly stipulate the investigation criteria, follow-up measures, and punishment methods for handling	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	
accepting reports? (3) Does the Company take measures to protect whistleblowers not suffer for which he/she reported?	✓		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. Other important information that can enhance the understanding of the operation of corporate governance should be disclosed as follows: None.

9. Status of Implementation of Internal Control System

<1> Statement of Internal Control System

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

Date: March 11, 2025

The Company states the following with regard to its internal control system during fiscal year 2024, 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 12/31/2024 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 3/11/2025, 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.

10. 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	2024.01.29	Our company intends to indirectly acquire Suzhou Company by increasing the capital of our Hong Kong subsidiary
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.
Board of Directors	2024.05.14	(1) The Company's 2023 earnings allocation plan. (2) The Company's consolidated financial statements for 2024 Q1. (3) The Company applied to financial institutions for short-term quotas and signed contracts. (4) Dismissal of the company's managers.
Board of Directors	2024.08.29	(1) The Company's consolidated financial statements for 2024 Q2. (2) The Company applied to financial institutions for short-term quotas and signed contracts. (3) Revise the organizational charter of the company's Sustainability Committee. (4) The company's 2023 Sustainability Report. (5) Establish the annual sustainable development plan, strategic direction, implementation status, and effectiveness tracking and review plan. (6) The company's 2024 manager salary increase plan.
Board of Directors	2024.11.12	(1) The Company's consolidated financial statements for 2024 Q3. (2) To meet the operating turnover needs, a three-year medium-term credit line is planned to be applied for from a financial institution. (3) The Company's 2023 Directors' Remuneration Distribution Plan. (4) The Company plans to issue the second unsecured convertible corporate bond in the Republic of China. (5) Approval of the lead underwriter appointment agreement to assist the Company in complying with the laws of the Republic of China.
Board of Directors	2024.12.27	(1) Formulated the 2025 Operation Plan of the Company. (2) Formulated 2025 Audit Plan of the Company.

Meeting Types	Convening Date	Important Resolution
		(3) The Company's application for banking facilities from a financial institution and the signing of the contract. (4) The Company intends to apply to CTBC Bank for the opening of a DBU (Domestic Banking Unit) account. (5) The Company intends to indirectly increase the capital of its Vietnamese subsidiary by increasing the capital of its subsidiary ShunSin Hong Kong.
Board of Directors	2025.03.11	(1) The company's employee remuneration and directors' remuneration payment matters in 2024. (2) The company's 2024 consolidated financial report. (3) The company's managers' 2024 performance evaluation, performance bonuses, and employee remuneration matters. (4) The company's 2024 "Business Report" case. (5) The company's 2024 "Effectiveness Assessment of Internal Control System" and "Declaration of Internal Control System". (6) Plan to convene the company's 2025 regular shareholders' meeting. (7) The resolution approved the proposal to change the appointment of the company's principal/sub-certifying accountants and the assessment of their suitability and independence. (8) The resolution approved the proposal to amend the company's "Articles of Incorporation". (9) The resolution approved the proposals on sustainable stakeholders, sustainable major themes, and the sustainable development annual plan.
Annual General Meeting	2024.06.27	(1) Acknowledge the company's 2023 business report and consolidated financial statements. Subsequent implementation status: Relevant documents have been filed within the company. (2) Acknowledge the company's 2023 earnings distribution proposal. Subsequent execution: The company announced on June 27, 2024, that August 2, 2024, will be the ex-dividend base date, and August 23, 2024, will be the cash dividend payment date. So far, all cash dividends announced for 2023 have been paid out.

11. 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.

iv. 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	2024.1.1~ 2024.12.31	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.

v. Alternation of CPA: None.

vi. 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.

vii. 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	2024		As of April 27, 2025	
		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	(689,000)	-	(63,000)	-
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	(2,000)	-	-	-
Independent Director	Dai, Shu-Huei	-	-	-	-
Director of Finance & Accounting Division	Wang, Yaowei	-	-	-	-
Senior Assistant Manager of Operating Room	Lo, Chi-Wah	-	-	-	-

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

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

viii. The Relations of the Top Ten Shareholders

April 27, 2025

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, De- Cai, Zhou, Zong-Kai	63,964,800	59.52%	-	-	-	-	-	-	-
UBS Europe SE	1,603,199	1.49%	-	-	-	-	-	-	-
Norges Bank-fund mgr Graticule Asset Management Asia Pte. Ltd.	1,226,000	1.14%	-	-	-	-	-	-	-
TransGlobe Life Insurance Inc.	860,000	0.80%	-	-	-	-	-	-	-
Hsu, Wen-Yi	686,200	0.64%	-	-	-	-	-	-	-
MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.-EQUITY TRADING DIVISION (PROPRIETARY TRADING DESK) FOR TRI- PARTY SBL TRADING	393,000	0.37%	-	-	-	-	-	-	-
BNP PARIBAS-INTERNAL- SECURITIES SERVICES FOR TRI-PARTY SBL TRADING	303,000	0.28%	-	-	-	-	-	-	-
Zhou, Yiwei	300,000	0.28%	-	-	-	-	-	-	-
Central Tanshi Co.,Ltd.	278,000	0.26%	-	-	-	-	-	-	-
iShares Core MSCI Emerging Markets ETF	273,000	0.25%	-	-	-	-	-	-	-

ix. Long-Term Investment Ownership

March 31, 2025; 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	1,127,004,737	94	74,183,976	6	1,201,188,713	100
ShunSin Technology (Zhong Shan) Limited	-	-	RMB thousand: 722,637 (Note)	100	RMB thousand: 722,637	100
ShunSin Technology (Samoa) Corporation Limited	US\$ thousand: 15,516	100	-	-	US\$ thousand: 15,516	100
TalenteK Microelectronics (He fei) Limited	-	-	RMB thousand: 17,666 (Note)	38.89	RMB thousand: 17,666 (Note)	38.89
TalenteK Microelectronics (Zhong Shan) Limited	-	-	RMB thousand: 6,858 (Note)	38.89	RMB thousand: 6,858 (Note)	38.89
ShunYun Technology (Ha Noi, Vietnam) Limited	-	-	US\$ thousand: 6,000 (Note)	78.05	US\$ thousand: 6,000 (Note)	78.05
ShunYun Technology (Bac Giang, Vietnam) Company Limited	-	-	US\$ thousand: 79,000 (Note)	78.05	US\$ thousand: 79,000 (Note)	78.05
SHUNSIN TECHNOLOGY (VIETNAM) COMPANY LIMITED	-	-	US\$ thousand: 30,000 (Note)	100	US\$ thousand: 30,000 (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: 291,495.75 (Note)	78.05	RMB thousand: 291,495.75 (Note)	78.05
ShunYun Technology Holdings (HongKong) Limited	-	-	US\$ thousand: 39,000	78.05	US\$ thousand: 39,000	78.05
SFA SEMICON (SUZHOU) CO., LTD	-	-	US\$ thousand: 17,890	100	US\$ thousand: 17,890	100

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, 2025; 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, 2025; 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. List of Major Shareholders

April 27, 2025

Shares Name of major shareholders	Shares Held	Percentage
Foxconn (Far East) Limited Representative: Huang, De-Cai, Zhou, Zong-Kai	63,964,800	59.52%
UBS Europe SE	1,603,199	1.49%
Norges Bank-fund mgr Graticule Asset Management Asia Pte. Ltd.	1,226,000	1.14%
TransGlobe Life Insurance Inc.	860,000	0.80%
Hsu, Wen-Yi	686,200	0.64%
MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.-EQUITY TRADING DIVISION (PROPRIETARY TRADING DESK) FOR TRI-PARTY SBL TRADING	393,000	0.37%
BNP PARIBAS-INTERNAL-SECURITIES SERVICES FOR TRI-PARTY SBL TRADING	303,000	0.28%
Zhou, Yiwei	300,000	0.28%
Central Tanshi Co.,Ltd.	278,000	0.26%
iShares Core MSCI Emerging Markets ETF	273,000	0.25%

iii. Corporate Dividend Policy and Its Implementation

1. Corporate Dividend Policy

The Company has amended its Articles of Association (hereinafter referred to as “the Ninth 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 Ninth 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 12th meeting of the 5th session of the Board of Directors on May 14, 2025, NT\$ 38,222,568 will be appropriated from the 2024 earnings as cash dividends, with NT\$0.36 per share distributed. The board of directors has set the ex-dividend base date as 2025. 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.

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

v. 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 2024 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 2024. 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 2024 was approved by the Board of Directors of the Company on March 11, 2025. The distribution of employee bonus and the remuneration of directors and supervisors is as follows:

<1> It is proposed to distribute NT\$1,446,252 in cash remuneration to employees and NT\$48,208 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	
-	-	34,765,470	441,000

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

The actual distribution of employee remuneration of the Company in 2023 was NT\$34,765,470, which was lower than the distribution amount in 2022. The actual distribution amount increased by NT\$9,964,970 compared with the amount recorded on the books of NT\$24,800,500. The actual distribution of directors' remuneration in 2023 was NT\$441,000, which was the same as the amount recorded on the books. The difference was due to the distribution of employee remuneration provisions that had not yet been distributed in previous years, which would not affect the profit and loss in 2024.

vi. 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%

vii. 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:

Types of corporate bonds	The second unsecured convertible corporate bond issue in the Republic of China
Issue date	February 27, 2025
Denomination	NT\$100,000
Issuance and trading location	OTC Securities Exchange
Issue Price	Issued at 104.08% of par value
Lump sum	The total denomination of the issue is NT\$2.5 billion, and the total amount raised is NT\$262,487,900.
Interest rate	Coupon rate 0%
The term	3 years Expiration date: February 27, 2028
Guarantee Agency	NA
Trustee	SinoPac Bank Trust Department
Underwriting Institution	Fubon Securities Co., Ltd.
Visa Lawyer	NA

Visa Accountant		NA
Repayment Method		In addition to conversion, sale and redemption in accordance with the conversion rules, the bond will be repaid in cash at the par value upon maturity.
Outstanding principal		NT\$2.5 billion (as of April 30, 2025)
Redemption or early repayment terms		Detailed issuance and conversion methods
Restrictions		None.
Credit rating agency name, rating date, company rating results		NA
Other rights	Amount of common stock, overseas depositary receipts or other securities converted (exchanged or subscribed) as of the date of publication of the annual report	No conversion amount yet
	Issuance and conversion (exchange or subscription) methods	Detailed issuance and conversion methods
The method of issuing and converting, exchanging or subscribing shares, the effect of the issuance conditions on the possible dilution of equity and the effect on the equity of existing shareholders		Before the bondholders exercise their right to convert the convertible bonds, there is no dilution to the company's equity. In addition, the bondholders will exercise their right to convert at different times, which will effectively delay the dilution effect on earnings per share. For the existing shareholders' equity, although the issuance of convertible bonds will slightly increase the company's liabilities before conversion, when the convertible bonds are converted into common shares, in addition to reducing liabilities, it can also increase shareholders' equity. In the long run, the impact on the existing shareholders' equity is not far-reaching.
Name of the entrusted custodian institution of the exchange subject		None.

<2> Convertible Bond:

Types of corporate bonds		The second unsecured convertible corporate bond issue in the Republic of China	
Year		2024	Current year ends on April 30, 2025
Convertible corporate bond market price	Highest	-	104.05
	Lowest	-	89.45
	Average	-	101.37

Types of corporate bonds	The second unsecured convertible corporate bond issue in the Republic of China	
Year	2024	Current year ends on April 30, 2025
Conversion Price	NT\$241.2	
Issue (handling) date and conversion price at issue	February 27, 2025 / NT\$241.2	
How to fulfill the conversion obligation	Payment by issuing new shares	

<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.

viii. Implementation of Funds Usage Plan:

The company's plan to raise and issue securities that has not yet been completed is the second unsecured convertible corporate bond to be issued in the Republic of China in 2025. The content of the plan and the implementation status are explained as follows:

1. Project Content :

(1) Approval date and document number of the competent authority of the target industry: Financial Management Certificate No. 1130367924 on January 9, 2025.

(2) Total funds required for this project: NT\$2,850,698,000.

(3) Source of funds

(a) Issuance of the second unsecured convertible corporate bonds in the Republic of China: NT\$2,602,048,790.

25,000 unsecured convertible corporate bonds in the Republic of China were issued, each with a face value of NT\$100,000, with a total face value of NT\$2,500,000,000. The issuance period is three years, and the coupon rate is 0%. This public underwriting was conducted by competitive auction, and the issuance was conducted at 104.08% of the face

value. The actual amount raised was NT\$2,602,049,000.

(b) The remaining funds required for this plan of NT\$248,649,000 will be paid by self-owned funds or bank loans.

(c) If the second unsecured convertible corporate bonds issued in the Republic of China are not fully issued, they will be paid by self-owned funds or bank loans; if the actual funds raised are higher than the total face value of the issuance, they will be used to supplement working capital.

4. Projects and funding progress

Unit: NT\$ thousand

Projects	Scheduled completion date	Total funds required	Scheduled fund utilization progress							
			2025				2026			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Build factory	2026, Q3	2,110,374	189,196	189,196	619,847	634,588	307,988	93,330	76,229	—
Purchase of machinery and equipment	2026, Q4	638,275	—	—	—	—	191,483	165,952	213,822	67,018
Supplement working capital	2025, Q1	102,049	102,049	—	—	—	—	—	—	—
合計		2,850,698	291,245	189,196	619,847	634,588	499,471	259,282	290,051	67,018

5. Expected benefits

(1) Build factories and purchase machinery and equipment

The total amount of the company's plan this time is NT\$2,850,698,000, of which NT\$2,110,374,000 is used to build a factory and NT\$638,275,000 is used to purchase machinery and equipment. The actual funds raised are higher than the total par value of NT\$102,049,000 issued to replenish working capital. The company has been working in the field of system module packaging (System in Package, hereinafter referred to as SiP) for many years. In view of the changes in the international situation, in order to disperse geopolitical risks, the system module packaging production capacity, mainly located in China, will be dispersed. In addition, considering the rising labor costs in China, in order to appropriately reduce production costs to enhance the company's competitiveness, etc., the Vietnamese subsidiary ShunSin Technology (Vietnam) Company Limited (hereinafter referred to as ShunSin Vietnam) plans to build a factory and purchase machinery and equipment to expand the group's SiP product production in Vietnam. It is expected that the test run will begin after the completion of the factory in the second quarter of 2026, and the formal production will be put into production in the fourth quarter of 2026. This plan plans to build a factory and purchase machinery and equipment in ShunSin Vietnam. The expected benefits are as follows :

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

Year	Project	Production	Sales	Operating Income	Operating profit	Net Operating profit
2026	SiP	83,434	83,434	234,097	(1,084)	(52,167)
2027	SiP	504,778	504,778	1,589,444	293,173	160,140
2028	SiP	908,600	908,600	2,842,907	666,073	438,641
2029	SiP	908,600	908,600	2,842,907	666,073	438,641
2030	SiP	908,600	908,600	2,842,907	666,073	438,641
2031	SiP	908,600	908,600	2,842,907	666,073	438,641
2032	SiP	908,600	908,600	2,842,907	666,073	438,641

(2) Supplement working capital

NT\$102,049,000 of the funds raised this time will be used to supplement operating capital to support the operating working capital required for the growth of operating scale, which can reduce the dependence on banks. If the weighted average interest rate of the company's short-term loans is approximately 2.23%, it is estimated that interest expenses of approximately NT\$1,896,000 and NT\$2,276,000 can be saved in 2025 and subsequent years respectively. It is expected that the company's financial flexibility can be improved and the financial structure can be strengthened, which is beneficial to the company's overall future operational development.

2. Implementation and benefit analysis :

1. Implementation

Unit: NT\$ thousand

Projects	Implementation		As of the first quarter of 2025
Build factory	Amount of expenditure	Reserve	189,196
		Actual (Note)	78,324
	Execution progress (%)	Reserve	8.97
		Actual	3.71
Purchase of machinery and equipment	Amount of expenditure	Reserve	-
		Actual	-
	Execution progress (%)	Reserve	-
		Actual	-
Supplement working capital	Amount of expenditure	Reserve	102,049
		Actual	102,049
	Execution progress (%)	Reserve	100.00
		Actual	100.00
Total	Amount of expenditure	Reserve	291,245
		Actual	180,373
	Execution progress (%)	Reserve	10.22
		Actual	6.33

Note: The actual amount of expenditure is calculated based on the average exchange rate of Vietnamese Dong to New Taiwan Dollar announced by the Bank of Taiwan on March 31, 2025

VND:NTD =1:0.001275

2. Reasons for being ahead of or behind schedule

(1) Build factory

As of the first quarter of 2025, the Company's planned capital execution progress for the construction of the plant was 8.97%, and the actual execution progress was 3.71%. The delay in the progress of the capital utilization plan for the construction of the plant was mainly due to the fact that the construction review work time of the government department exceeded expectations, resulting in delays in the project progress. However, the Company and the plant contractor signed the plant civil engineering contract on February 25, 2025, and the relevant construction work is ready and will continue to be implemented according to the planned project. After evaluation, the reasons for the delay in the execution progress of the Company's plant construction plan project are reasonable, and there are no major abnormalities.

(2) Purchase of machinery and equipment

According to the progress of fund utilization in this fundraising plan, no funds have been invested in purchasing machinery and equipment, so there is no situation of being ahead of or behind schedule.

(3) Supplement working capital

The Company has completed the replenishment of working capital according to the planned schedule, with the execution progress of 100.00%, and there should be no major abnormalities.

3. Benefit Achievement

(1) Build factories and purchase machinery and equipment

The company's factory is expected to start installation and trial production after construction is completed in the second quarter of 2026, and officially start production in the fourth quarter of 2026. Therefore, no benefits have been generated as of the first quarter of 2025, which is consistent with the planned benefit progress. There is no significant difference between the actual benefits and the expected benefits.

(2) Supplement working capital

Year \ Project		End of the fourth quarter of 2024 (before fundraising)	End of the fourth quarter of 2024 (after fundraising)
Financial Structure	Debt Ratio	53.64%	59.86%
	Ratio of long-term funds to property, plant and equipment	209.69%	260.50%
Debt Solvency	Current Ratio	173.86%	216.90%
	Quick Ratio	160.98%	204.02%

Note: This is an estimate based on the total assets, total liabilities, and total equity in the 2024 consolidated financial statements.

Based on the 2024 consolidated financial statements, the company's debt ratio increased from 53.64% before financing to 59.86% after financing following the completion of the second unsecured convertible corporate bond issuance in the Republic of China. The debt ratio increased slightly, mainly because the creditors of this convertible corporate bond have not yet converted into common stock. Before this convertible corporate bond is converted into common stock, its debt ratio has not decreased significantly, resulting in the financial structure not being significantly improved in a short period of time. The reason is reasonable; the ratio of long-term funds to real estate, plant and equipment has increased from 209.69% before financing to 260.50% after financing, and its financial structure has improved significantly; in terms of debt repayment performance, the current ratio and quick ratio increased from 173.86% and 160.98% before financing to 216.90% and 204.02% after financing, respectively, and both ratios have increased. In summary, except for the debt ratio which did not decrease as expected because bondholders have not yet converted their bonds into common shares, all other financial ratios have improved, indicating that this round of financing has a positive effect on the company's financial structure and debt repayment ability, so its benefits should have already been apparent.

V. Operation Overview

i. Business Content

1. Business Scope

<1> Main Contents of Company's Business

The Group is mainly engaged in the packaging, testing, and sales of System in Package products, Optical Transceiver, Passive optics module, Lead frame, power devices, and other types of integrated circuit modules. SiP products are mainly high-frequency wireless communication modules, WiFi modules, Low Noise Amplifier, filters, multiplexer module products, etc. Other types of integrated circuit module products are Sensor and Automotive Electronics, etc. The Group's products are mainly used in consumer electronics, automotive electronics, industrial electronics, white goods, cloud servers, and hearing aids.

<2> Operating proportion

Items \ Year	2024	2023
	Operating proportion (%)	Operating proportion (%)
Optical Transceiver	53.36%	58.72%
SiP & Sensor	46.64%	41.28%
In total	100%	100%

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

- (1) Semiconductor Integrated Circuit (Power Amplifier; PA), Antenna Switch Module (ASM), Filter, Multiplexer, 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): Time-of-flight (ToF) sensors, ambient light sensors, skin sensors, multi-spectral light sensors, image tracking sensors, lidar sensors, etc.) packaging and testing services: mainly used in sensing modules for smartphones, wearable devices, assisted driving, and industrial equipment.
- (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.
- (6) Power devices: Mainly used in home appliance power drives and laptop power management.

<4> New products (services) planned for development

- (1) A. 1.6T-OSFP-XD silicon optical fiber transceiver module
- (2) B. 400G ZR coherent optical transceiver module
- (3) C. Erbium-doped amplifier (EDFA)
- (4) D. Reconfigurable optical add/drop multiplexer (ROADM)
- (5) E. Wavelength division multiplexer (WDM)
- (6) F. 400G-Metro coherent optical transceiver module
- (7) G. 102.4T CPO optoelectronic co-packaged transceiver module
- (8) H. Automotive electronic module assembly
- (9) I. High-density electronic and mechanical parts coplanar double-sided horizontal assembly technology
- (10) J. Photorelay module packaging technology

- (11)K. Electromagnetic interference shielding light source sensor
- (12)L. WiFi 7 filter module
- (13)M. Micro bulk acoustic wave (BAW) Invisible cutting technology for filter wafers
- (14)N. Automotive power driver (TO247)
- (15)O. Home appliance power driver (TOLL)
- (16)P. Home appliance energy saving control (IPM module)
- (17)Q. Mobile phone fast power control (DFN88)
- (18)R. New energy vehicle charging power control (T2PAK)
- (19)S. SPAD ranging sensor for automotive lidar applications
- (20)T. Wide-angle time-of-flight sensor

2. Industry Overview

<1> Status quo and development of the industry

◆ SiP market

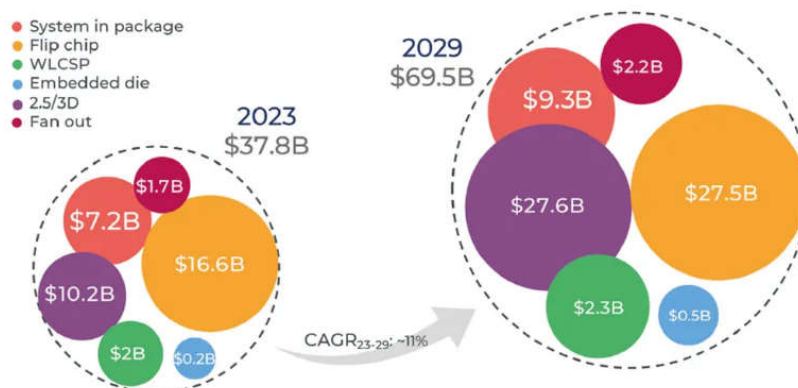
The SiP (System in Package) concept means "multiple chips or a chip or the same module in one IC package, plus the packaging of passive component, capacitor, resistor, connector, antenna or more components, namely a SiP", which not only can assemble multiple chips in a package, but also can stack the 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 the Yole report, the global advanced packaging market will expand from US\$37.8 billion to US\$69.5 billion from 2023 to 2029.

2023-2029 advanced packaging industry revenue forecast

(Source: Status of the Advanced Packaging Industry 2024, Yole Intelligence, July 2024)



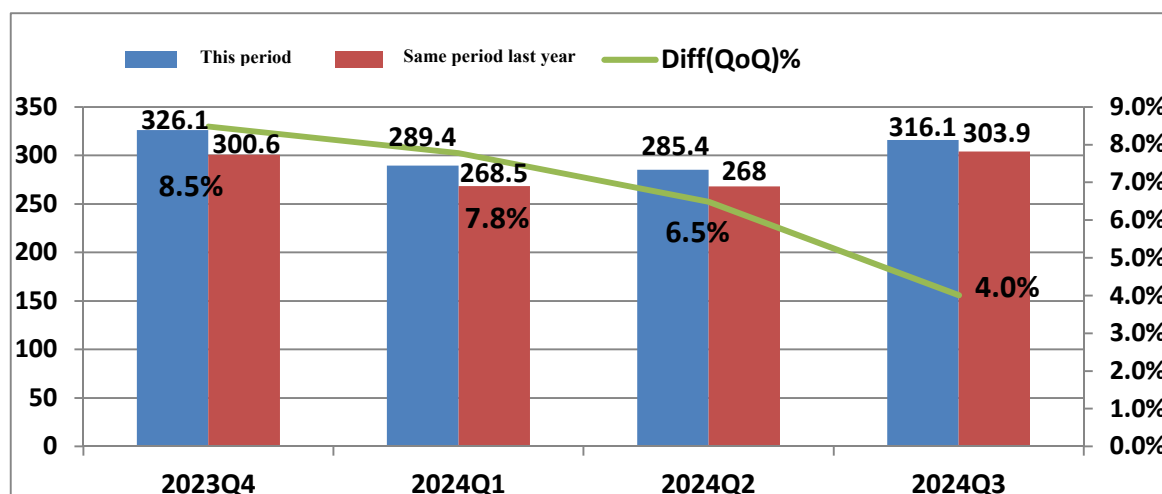
◆ Smartphone Market :

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 IDC's forecast for the third quarter of 2024, global smartphone shipments will reach approximately 316 million units, a year-on-year increase of 4%.

[2023Q4~2024Q3 Global smartphone market shipment comparison]

Unit: million pcs; %



Data source: IDC quarterly published information; SST compiled

In 2024, the global smartphone market is expected to resume its growth trend as AI becomes the main driving force of the market, triggering a wave of replacement and affected by the low base period effect. According to IDC estimates, the annual shipment of global smartphones in 2024 will be raised to 1.23 billion units, up 5.8% from the same period last year, of which 234 million units are AI smartphones, an increase of 344% year-on-year. It is estimated that the shipment of AI smartphones in 2028 will grow to 912 million units at an average compound annual growth rate (CAGR) of 78.4% from 2023 to 2028.

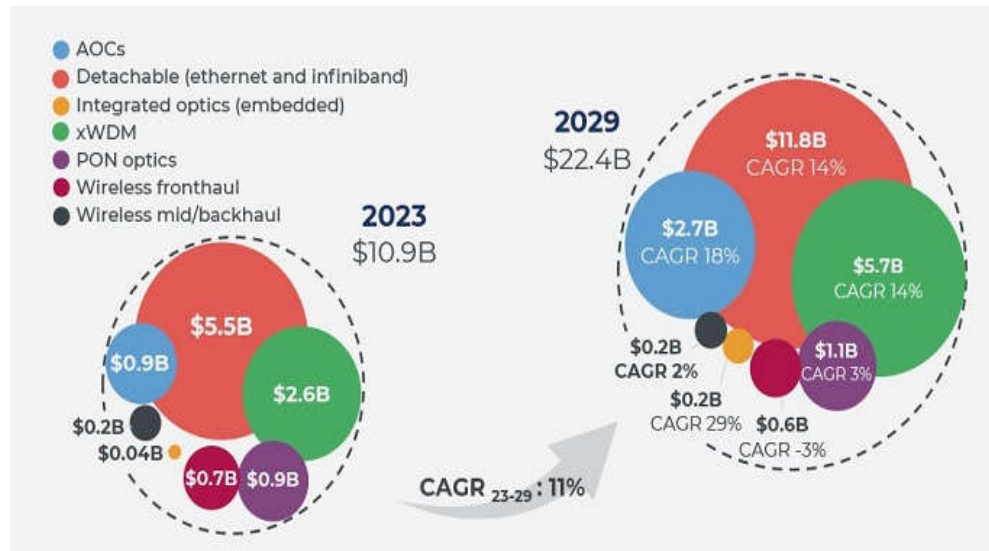
◆ Optical communications market

In recent years, with the development of 5G communication technology, artificial intelligence and the era of big data, the global mobile broadband and cloud computing markets have grown rapidly. Users choose to access shared computing resource pools through the operation mode of networks, servers, storage space or applications and services, which has led to a large growth in network cloud computing demand. According to IDC forecast data, the total amount of global data will grow from 159.2ZB in 2024 to 384.6ZB in 2028, with a compound growth rate of 24.4%. The total amount of global data is showing

a steady growth trend.

The rapid iteration of artificial intelligence (AI) technology is the main driving force for the growth of network cloud computing demand, pushing up the demand for related infrastructure and equipment. Dell'Oro predicts that global data center capital expenditures will increase by 35% in 2024 and maintain double-digit growth by 2025. According to Yole's forecast, global optical transceiver module market sales will increase by 27% in 2024 and reach US\$22.4 billion by 2029.

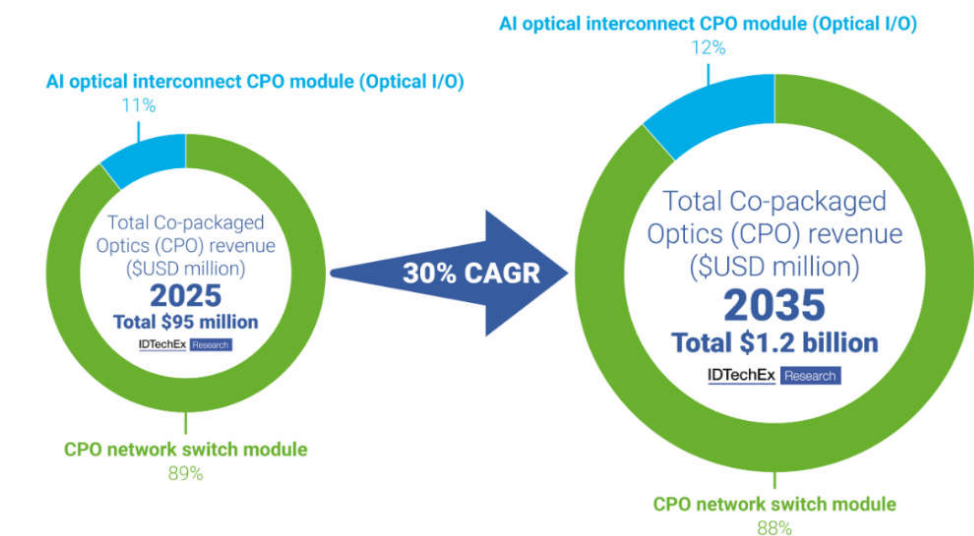
Global Optical Transceiver Module Sales Growth Forecast from 2023 to 2029



Source: Yole

LightCounting said that AI's demand for network speed is more than 10 times the current rate. In this context, CPO is expected to reduce the power consumption of the existing pluggable optical module architecture by 50%, which will effectively solve the high-speed and high-density interconnection transmission scenario. As the switch SerDes (parallel converter) evolves to 224G/lane, SerDes transmission power consumption and distance limitations will become key factors driving the increase in CPO penetration. IDTechEx predicts that the CPO market size will exceed US\$1.2 billion in 2035.

CPO market size forecast from 2025 to 2035



Source: IDTechEx

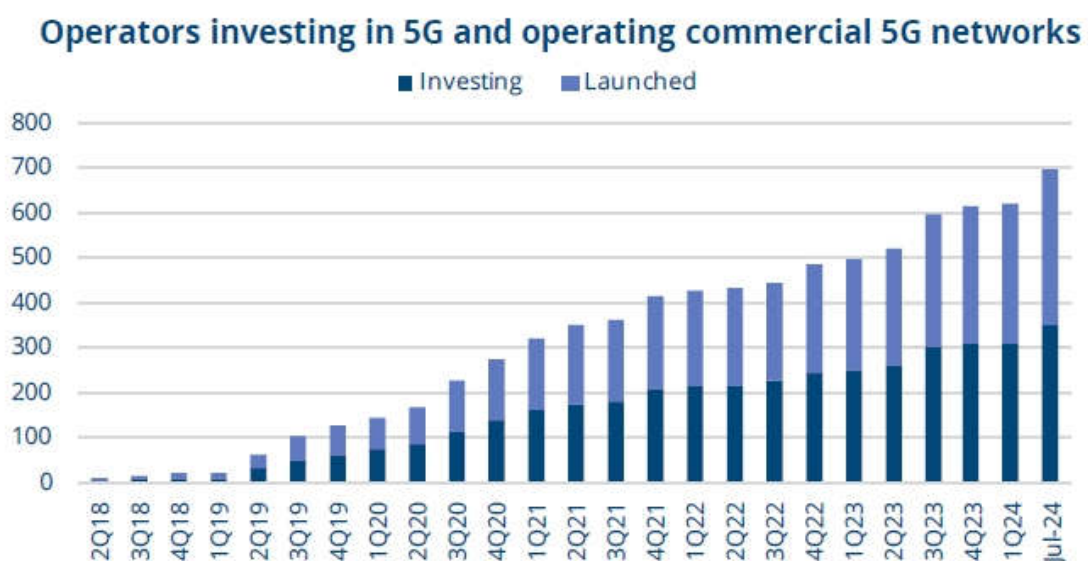
◆ 5G new era

5G communication technology is a new concept that breaks through the 4G system. The frequency used by 5G communication technology is 3-300GHz, which is different from the 2-8GHz used by the previous 4G system. 5G communication technology has a faster transmission speed than the 4G system. Its theoretical speed can be 100 times faster than 4G, and telecom operators estimate that the actual speed should still be more than 11 times faster.

According to a November 2020 report by IHS Markit, the experience accumulated by wireless communication manufacturers in the transition from 3G to 4G has enabled them to expand 5G services at an astonishing speed. Although the global economy was affected by the COVID-19 pandemic in 2020, 5G deployment is still expanding rapidly around the world. This is mainly because the COVID-19 pandemic has critically accelerated the government and society's demand for 5G network architecture and devices, and has proven that 5G technology will be the core of the transformation of various industries in the future. The IHS Markit report also predicts that the arrival of 5G will create a global output value of up to US\$13.1 trillion between 2020 and 2035, and in 2035, 5G will generate US\$3.8 trillion in revenue worldwide.

In 2022, 5G smartphones can be purchased at a price of US\$250 or even lower, further accelerating the penetration rate of 5G smartphones. The latest mobile trend report released by Ericsson shows that the global 5G penetration rate is expanding at an alarming rate. By the end of the first quarter of 2024, the number of global 5G users will increase by 160 million, and the total number of global 5G users will be close to 1.7 billion. It is estimated that the number of global 5G users will reach 2.1 billion by the end of 2024, and will reach 5.6 billion by 2029. The global 5G population coverage is expected to double from 40% at the end of 2023 to 80% at the end of 2029. By then, the number of 5G users will account for about 60% of the total number of mobile users.

The development of 5G must first update and build infrastructure. According to GSA data, as of July 2024, 622 operators in 185 countries around the world have invested in 5G networks, of which 348 operators have launched 5G commercial services.



From the layout of communication operators and terminal equipment manufacturers, we can also see that 5G is planned to be used in emerging areas such as automotive

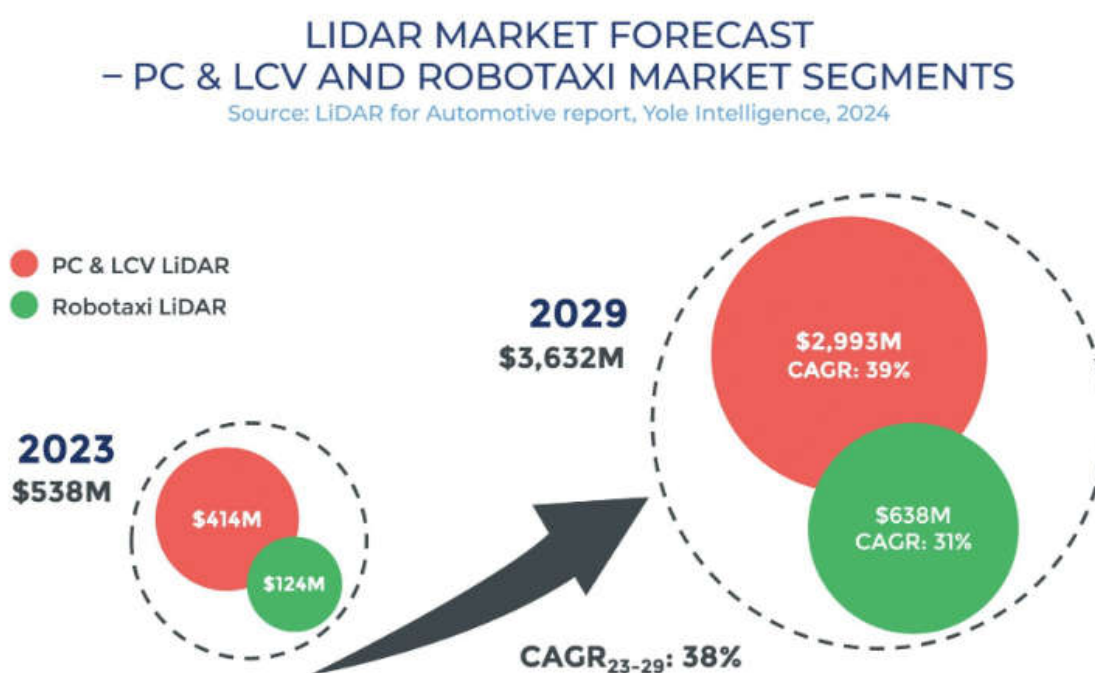
entertainment, smart home, smart city, industrial automation, and the metaverse. If 1G to 4G only used mobile phones as carriers to carry out vertical innovation in the mobile phone ecosystem, then 4G to 5G has opened up countless new IoT application directions. The incremental application demand brought about by horizontal innovation will increase exponentially, and the demand for various application demands will also simultaneously drive the growth of demand for semiconductor business.

◆ 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.

LiDAR currently has a promising future in the automotive semiconductor market, 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 advanced driver assistance systems to L3 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 models have driven the demand for automotive lidar. According to the Yole report, the global market size of automotive lidar has reached US\$538 million in 2023, and the market size of automotive lidar will reach US\$3.632 billion by 2029.



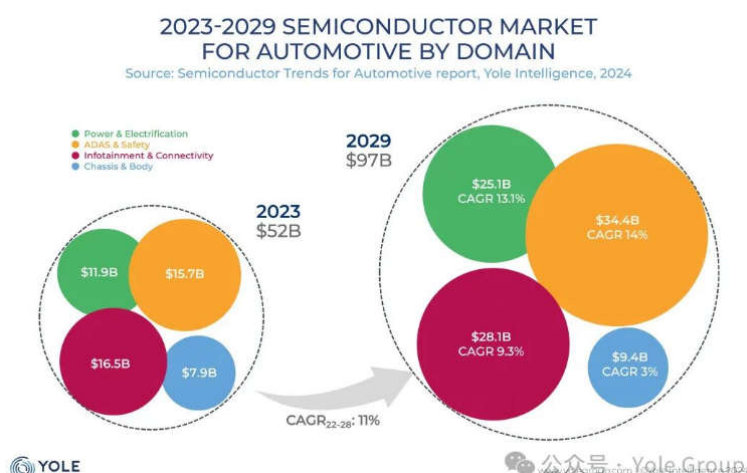
Source: Yole

◆ Power Management IC Market Overview

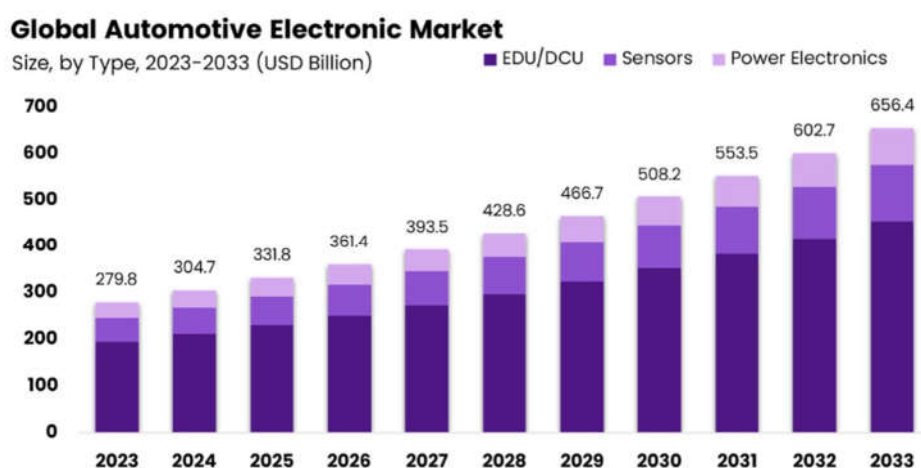
Power management IC (PMIC) is a key component for optimizing battery life, improving device performance and ensuring safe operation. With the trend of electronic devices becoming lighter and smaller, power management IC can simultaneously meet different power requirements, fast charging and battery management functions, thereby improving component energy efficiency and adapting to complex electronic systems. Therefore, it is widely used in smartphones, notebooks, tablets, wearable devices, automotive electronics, industrial equipment and home appliances.

Power management IC currently benefits from the rapid development of the Internet of Things (IoT) and electric vehicles, especially in the automotive market. Energy efficiency will directly affect its range and determine the key competitiveness of electric vehicles. Currently, electric vehicle-related application components are being expanded at a high speed. Whether they can meet different energy needs, power management IC is the key.

The global automotive semiconductor market is developing rapidly, and the functional upgrades of various new models have driven the demand for automotive power management ICs. According to Yole's report, the automotive semiconductor market size has reached US\$52 billion in 2023 and will reach US\$97 billion by 2029.



The automotive industry's demand for advanced electronics and power systems is increasing, including a significant increase in demand for sensors, processors, power components, and automotive semiconductors. Therefore, according to a report by Market.us, the global automotive electronics market size will be US\$279.8 billion in 2023 and is expected to grow to US\$656.4 billion by 2033, with a compound annual growth rate of 8.90% during the forecast period from 2024 to 2033.



Source: Market.us

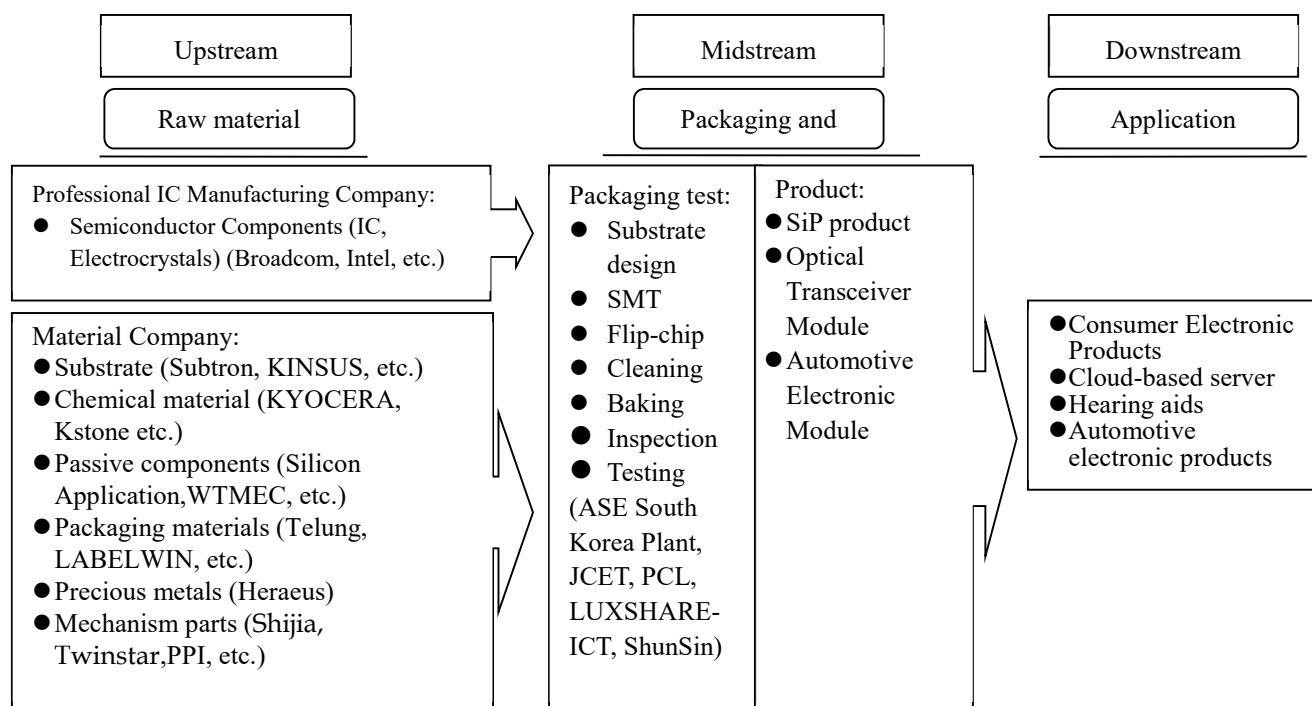
<2> The relation among up-, mid-, and down-stream

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, Power Management IC, 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 length 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 specification in the industry is 400G, and it is gradually transitioning to 800G. In the future, 1.6T will become the mainstream transmission specification in the industry. This is 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 ultra-large-scale data centers have steadily increased, and the demand for AI cluster servers has surged, resulting in a continuous increase in the demand for ultra-high-speed optical modules. QSFP-DD and OSFP are the mainstream packaging forms of 800G optical modules at present, with the advantages of high-density compatibility and high-performance heat dissipation respectively. When choosing, it is necessary to weigh power consumption, density and scalability according to specific scenarios (such as short-distance interconnection in data centers or long-distance backbone networks). In the future, technology will further evolve towards intelligence, low power consumption and ultra-high speed. 800G optical modules have become the core of infrastructure in data centers, AI, 5G and other fields. With the advancement of silicon photonics technology, CPO packaging and standardization, its application will be further expanded to scenarios such as edge computing and industrial Internet, promoting the evolution of global optical communications towards higher speed and intelligence.

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.

(6) Power Management IC

PMIC is often used in devices that use batteries as power sources, such as mobile phones or portable media players. Since such devices generally have more than one power source (such as battery and USB power source), the system requires multiple power sources with different voltages, and the need to control the charging and discharging of the battery. Meeting such needs in the traditional way will take up a lot of space and increase product development time, which led to the emergence of PMIC.

The main function of PMIC is to control the flow and direction of power to meet the needs of the main system. Among multiple power sources (such as external power, battery, USB power, etc.), select and distribute power to various parts of the main system, such as providing multiple power sources with different voltages and charging the internal battery. Because most of the systems used are powered by batteries, they often use high conversion efficiency designs to reduce power loss.

In the future, more electronic products will be born, and there will be more and more demands for improving the efficiency of power supplies and reducing power losses. Therefore, in the future, Suzhou Factory will also actively develop the power control market and combine power devices to occupy a place in these two markets.

(7) Lead frame products

Metal lead frames mainly use copper, copper alloy or iron-nickel alloy as a platform, attach the bare chip to the pad in the lead frame, and use metal wires to connect the pins of the bare chip and the pad. Then the lead frame and the chip are encapsulated in a plastic shell, exposing only the pins, and the pins are cut off or bent according to customer needs. It is a mature integrated circuit packaging process.

Metal lead frames have the following packaging forms, QFN/ SOP/ QFP/ SOT/ TO/ TOLL/ DIP/ DFN, etc., and some new packages such as Dual Row QFN and TOLT have been derived. The advantages of traditional metal lead frames are low cost, small size, good heat dissipation, high reliability, mature process and good surface mounting technology. In recent years, as wafer integration technology has become more and more advanced, when designing wafers, chips with several functions will be integrated into a single chip (SoC). Therefore, many products that were originally to be packaged using substrates can be completed using relatively low-cost lead frame packaging. Therefore, the market demand has been the highest in the packaging industry for many years.

The demand for metal lead frame packaging is particularly high for power devices and power management products. It is expected that this packaging type will be maintained in the long term, mainly due to reliability, heat dissipation, cost, etc. In addition, wireless and RF products will maintain a stable market share in consumer products due to the advantages of lead frame packaging such as light weight, high heat dissipation and low cost. The company's metal lead frame packaging will focus on the above areas.

<4> Competition

The Group is mainly engaged in the assembly, testing and sales of SiP, high-speed optical transceiver module, Lead frame, Power 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

Product	Development direction
	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 (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 (16) SPAD distance measurement sensor for automotive lidar applications (17) Wide-angle time-of-flight sensor 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
Power Module	(1) Small size, low package resistance, low parasitic inductance, and low thermal resistance packaging (TOLL, T2PAK) (2) Intelligent multi-chip IPM power module

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

Unit: NT\$1,000; %

Items \ Year	2021	2022	2023	2024	As of March 31, 2025
R & D cost	429,555	310,505	386,959	363,990	106,856
Net operating revenue	4,270,400	5,317,941	5,212,222	5,188,000	1,976,833
R & D cost /Net revenue ratio	10.06	5.84	7.42	7.02	5.41

<3> Technologies and products successfully developed

Year	R & D results	Function and use
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

Year	R & D results	Function and use
	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 Bidirectional PAM4 Modulated Optical Transceiver Module	Optical Transceiver Module
	Fiber Array Device High Precision Packaging Technology of CWDM4 Optical Transceiver Module	Optical Transceiver Module
	Chip Array High Precision Passive Alignment of Optical Transceiver Module Packaging Technology	Optical Transceiver Module

Year	R & D results	Function and use
	High Precision Laser De-panel Technology of CWDM4 Optical Transceiver Module	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 technology	Optical Transceiver Module
	Laser coupled welding technology	Optical Transceiver Module
	Wifi6 technology	SiP process technique
	Multifunctional MEMS sensor (3D accelerometer)	Sensor

Year	R & D results	Function and use
	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
2024	8WSONDDP	Communication interface
	54TSOP	Small capacity storage module
	TO220SG	Power Module
	Wide-angle Time-of-Flight (TOF) sensor	Sensor
	SPAD ranging sensor for automotive lidar applications	Sensor
	800G 2*FR4 silicon photonic transceiver module	Optical Transceiver Module
	800G DR8 silicon photonic transceiver module	Optical Transceiver Module
	800G DR8 Laser Source	Optical Engine
	800G DR8 optical engine	Optical Engine
	1.6T DR16 optical engine	Optical Engine
	Wavelength Selective Switch (WSS)	Passive Component Modules

<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 segment, steadily increase the business scale of 400G to 800G optical transceiver modules, 1.6T optical engines, and co-packaged optics, and continue to promote the production efficiency of the Bac Giang plant in Vietnam to create better conditions for manufacturing and services. At the same time, the Zhongshan plant will be the research and development center for subsequent new products, focusing on new optical product projects.

Sensor product segment: In response to the trend of domestic semiconductor substitution, relying on the industry-leading packaging and testing experience, the product line has gradually expanded from ALS, PS, etc., to ToF, SWIR, Image Sensor, Flicker Sensor, Color Sensor, Photo Relay, and other applications. With the recovery of smartphone market demand, smart home, wearable devices, 3D sensing, and other potential market developments, 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)).

In terms of metal conductive frame packaging, apply existing production line configurations and technologies to increase the share of existing customers and attract new customers as the main focus, without incurring excessive investment expenditures. This can be achieved by improving the utilization rate to enhance efficiency.

For many years, we have maintained a good cooperative relationship with several Korean power device and power management design companies, and have maintained a certain

degree of competitiveness in technology and quality. With the help of technology improvement, an increase in packaging forms, and cost optimization, we will obtain more cooperation opportunities with Chinese designers. The main promotion points in the short term are as follows:

- <1>Technology improvement: Develop packaging materials such as potassium nitride and silicon carbide to meet the growing demand for high-current and high-voltage products, as well as the market expansion of RF devices.
- <2>Packaging form: Develop TO247 and TOLL packaging services to provide customers with more diversified packaging needs. At that time, the production capacity of related packaging will be greatly increased.
- <3>Cost optimization: Increase the proportion of local material suppliers to replace high-priced foreign materials. This approach will effectively reduce costs and shorten delivery time.

(2)Long-term plan

The main advantage of the Group lies in its production bases in Vietnam and Mainland China and its rich experience in module manufacturing. It has established technical advantages in high-density packaging, ultra-small packaging, various sensor module packaging, ceramics, and heat dissipation. The future research and development direction will continue to build on the Group's existing technical advantages and extend from the industrial chain and product complexity. The future research and development directions include new double-sided packaging modules (Double Side Molding Ball Grid Array), applied optical sensors, MEMS sensors, high-speed fiber optic transceiver modules, optoelectronic co-packaging (Co-Packaged Optics), passive modules, automotive lidar modules, automotive electronics, multi-row pin QFN (Multi-row QFN), multi-chip high stacking package (Multi Chip Package; Multi Stack Die Package), high-power power IC, automotive electronics, modular IPM and 3D sensing front-end modules.

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	2023		2024	
	Amount	%	Amount	%
Asia	3,100,429	59.48	2,473,465	47.68
America	1,986,262	38.11	2,570,028	49.54
Other	125,531	2.41	144,507	2.79
Total amount	5,212,222	100.00	5,188,000	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 400G+ 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 2025, the semiconductor industry will continue to grow in response to the growth rate of technological application progress. AI applications, 5G applications, remote office, cloud business, electric vehicles, biotechnology, and medical care, etc, have accelerated the pace of global digital transformation and accelerated the huge potential business opportunities of AI (semiconductors, passive components, servers, and mobile phone components, etc.). Gartner predicts that the semiconductor industry will continue to grow in 2025. Benefiting from the global AI wave, the global semiconductor industry revenue in 2023 will be US\$542.1 billion. In 2024, the total semiconductor sales will increase by 21% to US\$655.9 billion. It is expected to continue to grow strongly in the future, and semiconductor revenue will reach US\$716.7 billion by 2025.

<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 Stealth Dicing, 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

AI and 5 G-related application processes will be the main growth drivers for global smartphone shipments in the future. The high-end smartphone market will see a new wave of replacement opportunities, driving market shipments. The Group will keep an

eye on 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. At the same time, it will closely monitor changes in government policies to reduce the adverse effects of policy changes. At the same time, it will actively maintain a diversified product layout to reduce the risks caused by changes in 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) The Group has many years of experience in the manufacturing process of high-speed optical fiber transceiver modules. It has mainly provided technical services and customized services for 400G high-speed optical fiber transceiver modules, allowing customers' products to be quickly introduced into the terminal market.

2. Important Uses and Production Process of Major Products

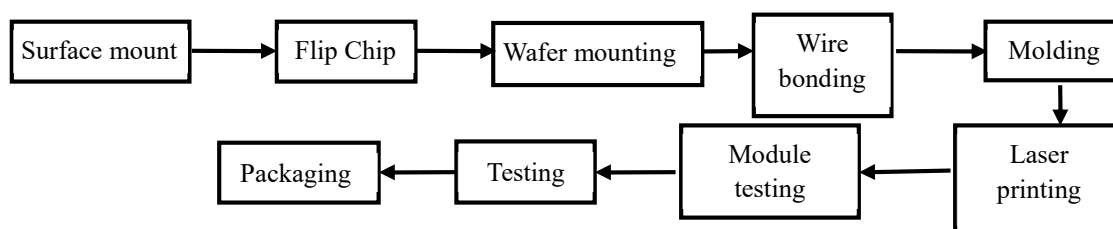
<1> Important Uses of Major Products

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

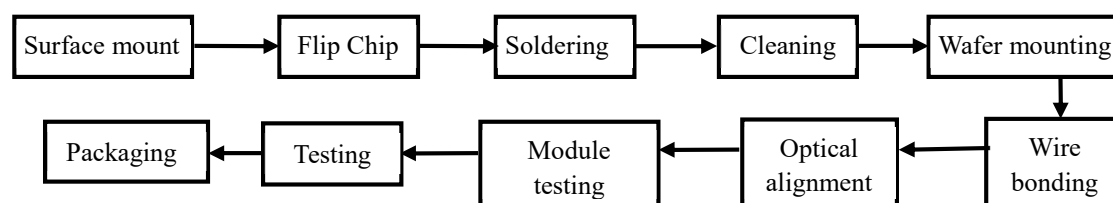
Main properties	Main products	Important uses
Passive modules	Passive modules	Telecommunications and fiber optic networks
Other Integral Circuit Modules	Micro-electromechanical systems	Smart phones
	Automotive electronics	Automotive electronics
	Sensors and components	Smart phones, wearable devices, smart home appliances, and industrial applications etc.
	Power module packaging	Industrial electronics, white goods, and photovoltaic power generation, etc.

<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	SCC, SHENGYI, COMPEQ, HDS, GSM	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; %

#	2023				2024				As of first quarter of 2025			
	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	296,818	12.72	None	E	781,433	24.70	None	E	570,861	33.96	None
2	D	248,078	10.63	None	F	357,735	11.31	None	A	236,337	14.06	None
3									G	174,530	10.38	None
	Others	1,788,956	76.65		Others	2,024,497	63.99		Others	699,083	41.60	
	Net purchase	2,333,852	100.00		Net purchase	3,163,665	100.00		Net purchase	1,680,811	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; %

#	2023				2024				As of first quarter of 2025			
	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	1,978,066	37.95	None	H	2,131,512	41.09	None	H	1,166,466	59.01	None
2	B	1,068,038	20.49	Note	I	615,566	11.87	Note	G	148,772	7.53	None
3	F	779,491	14.96	None	D	373,010	7.19	None	I	117,749	5.96	Note
	Others	1,386,627	26.6		Others	2,067,912	39.85		Others	543,846	27.50	
	Net sales	5,212,222	100.00		Net sales	5,188,000	100.00		Net sales	1,976,833	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.

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

Unit: Person

Year		2023	2024	As of April 30, 2025
Number of employees	Management	281	202	211
	General staff	732	1,005	1,076
	Operating Personnel	1,337	1,260	1,558
	In total	2,350	2,467	2,845
Average age		28.64	31.80	30.45
Average seniority		2.66	4.42	3.82
Ratio of academic qualifications distribution	PhD	0.04%	0.04%	0.04%
	Master	0.94%	0.61%	0.67%
	College	44.77%	47.34%	42.92%
	Senior high school	30.43%	38.18%	40.63%
	Below senior high school	23.83%	13.82%	15.75%

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 relevant insurance for employees by local government regulations, the Group also provides regular promotion and salary increase opportunities every year to reward employees with outstanding performance, and issues year-end bonuses, performance bonuses, talent retention bonuses, production incentive bonuses and equity incentives based on the company's operating performance and personal work performance. Employees can enjoy statutory holidays, marriage leave, maternity leave, childcare leave, nursing leave, annual leave, and other holidays. Other welfare measures include wedding, funeral, birthday gifts, free annual health check-ups, regular entertainment activities, evening parties or garden parties, and gymnasiums, music rooms, game areas, basketball courts, reading rooms, table tennis areas, leisure areas, parking lots and car charging stations and other employee cultural and recreational welfare venues.

<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.

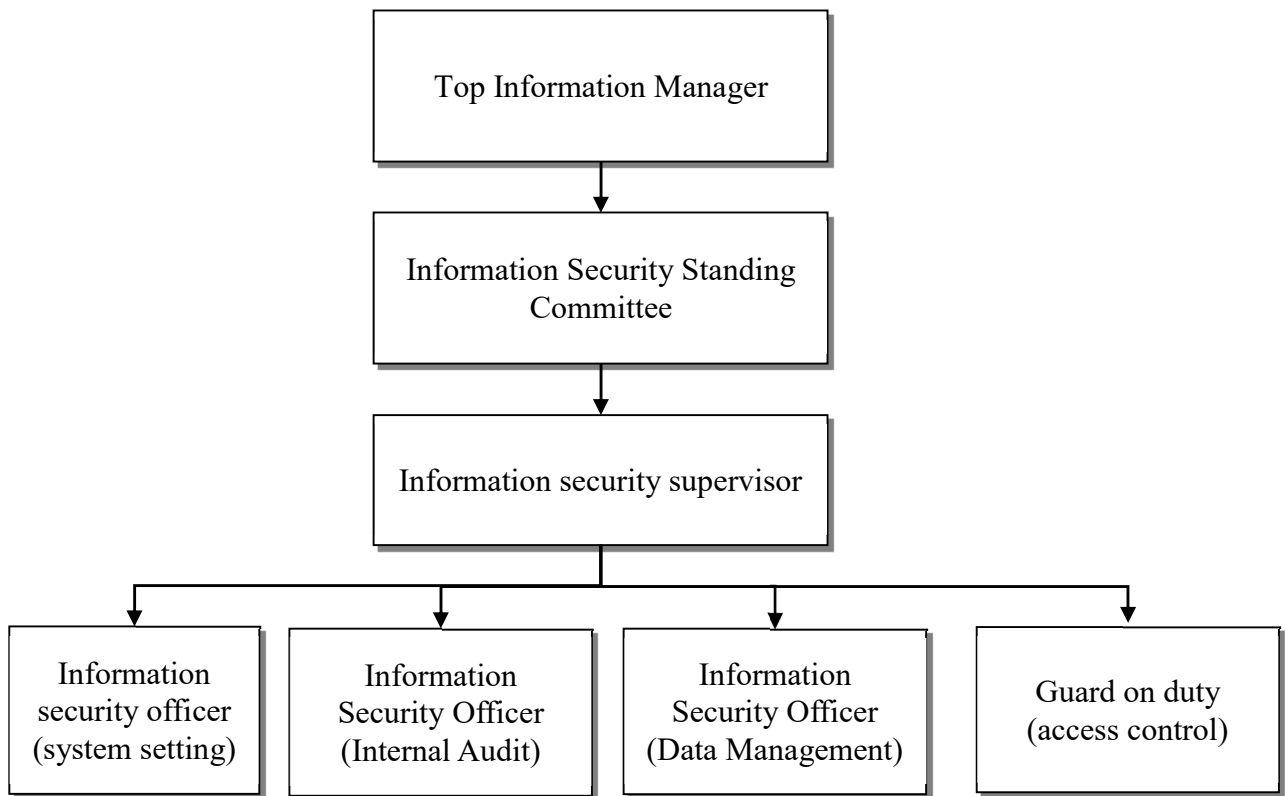
2. Please clarify the losses incurred as a result of labour disputes in recent years and up to the date of publication of the annual report, and disclose the estimated amount and response measures that may occur at present and in the near future. If the estimates are not available, the fact that the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

The Group attaches great importance to labor-management relations and there 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

No.	Contract Property	Persons Concerned	Date of Commencement and Termination of Contract	Main Contents	Restriction Terms
3	Lease contract	Young Fast Optoelectronics (Vietnam)	2024/12/1~2025/11/30	Staff dormitory of ShunYun Hanoi	None
4	Lease contract	Zhongshan Port Export Processing Zone Property Development Co., Ltd.	2024/7/1~2025/6/30	Staff dormitory of ShunSin Zhongshan	None
5	Lease contract	Hefei Lanke Investment Co., Ltd.	2024/2/06~2027/2/05	Talentek Hefei Factory	None
6	Lease contract	Hefei Lanke Investment Co., Ltd.	2023/10/1~2026/9/30	Talentek Hefei Factory	None
7	Lease contract	ShunSin Technology (Zhong Shan) Limited	2023/10/1~2026/9/30	Factory of ShunYun Zhongshan	None
8	Lease contract	ShunSin Technology (Zhong Shan) Limited	2025/2/1~2026/1/31	Factory of Talentek Zhongshan	None
9	Engineering Contract	CÔNG TY TNHH DONG HUI	2025/3/1~2028/3/15	ShunYun Beijiang Guangzhou Factory Civil Engineering Project	None
10	Sales contrac	Customer A	2018/6/1~2026/5/31	Sales terms	None
11	Sales contrac	Customer B	2021/12/1~2025/12/1	Sales terms	None
12	Sales contrac	Customer C	2022/3/24~2026/3/23	Sales terms	None
13	Sales contrac	Customer D	2022/7/15~2025/7/15	Sales terms	None
14	Sales contrac	Customer E	2022/3/31~2026/3/30	Sales terms	None
15	Sales contrac	Customer F	2023/1/1~2025/12/31	Sales terms	None
16	Sales contrac	Customer G	2020/8/3~2026/8/2	Sales terms	None
17	Sales contrac	Customer H	2023/2/1~2026/1/31	Sales terms	None
18	Sales contrac	Customer I	2024/5/1~2027/5/1	Sales terms	None
19	Sales contrac	Customer J	2020/6/23~2026/6/23	Sales terms	None
20	Sales contrac	Customer K	2023/3/1~2033/12/31	Sales terms	None
21	Sales contrac	Customer L	2022/1/28~2028/1/28	Sales terms	None
22	Sales contrac	Customer M	2020/11/19~2025/11/18	Sales terms	None
23	Sales contrac	Customer N	2020/12/1~2025/11/30	Sales terms	None
24	Sales contrac	Customer O	2021/10/18~2025/10/17	Sales terms	None
25	Sales contrac	Customer P	2022/1/10~2025/1/9	Sales terms	None
26	Sales contrac	Customer Q	2022/3/23~2027/3/23	Sales terms	None
27	Sales contrac	Customer R	2022/6/21~2027/6/21	Sales terms	None
28	Sales contrac	Customer S	2023/8/1~2026/8/2	Sales terms	None
29	Sales contrac	Customer T	2023/7/13~2026/7/13	Sales terms	None
30	Sales contrac	Customer U	2023/7/28~2033/7/28	Sales terms	None

No.	Contract Property	Persons Concerned	Date of Commencement and Termination of Contract	Main Contents	Restriction Terms
31	Sales contrac	Customer V	2023/8/8~2033/8/8	Sales terms	None
32	Sales contrac	Customer W	2024/1/18~2033/1/18	Sales terms	None
33	Sales contrac	Customer S	2023/2/1~2026/2/1	Sales terms	None
34	Sales contrac	Customer Y	2024/1/8~2026/1/8	Sales terms	None
35	Sales contrac	Customer Z	2023/6/6~2026/6/6	Sales terms	None
36	Sales contrac	Customer AA	2023/6/26~2026/6/25	Sales terms	None
37	Sales contrac	Customer AB	2024/9/1~2027/8/31	Sales terms	None
38	Sales contrac	Customer AC	2024/3/6~2027/3/5	Sales terms	None
39	Sales contrac	Customer AD	2025/3/25~2035/3/24	Sales terms	None

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

i. Financial Situation

Unit: NT\$ thousand

Items	Year	2023	2024	Change in Increase (Decrease)		
				Amount	Change Ratio %	Statement
Current assets		9,693,425	10,511,846	818,421	8%	
Property, plant and equipment		4,161,066	5,121,168	960,102	23%	1
Intangible assets		1,461	12,897	11,436	783%	2
Other assets		895,159	1,138,602	243,443	27%	3
Total assets		14,751,111	16,784,513	2,033,402	14%	
Current liabilities		7,106,046	6,046,131	(1,059,915)	(15%)	
Non-current liabilities		403,236	2,956,865	2,553,629	633%	4
Total liabilities		7,509,282	9,002,996	1,493,714	20%	4
Ordinary share		1,074,648	1,074,648	0	0%	
Capital surplus		2,903,693	2,946,912	43,219	1%	
Retained earnings		2,840,125	2,621,594	(218,531)	(8%)	
Exchange differences on translation of foreign financial statements		(376,209)	129,907	506,116	135%	5
Total equity		7,241,829	7,781,517	539,688	7%	

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 due to the establishment of the newly added consolidated subsidiaries SFA and ShunSin Vietnam in January 2024 2024Q3, leasing factories for facility and workshop renovation, and purchasing equipment to establish sample production lines, factories, and equipment.
2. Mainly due to the intangible assets of customer relationships generated by the newly added consolidated subsidiary SFA.
3. Mainly due to the increase in deferred income tax assets calculated by local tax laws of subsidiaries in various regions, the acquisition of right-of-use assets by the newly added Vietnamese subsidiary, and the increase in the fair value of financial assets.
4. Mainly due to the use of medium- and long-term loans for operating needs.
5. Mainly due to the appreciation of the US dollar exchange rate.

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	2023	2024	Change in Increase (Decrease)		
				Amount	Change Ratio %	Statement
Net sales revenues		5,212,222	5,188,000	(24,222)	(0.46%)	
Operating costs		3,991,035	4,504,402	513,367	12.86%	
Gross profit from operations		1,221,187	683,598	(537,589)	(44.02%)	1
Operating expenses		937,226	910,465	(26,761)	(2.86%)	
Net operating profit		283,961	(226,867)	(510,828)	(179.89%)	1
Non-operating income and expenses		282,698	218,551	(64,147)	(22.69%)	2
Profit from continuing operations before tax		566,659	(8,316)	(574,975)	(101.47%)	1
Deduct: Income Tax Expense		99,243	(47,265)	(146,508)	147.63%	3

Items	Year	2023	2024	Change in Increase (Decrease)		
				Amount	Change Ratio %	Statement
Profit		467,416	38,949	(428,467)	(91.67%)	1
Major changes are specified as follows: (analysis is exempted if the change is less than 20%)						
1. Mainly due to the transfer of major customer business to new customers this year, the change in demand of new customers has led to a decrease in gross profit margin.						
2. Mainly due to the disposal of investment interests in 2023.						
3. Mainly due to the change in the sales mix of a specific legal person, the proportion of high gross profit margin products increased, the taxable income of the legal person increased, and the corresponding income tax expense also increased.						

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	2023	2024	Increase (decrease) in Amount	Increase (decrease) in Ratio (%)
Cash Flow from Operating Activities		1,864,569	394,620	(1,469,949)	(79%)
Cash Flow from Investing Activities		(823,356)	(2,905,318)	(2,081,962)	(253%)
Cash Flow from Financing Activities		(1,601,112)	1,085,051	2,686,163	168%
Analysis in change:					
1. The decrease in cash inflow from operating activities was mainly due to the decrease in profit this year.					
2. The increase in cash outflow from investing activities was mainly due to the increase in capital expenditure of the Vietnamese subsidiary and the acquisition of the subsidiary SFA Suzhou this year.					
3. The increase in cash outflow from financing activities was mainly due to the use of medium- and long-term loan quotas this year.					

2. Improvement Plan of Liquidity Insufficiency and Analysis of Cash Flow in the Next Year (2025)

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, plant, and equipment decreased this year compared with the previous year, mainly because the Group has gradually increased its investment in Vietnam this year. With revenue similar to last year, the turnover rate of real estate, plant, and equipment decreased compared with the previous year. It is expected to gradually improve as the investment benefits are generated. All capital expenditure plans of the Company will take into account the current financial situation and the expected future income, so there will be no adverse impact on the financial business due to the increase in capital expenditure.

Turnover rate	2023	2024
Property, plant and equipment (time)	1.28	1.11
Total asset turnover ratio (time)	0.33	0.32

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 2024	Main Causes of Profit or Loss and Improvement Plans
ShunSin Technology Holdings(Hongkong) Limited	Direct and indirect holdings of 100%	166,961	This was mainly due to the recognition of profits from ShunSin Zhongshan and ShunYun Zhongshan.
ShunSin Technology (Samoa) Corporation Limited	100%	3,670	This is mainly because the legal person is responsible for the purchase of overseas equipment and materials and has no other operating expenses.
ShunYun Technology (Hanoi, Vietnam) Limited	Indirect holdings of 78.05%	79,828	The main reason for the decrease in profits was the changes in customer demand and product mix this year.
ShunYun Technology (Bac Giang, Vietnam) Company Limited	Indirect holdings of 78.05%	6,796	It is expected that with the introduction of new products and new customers, the factory capacity will be effectively utilized to achieve economies of scale.
ShunSin Technology (Vietnam) Company Limited	Indirect holding of 100%	(96,032)	Newly established on 2024/01/18.
ShunYun Technology Holdings Limited	Indirect holdings of 78.05%	63,512	Mainly due to the recognition of the profits of ShunYun Hanoi and ShunSin Beiji Jiang.
ShunSin Technology Holdings Limited (Zhongshan)	Indirect holding of 100%	200,714	This is mainly due to the decrease in customer demand this year compared to last year, but the customer base is stable, and profitability is maintained.

Reinvestment Business	Shareholding ratio	Profit and Loss of Investment in 2024	Main Causes of Profit or Loss and Improvement Plans
ShunYun Technoogy Holdings Limited (Zhongshan)	Indirect holdings of 78.05%	73,405	Mainly due to the recognition of ShunYun HK's profit.
ShunYun Technology Holdings(Hongkong) Limited	Indirect holdings of 78.05%	64,181	Mainly due to the recognition of ShunYun Cayman's profit.
Talentek Microelectronics (He fei) Limited	Indirect holding of 39.21%	9,037	Mainly due to the increase in customer demand this year.
Talentek Microelectronics (Zhongshan) Limited	Indirect holding of 39.21%	7,752	Newly established in 2024 to meet the increased demand of existing customers.
SFA Semicon (Suzhou) Co., Ltd	Indirect holding of 100%	(22,647)	Merged into the Group in the third quarter of 2024, and will continue to reduce costs and increase efficiency in the future.

3. Investment Plan for the Coming Year

In order to diversify operational risks and increase space for expansion, the Group invested in setting up a factory in Vietnam and acquired a factory in Suzhou. In addition to operating turnover, the invested funds were mainly used for factory construction, automation equipment, and purchase of expansion process equipment. In the future, depending on actual needs, investment will be made in high and low temperature circulation boxes, module terminal testers, die bonding machines, WB wire bonding machines, Mold chip plastic packaging machines, testing machines and other production equipment.

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 relations with its correspondent banks to obtain lower-cost funds in the future. In addition to raising funds from the capital market, the Group will also observe the trend of interest rates and choose to borrow at fixed or floating rates to avoid the risk of interest rate fluctuations. The Group's interest expense in 2024 is NT\$(177,808) thousand, accounting for 3.4% of the annual operating income. 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 (loss) gains in 2024 and 2023 were NT\$10,586,000 and NT\$(6,503),000, respectively, accounting for 0.2% and 0.1% of the operating income of the respective years. On December 31, 2024, when the New Taiwan Dollar depreciates or appreciates by 0.25% against the U.S. Dollar, and all other factors remain unchanged, the pre-tax profit or loss will increase or decrease by NT\$5,434,000, which should have

limited impact on the Group's profit or loss.

<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

The Group is considering that the demand for products related to 5G and AI applications will continue to expand in the future. As the 5G and AI application ecosystems gradually improve, the demand and technology for sensors and optical fiber transceiver modules required for 5G and AI applications will continue to rise. In order to meet the current market trend of high integration and high-speed transmission, the Group's annual R&D expenses in the past have been around NT\$250 million to NT\$400 million. It is expected that the R&D expenses in 2025 will also be in this range. The Group continues to improve the requirements of various product specifications in the existing packaging technology market. The Group is also constantly designing and developing new sensors, optical fiber transceiver modules, optoelectronic co-packaged transceiver modules, silicon photonic integrated coherent optical modules, passive optical network equipment terminals, automotive electronics, power management ICs and other product packaging technologies to expand the customer market.

The R&D expenses in 2024 and 2023 accounted for 7.02% and 7.42% of the operating income respectively. The Group is actively engaged in technology development, continuously investing in R&D resources and personnel, developing advanced packaging process technology, including process optimization and high automation, and actively developing diversified products. The proportion of R&D expenses in 2024 is not much different from that in 2023, mainly because more customers contacted the Group in 2024 than in 2023, and the demand for projects and samples remained strong.

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 has no M&A plans in the most recent year and up to the date of publication of the annual report. However, if there are M&A plans in the future, they will be handled in accordance with the "Procedures for Acquisition or Disposal of Assets". In order to reduce possible risks, if a potential M&A target company is found, it will be carefully evaluated, the overall effect of the merger will be considered, and relevant professionals will be consulted to handle the M&A procedures under reasonable conditions to ensure the interests of the company and the overall interests of shareholders.

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 top ten suppliers accounted for 70.70% and 59.98% of the Group's purchases in 2024 and 2023 respectively. The concentration of purchases in 2024 increased, mainly due to changes in the Group's sales mix. Among optical products in 2024, the purchase volume of ICs increased, and the unit price of ICs was higher, which in turn affected the purchase amount. Therefore, the purchase ratio of the top ten suppliers showed an upward trend.

<2> Marketing Concentration Risks

The sales proportions of the Group's top ten customers in 2024 and 2023 were 85.76% and 92.39% respectively. The top two customers in the two years accounted for approximately 53% and 59% of the total revenue respectively. The sales concentration in the two years showed a downward trend, mainly because the Group actively developed new customers and new products, which affected the sales concentration. The Group actively developed new products and improved packaging technology, developed new customers and strived to diversify its product portfolio, supported customers in developing new design concepts, and reduced the operational risks associated with the transfer of 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.

The Company and its directors, general manager, de facto responsible persons, major shareholders holding more than 10% of the shares, and its subsidiaries have no major litigation,

non-litigation, or administrative disputes that have been determined or are still under judgment in the most recent year and up to the date of publication of the annual report.

13. Other important risks and countermeasures:

<1> The impact of changing demand for consumer electronics

One of the Group's main sales products is high-frequency wireless communication modules, ambient light sensors, and various proximity distance measurement modules for consumer electronic products. Its products are used in mobile phones (smartphones), wearable devices, wireless networks, and other communication products. For consumer electronic products, the characteristics are short life cycle, ever-changing functions, and they are easily affected by Christmas and New Year shopping habits. The peak shipment period is mostly concentrated in the fourth quarter, so the demand for suppliers will be reflected in the third to fourth quarters in advance, and the revenue in the second half of the year is usually significantly higher than the first half of the year.

The terminal application market of the Group's main cooperative customers is high-end smartphones. The Group's revenue is related to its sales situation. Therefore, from the perspective of market demand, the industry in which the Group is located is quite related to the changes in demand in the downstream terminal application market.

AI applications are the main growth momentum for global smartphone shipments in the future. The market demand for 5G and AI smartphones has seen a new wave of replacement opportunities, and market shipments have turned positive. However, the terminal consumer market is currently hit by economic uncertainty, and it is expected to resume growth with economic recovery. The Group will keep an eye on relevant market demands at all times and maintain close contact and cooperation 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. It will also pay close attention to changes in government policies to reduce the adverse effects of policy changes. At the same time, it will actively maintain a diversified product portfolio in order to reduce the risks caused by changes in demand for consumer electronic products.

<2> Relevant Risks of Market Competition

The Group is a professional semiconductor packaging and testing company that is mainly engaged in system module packaging, high-speed fiber optic transceiver modules, and other types of integrated circuit modules assembly, testing, and sales. System module packaging products include high-frequency wireless communication modules and wireless modules, etc. The main products are wireless radio frequency power amplifiers (RFPA) used in mobile phones. Domestic and foreign packaging manufacturers, such as ASE Korea, Aker International Technology Korea, Changjiang Electronics Technology Co., Ltd., Luxshare Precision Industry Co., Ltd., and Lingsheng Precision Industry Co., Ltd., all provide such module packaging and testing services, while high-speed fiber optic transceiver modules are competed by Fabrinet Co. Ltd. and Zhongda Technology Co., Ltd. Therefore, under the fierce market competition, the Group not only diversifies its product operations and multi-national production bases to diversify its operating risks, but also maintains its leading process technology and quality, and continues to obtain orders for new products from customers to reduce risks.

The Group has the packaging and testing technology capabilities of system-level packaging (SiP), flip chip technology, various light sensor modules, etc., and provides customized services, develops and produces related module products according to customer needs, and provides customers with one-stop shopping services. In addition, the Group achieves heterogeneous integration through system module packaging to accelerate the integration of more functions in the module, so it relatively increases the difficulty of the process to increase and meet customer order needs, with the advantages of economies

of scale and increasing barriers to entry for new manufacturers. In the future, it will continue to deepen its cooperative relationship with customers, expand product diversification, develop new customers, and 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.

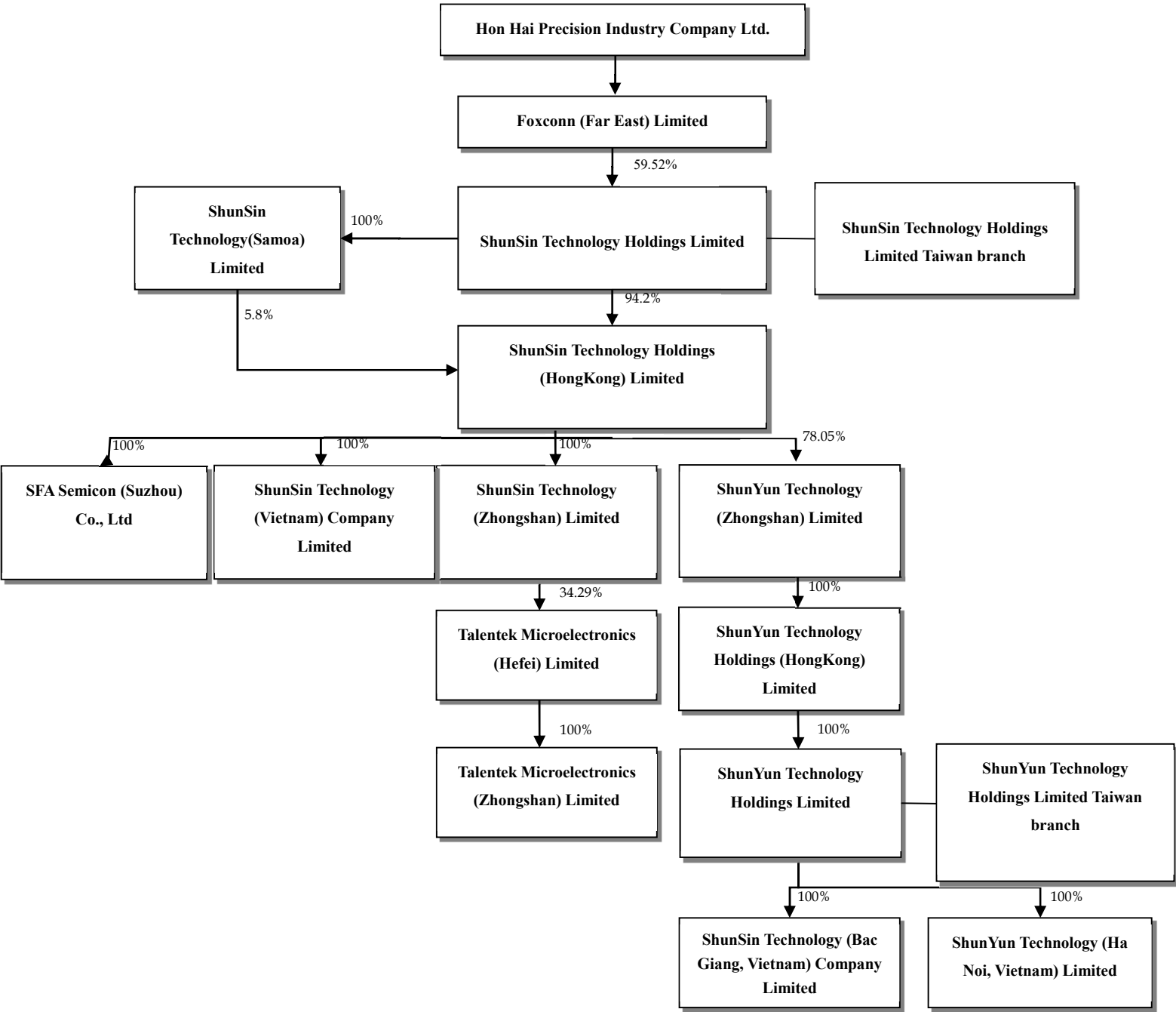
VII. Special Items

i. Relevant Information of Associated Enterprises

1. Business Report on Merger of Related Enterprises

<1> Organization Chart of Related Enterprises

March 31, 2025



<2> Basic Information of Related Enterprises

March 31, 2025; 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	138,917,019	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	7,114,682	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.
ShunYun Technology (Bac Giang, Vietnam) Company 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	1,278,893	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	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	China	RMB	373,496	Assembly, testing and sales of high speed optical transceiver.
Talentek Microeletronics (Zhongshan) Limited	2024/01/10	China	RMB	20,000	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment
Talentek Microeletronics (He fei) Limited	2017/6/5	China	RMB	51,520	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment

SFA Semicon (Suzhou) Co., Ltd	2004/3/2	China	USD	73,333	Assembly, testing, and sales of various types of integrated circuits.
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<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

March 31, 2025

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%
	Legal Person as Corporate Director	Hon Jin International Investment Co., Ltd.	1,483,078	0.01%
		Representative: Christina	12,000	0.00%
	Independent Director	James Wang	-	0.00%
	Independent Director	Hwang, Tsingyuan	-	0.00%
Foxconn (Far East) Limited	Independent Director	Liu, Len-yu	-	0.00%
	Independent Director	Chen, Yue-min	-	0.00%
ShunYun Technology Holdings Limited	Director	Huang, Te-Tsai	-	-
	Director	Zhou, Zongka	-	-
ShunSin Technology (Samoa) Corporation Limited	Director	Fan, Chen-Piao	-	-
ShunYun Technology (Ha Noi, Vietnam) Limited	Director	Hsu, Wen-Yi	-	-
ShunYun Technology (Bac Giang, Vietnam) Company Limitd	Director	Fan, Chen-Piao	-	-
ShunSin Technology Holdings (Hongkong) Limited	Director	Fan, Chen-Piao	-	-
ShunYun Technology Holdings (Hongkong) Limited	Director/general manager	Hsu, Wen-Yi	-	-
ShunSin Technology (Zhong Shan) Limited	Director	Fan, Chen-Piao	-	-
	Executive director/general manager	Hsu, Wen-Yi	-	-
ShunYun Technology (Zhong Shan) Limited	Supervisor	Fan, Chen-Piao	-	-
	Executive director/general manager	Fan, Chen-Piao	-	-
Talentek Microelectronics (He fei) Limited (Note)	Supervisor	James Cheng	-	-
	Chairman	Luo, Chi-Hua	RMB 2,369,864	4.60%
	Supervisor	Fan, Chen-Piao	RMB 1,500,000	2.91%
	Director	NG WAI KHEAN	-	-
	Director	Tan, Hai Lin	-	-

	Director	Liu, De Sheng	-	-
	Director	Teo, Chee Kheng	-	-
ShunSinTechnology(Vietnam) Company Limited	Director	Hsu, Wen-Yi	-	-
Talentek Microeletronics (Zhongshan) Limited	Executive director	Luo, Chi-Hua	-	-
	Supervisor	Tan, Hai Lin	-	-
SFA Semicon (Suzhou) Co., Ltd	Executive director	James Cheng	-	-
	Supervisor	Ken Lee	-	-

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

December 31, 2024; 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	138,917,019	3,631,354,000	1,986,152,435	1,645,201,565	3,272,284,712	32,689,991	152,705,066	11.01
Foxconn (Far East) Limited (Note 1)	USD	7,114,682	1,708,226,375	67,518,821	1,640,707,554	-	(5,479,458)	131,230,202	0.63
ShunYun Technology Holdings Limited	USD	58,280	163,196	107,667	55,529	108,943	601	1,978	0.002
ShunSin Technology (Samoa) Corporation Limited	USD	15,516	23,914	286	23,628	-	(1)	114	0.007
ShunYun Technology (Ha Noi, Vietnam) Limited	VND	US\$6,000	853,412,071	208,891,439	644,520,631	782,822,088	45,571,328	62,152,049	Note 2
ShunYunTechnology(BacGiang, Vietnam) Company Limited	VND	US\$7,900	2,202,848,559	393,443,293	1,809,405,266	715,644,139	4,990,839	5,291,349	Note 2
ShunSinTechnology(Vietnam) Company Limited	USD	20,000	28,568	11,559	17,009	5	(2,553)	(2,991)	Note 2
ShunSin Technology Holdings (Hongkong) Limited	NTD	HK\$1,201,189	12,757,241	84,310	12,672,931	-	(11,269)	166,961	0.13
ShunYun Technology Holdings (Hongkong) Limited	USD	39,000	55,667	38	55,629	-	(219)	1,999	0.05
ShunSin Technology (Zhong Shan) Limited	RMB	US\$102,000	2,206,801	67,452	2,139,349	330,796	2,865	45,061	Note 2
ShunYun Technology (Zhong Shan) Limited	RMB	373,496	564,606	29,403	535,203	29,539	(40,320)	(21,114)	Note 2
Talentek Microeletronics (He fei) Limited	RMB	51,520	173,831	32,959	140,872	84,613	(6,531)	5,831	Note 2

Name of Enterprise	Currency	Capital	Total Assets	Total Liabilities	Net Value	Operating revenue	Business Income(Losses)	Current Profit and Loss (after Tax)	EPS
Talentek Microelectronics (Zhong Shan) Limited	RMB	20,000	37,347	12,280	25,067	23,609	5,118	5,067	Note 2
SFA Semicon (Suzhou) Co., Ltd	RMB	506,093	179,020	27,196	151,824	45,184	(8,012)	(5,084)	Note 2

Note 1: Individual financial report data for 2024.

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

3. Consolidated financial statements of related enterprises: same as Consolidated Financial Statements, please refer to pages 116 to 186.

4. Report of Related Enterprises: Not applicable.

ii. Raisng 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.

v. 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
1. 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. 2. 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. 3. 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).

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors of ShunSin Technology Holdings Limited:

Audit Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 (13) for accounting policy related to revenue recognition, and notes 6 (21) for the information related to revenue of the consolidated financial report.

Description of key audit matter:

Due to sales transactions of the Group are depending on contracts, we need to judge individually to confirm the adequacy of revenue recognition. Additionally, the Group adopts

IFRSs 15, which involves complex accounting treatments and policy may result in inappropriate performance obligations and recognition of revenue under IFRSs 15. In addition, it is necessary to evaluate and verify the completeness and accuracy of the relevant materials used, as well as the new disclosure requirements revenue recognition is listed as one of the important items in the audit of the financial statements of this year.

Our audit procedures included:

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

2. Financial Assets at Fair Value through Profit and Loss

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

Description of key audit matter:

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

Our audit procedures included:

- Obtain the appraiser’s appraisal report of the invested Company entrusted by the Group, and evaluate the appraiser’s qualification and independence.
- Evaluate the rationalities of the assumptions used in the appraisal report in estimating the price of an investment.

- Evaluate the rationalities of the recognition of profit and loss of financial assets in the accounts of the Group.

3. Business combination

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

Description of key audit matter:

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

Our audit procedures included:

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due

to fraud or error.

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

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

Accountant's Responsibility for Auditing Consolidated Financial Report

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

Expressed in Thousands of New Taiwan Dollars

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

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, except for Earning Per Share)

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

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Retained earnings						Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					
Balance as of January 1, 2023	\$ 1,074,648	2,933,948	513,551	298,036	1,717,906	2,529,493	(162,447)	(151,236)	6,224,406	453,790	6,678,196
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	20,567	-	(20,567)	-	-	-	-	-	-
Special reserve	-	-	-	(135,589)	135,589	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(123,585)	(123,585)	-	-	(123,585)	-	(123,585)
Profit	-	-	-	-	434,217	434,217	-	-	434,217	33,199	467,416
Other comprehensive income (loss)	-	-	-	-	-	-	(213,762)	-	(213,762)	(22,933)	(236,695)
Total comprehensive income (loss)	-	-	-	-	434,217	434,217	(213,762)	-	220,455	10,266	230,721
Proceeds from sale of treasury shares	-	-	-	-	-	-	-	42,889	42,889	-	42,889
Changes in ownership interests in subsidiaries	-	(30,255)	-	-	-	-	-	-	(30,255)	30,255	-
Share-based payment transactions	-	-	-	-	-	-	-	-	-	111,580	111,580
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	302,028	302,028
Balance as of December 31, 2023	1,074,648	2,903,693	534,118	162,447	2,143,560	2,840,125	(376,209)	(108,347)	6,333,910	907,919	7,241,829
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	43,422	-	(43,422)	-	-	-	-	-	-
Special reserve	-	-	-	213,762	(213,762)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(261,187)	(261,187)	-	-	(261,187)	-	(261,187)
Profit (Loss)	-	-	-	-	42,656	42,656	-	-	42,656	(3,707)	38,949
Other comprehensive income (loss)	-	-	-	-	-	-	506,116	-	506,116	14,434	520,550
Total comprehensive income (loss)	-	-	-	-	42,656	42,656	506,116	-	548,772	10,727	559,499
Changes in ownership interests in subsidiaries	-	43,219	-	-	-	-	-	-	43,219	(43,219)	-
Share-based payment transactions	-	-	-	-	-	-	-	-	-	71,745	71,745
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	169,631	169,631
Balance as of December 31, 2024	\$ 1,074,648	2,946,912	577,540	376,209	1,667,845	2,621,594	129,907	(108,347)	6,664,714	1,116,803	7,781,517

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Profit (Loss) before tax	\$ (8,316)	566,659
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	634,841	492,928
Amortization expense	1,702	792
Expected credit loss	1,043	-
Net profit on financial assets and liabilities at fair value through profit or loss	(42,114)	(34,958)
Interest expense	177,808	178,005
Interest income	(165,762)	(191,856)
Share-based payments	71,745	111,580
Gain on bond redemption	-	(7,500)
Net (gain) loss on disposal and scrapping of property, plant and equipment	(3,522)	1,277
Property, plant and equipment transferred to expenses	2,347	323
Gain on disposal of investments	-	(148,397)
Gain from modification of lease	(372)	(43)
Gain recognised in bargain purchase transaction	(119,338)	-
Total adjustments to reconcile profit (loss)	558,378	402,151
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	-	269,328
Contract assets	15,171	127,547
Notes receivable	(38,563)	-
Accounts receivable	(111,113)	250,272
Accounts receivable—related parties	(19,414)	63,719
Other receivables	109,677	3,221
Inventories	(162,947)	432,432
Prepayments	(88,328)	(22,868)
Other current assets	(2,344)	1,610
Total changes in operating assets	(297,861)	1,125,261
Changes in operating liabilities:		
Contract liabilities	(51,255)	7,702
Accounts payable	315,298	(302,245)
Accounts payable—related parties	7,955	(3,445)
Other payable	48,970	56,406
Other payable—related parties	(248)	-
Other current liabilities	(10,578)	19,074
Long-term deferred income	(18,803)	27,482
Total changes in operating liabilities	291,339	(195,026)
Total changes in operating assets and liabilities	(6,522)	930,235
Total adjustments	551,856	1,332,386
Cash inflow generated from operations	543,540	1,899,045
Interest received	129,455	205,044
Interest paid	(173,974)	(172,800)
Income taxes paid	(104,401)	(66,720)
Net cash flows from (used in) operating activities	394,620	1,864,569
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized costs	(1,443,436)	(13,133)
Proceeds from disposal of financial assets at amortized cost	19,539	64,033
Net cash flow from acquisition of subsidiaries	(494,568)	-
Acquisition of property, plant and equipment	(977,732)	(863,804)
Proceeds from disposal of property, plant and equipment	3,522	312
Increase in guarantee deposits paid	2,272	(5,942)
Acquisition of intangible assets	(1,390)	(813)
Increase in prepayments for business facilities	(13,525)	(4,009)
Net cash flows from (used in) investing activities	(2,905,318)	(823,356)
Cash flows from (used in) financing activities:		
Increase in short-term loans	4,215,365	7,011,487
Decrease in short-term loans	(4,000,398)	(6,900,108)
Repayments of bonds	-	(1,500,000)
Proceeds from long-term debt	2,602,750	-
Repayments of long-term loans	(1,575,574)	(398,096)
Increase in guarantee deposits received	(2,291)	77
Payments of lease liabilities	(63,245)	(35,804)
Cash dividends paid	(261,187)	(123,585)
Proceeds from sale of treasury shares	-	42,889
Changes in non-controlling interests	169,631	302,028
Net cash flows from (used in) financing activities	1,085,051	(1,601,112)
Effect of exchange rate changes on cash and cash equivalents	283,570	(189,331)
Net decrease in cash and cash equivalents	(1,142,077)	(749,230)
Cash and cash equivalents at beginning of period	8,070,508	8,819,738
Cash and cash equivalents at end of period	\$ 6,928,431	8,070,508

See accompanying notes to consolidated financial statements

Chairman: Chiang, Shang-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Yao-Wei

1. History of the Company

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

2. Approval dates and procedures of consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on March 11, 2025.

3. New standards, amendments and interpretations adopted:

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

The Group’s adoption of the newly revised International Financial Reporting Standards from January 1, 2024, and it does not cause significant impact on consolidated financial report.

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

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

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

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

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

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

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

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

The Group is evaluating the impact of its initial adoption of the above mentioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation. The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “sale or contribution of Assets Between an Investor and Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”

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

4. Summary of Major Accounting Policies

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

(1) Statement on compliance

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

(2) Basic of preparation

A. The basis of measurement

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

B. Functional and presentation currency

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

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising

from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

B. List of subsidiaries in the consolidated financial statements

Investor	Name of subsidiary	Primary Business	Shareholding Ratio	
			2024.12.31	2023.12.31
The Company	ShunSin Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunSin (Hong Kong))	Holding Company	93.82% (Note 1)	91.80%
The Company	ShunSin Technology (Samoa) Corporation Limited (hereinafter referred to as ShunSin (Samoa))	Overseas material and equipment purchase	100.00%	100.00%
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	6.18% (Note 1)	8.20%
ShunSin (Hong Kong)	ShunSin Technology (Zhongshan) Limited (hereinafter referred to as ShunSin (Zhongshan))	Assembly, testing and sales of high-speed optical transceiver module, high-frequency wireless communication module and various integrated circuits	100.00%	100.00%
ShunSin (Hong Kong)	ShunYun Technology (Zhongshan) Limited (hereinafter referred to as ShunYun (Zhongshan))	High-speed optical transceivers manufacturing	78.05%	78.05%
ShunSin (Hong Kong)	ShunSin Technology (Vietnam) Company Limited (hereinafter referred to ShunSin (Vietnam))	Assembly, testing and sales of high-speed optical transceiver module, high-frequency wireless communication module and various integrated circuits	100.00% (Note 2)	- %
ShunSin (Hong Kong)	SFA SEMICON (SUZHOU) CO., LTD (hereinafter referred to SFA (SUZHOU))	Packaging and testing OEM services based on lead frame	100.00% (Note 3)	- %
ShunSin (Zhongshan)	Talentek Microelectronics (Hefei) Limited (hereinafter referred to as Talentek (Hefei))	Design, R&D, measurement and sales of electrical equipment, communication equipment and automation	34.29% (Note 4)	39.21%
ShunYun (Zhongshan)	ShunYun Technology Holdings (Hong Kong) Limited (hereinafter referred to ShunYun (Hong Kong))	Holding Company	100.00%	100.00%
ShunYun (Hong Kong)	ShunYun Technology Holdings Limited (hereinafter referred to ShunYun (Cayman))	Sales of high-speed optical transceiver module	100.00%	100.00%
ShunYun (Cayman)	ShunYun Technology (Ha Noi, Vietnam) Limited (hereinafter	High-speed optical transceivers	100.00%	100.00%

ShunYun (Cayman)	referred to ShunYun (HaNoi)) ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to ShunSin (Bac Giang))	manufacturing High-speed optical transceivers manufacturing	100.00%	100.00%
Talentek (Hefei))	Talentek Microelectronics (Zhongshan) Limited (hereinafter referred to as Talentek (Zhongshan))	Design, R&D, measurement and sales of electrical equipment, communication equipment and automation	100.00% (Note 5)	- %

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

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

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

Note 4: Non-controlling shareholders of Talentek (Hefei) continue to invest in 2024. The actual shareholding ratio ShunSin (Zhongshan) hold is 34.29% according to invested capital as of December 31, 2024. Although the shareholding ratio of ShunSin (Zhongshan) in Talentek (Hefei) is less than 50%, according to the overall shareholding ratio of ShunSin (Zhongshan) and its related parties which is still the largest shareholder, it is still considered to have control over Talentek (Hefei).

Note 5: Talentek (Hefei) was approved by Board of Directors on December 28, 2023 to set up its subsidiary, Talentek (Zhongshan) in Zhongshan city, Guangdong Province in China on January 10, 2024. The authorized capital is RMB 40,000 thousand. The expected shareholding ratio of Talentek (Hefei) is 100%. As of December 31, 2024, Talentek (Hefei) has invested RMB 20,000 thousand.

Subsidiaries not included in the consolidated financial report: None.

(4) Foreign currency

A. Foreign currency transactions

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

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

B. Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency

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

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

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

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

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

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

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

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

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposit. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to

an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

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

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

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

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

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

Financial assets not classified as amortized cost described as above are measured at

FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

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

(c) Impairment of financial assets

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

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

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

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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

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

financial asset is credit-impaired includes the following observable data:

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

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

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

(d) Writing off financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

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

(c) Treasury stocks

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

(d) Compound financial instruments

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

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

After the initial recognition, the liability component of the composite financial instrument is measured using the effective interest rate method after amortization. The equity components of compound financial instruments are not remeasured after they are initially recognized.

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

(e) Financial liabilities

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

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

(f) Derecognition of financial liabilities

The Group excludes financial liabilities when contractual obligations have been

fulfilled, cancelled or expired. When the terms of financial liabilities changed and the cash flow of the modified liabilities is significantly different, the original financial liabilities are excluded and the new financial liabilities are recognized at fair value based on the revised terms.

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

(g) Offsetting of financial assets and liabilities

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

C. Derivative financial instruments

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

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

(8) Inventories

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

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

(9) Property, plant and equipment

A. Recognition and measurement

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

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

equipment.

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

B. Subsequent cost

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

C. Depreciation

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

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

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

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

(10) Lease — As a lessee

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if

that are cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

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

- A. There is a change in future lease payments arising from the change in an index or rate; or
- B. There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- C. There is charge in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or
- D. There is a change of its assessment on whether it will exercise an extension or termination option; or
- E. There are any lease modifications.

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

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

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

(11) Intangible assets

A. Recognition and measurement

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

B. Subsequent expenditure

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

and losses when incurred.

C. Amortization

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

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

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

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

(12) Impairment of non-financial assets

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

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

The recoverable amount is the greater of the fair value of individual assets or cash-generating units minus the disposal cost and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized immediately in profit or loss, and the book value of each asset is reduced in proportion to the book value of each other asset in the unit. Non-financial assets other than goodwill will only be reversed within its book value (less depreciation or amortization) determined when the asset did not recognize impairment losses in previous years.

(13) Revenue recognition

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

A. Revenues from packaging and testing service

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

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

B. Revenue from merchandise sales

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

C. Financial components

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

(14) Employees benefits

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

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

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

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

(15) Government subsidies

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

(16) Share-based payment transactions

The employee shall be entitled to a share-based award for the fair value of the day, and shall recognize the remuneration cost and increase the relative rights and interests within the period

when the employee can get the remuneration unconditionally. The recognized remuneration costs shall be adjusted in accordance with the quantity of the award which is expected to meet the conditions of service and which is not obtained at the market price; The final recognition amount is based on the amount of rewards that meet the conditions of service and non-market price on the vested day.

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

(17) Income tax

Income tax expenses include current and deferred income taxes. The current income tax and deferred income tax shall be recognized as profit and loss, except for those project stakeholders who are directly recognized as equity or other comprehensive gains and losses after consolidation.

The Group determines that interest or penalties related to income tax (including uncertain tax treatment) do not meet the definition of income tax, therefore, the accounting treatment of International Accounting Standard 37 is applicable.

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

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

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

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

For unused taxation losses and unused income tax deduction in the later period of transfer, it may be considered as deferred income tax assets to the extent that future taxable income may be available. It will be re-assessed on each reporting day and adjusted to the extent that the

relevant income tax benefits are not likely to be realized; such reduction are reversed when the probability of future taxable profit improves.

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

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

- A. Having the legal enforcement power to offset the current income tax assets and current income tax liabilities; and
- B. Deferred income tax assets and deferred income tax liabilities are related to any of the following entities that are subject to income tax levied by the same tax authority;
 - (a) The same taxpayer; or
 - (b) Different tax payers, however, each tax payer intends to pay current income tax liabilities and assets on a net basis for each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be paid, or to realize assets and liabilities at the same time.

(18) Business combination

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

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

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

(19) Earnings per share

The Group list the basic and diluted earnings per share attributable to the ordinary shareholders of the Company. The basic earnings per share of the Group shall be calculated by dividing the profits and losses attributable to the ordinary shareholders of the Company by the weighted average number of common shares outstanding in the current period. Shares

added due to surplus or capital reserve transferred to capital increase shall be calculated by retroactive adjustment. If the base date of the transfer of surplus or capital reserve to capital increase is prior to the submission of financial statements, the adjustment shall be made retroactively.

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

(20) Information of the departments

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

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

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

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

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

6. Description of important accounting items

(1) Cash and cash equivalents

	<u>2024.12.31</u>	<u>2023.12.31</u>
Cash on hand	\$ 83	47
Current deposit	4,705,363	5,942,309
Time deposits with original maturity within three months	<u>2,222,985</u>	<u>2,128,152</u>
Cash and cash equivalents as shown in the consolidated cash flow statement	<u>\$ 6,928,431</u>	<u>8,070,508</u>

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

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

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

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

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

(3) Financial assets at amortized cost

A. Current

	<u>2024.12.31</u>	<u>2023.12.31</u>
Restricted bank deposits	\$ -	19,488
Time deposits with original maturity exceeding three months	<u>1,482,488</u>	<u>1,637</u>
	<u>\$ 1,482,488</u>	<u>21,125</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, 2024 and 2023, the Group held a foreign currency time deposits with original maturity exceeding three months amounting to 1,482,488 thousand (RMB 325,000 thousand) and 1,637 thousand (VND 1,300,000 thousand) respectively, with effective rate of 1.5% to 1.95% and 4.5% respectively. The time deposit matures in Feburary, 2025, May, 2025 and November, 2024 respectively.

B. Non-current

	2024.12.31	2023.12.31
Restricted bank deposits	<u>\$ 2,903</u>	<u>-</u>

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

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

(4) Notes receivable and accounts receivable

	2024.12.31	2023.12.31
Notes receivable	\$ 38,563	-
Accounts receivable	903,425	718,183
Accounts receivable-related party	19,480	66
Less: Loss allowance	(1,068)	-
	<u>\$ 960,400</u>	<u>718,249</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 notes receivable and accounts receivable of the Group on December 31, 2024 and 2023, are analyzed as follows:

	2024.12.31		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not overdue	\$ 915,880	-	-
Past due 1-30 days	29,791	-	-
Past due 31-60 days	2,861	-	-
Past due 61-90 days	10,043	-	-
Past due 121-365 days	1,825	-	-
	<u>\$ 960,400</u>	<u>-</u>	<u>-</u>

On December 31, 2024, the Group has recognized whole amount of \$1,068 thousand toward

the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

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

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

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

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

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

(5) Other receivables

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

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

(6) Inventories

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

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

	2024	2023
Cost of selling inventories	\$ 4,511,081	3,961,614
Loss allowance for inventory valuation losses and slow-moving inventories	(18,003)	9,186
Inventory Obsolescence	5,125	9,594
Unallocated manufacturing overhead	9,761	13,197

Inventory short	-	134
Revenue from sale of scraps	(3,562)	(2,690)
	<u>\$ 4,504,402</u>	<u>3,991,035</u>

As of December 31, 2024 and 2023, the inventory of the Group has not been provided as a pledge guarantee.

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

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

ShunYun (Zhongshan) issued 37,550 thousand shares for the cash capital increase in 2023. In order to encourage outstanding employees to continue working in the Group, the Company gave up subscription and reserved them for employees of 100% owned subsidiary. Hence the shareholding rate of the Company toward ShunYun (Zhongshan) decreased by 8.72%. The Company and its subsidiary paid a one-time compensation payment to ShunYun (Zhongshan) in the second quarter of 2023, and recognized payroll cost base on restricted right of employee shares, resulting in a change of 6,810 thousand in Capital surplus in 2024.

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

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

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

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

Talentek (Hefei)

China

65.71%

60.79%

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

The summary of financial information of ShunYun (Zhongshan) is as follows:

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

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

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

	2024.12.31	2023.12.31
Current assets	\$ 296,176	252,266
Non-current assets	496,755	342,713
Current liabilities	(126,929)	(137,305)
Non-current liabilities	(23,412)	(35,213)
Net asset	\$ 642,590	422,461
Book value of ending balance on non-controlling interests	\$ 422,246	256,814

	2024	2023
Operating revenue	\$ 376,892	400,529
Profit	\$ 25,974	16,132
Other comprehensive income	20,577	(6,173)
Total comprehensive income	\$ 46,551	9,959

Profit attributable to non-controlling interests	\$	16,937	10,509
Comprehensive income attributable to non-controlling interests	\$	32,210	6,736

(8) Acquired a subsidiary

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

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

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

Cash	\$	579,222
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The details of the fair values of identifiable assets and liabilities as of August 1, 2024 are as follows:

Cash and cash equivalents	\$	84,654
Net accounts receivable		74,104
Other receivables		1,823
Inventories		55,274
Prepayments		1,133
Property, plant and equipment		392,024
Intangible assets		521
Intangible assets –customer relation		10,878
Right-of-use assets		110,268
Deferred tax assets		70,412
Accounts payable		(42,532)
Other payables		(23,982)
Deferred tax liabilities		(36,017)
The fair values of identifiable net assets	\$	698,560

Gain resulted from acquisition recognized in bargain purchase transaction

Transfer price	\$	579,222
Less: the fair values of identifiable net assets		698,560
Gain resulted from acquisition (recognized as other incomes)	\$	(119,338)

The total amount of inventory is 66,515 thousand, and the amount of slow-moving inventory

loss on the acquisition date is 11,241 thousand.

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

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

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

(9) Property, plant and equipment

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

	Buildings	Machinery and equipment	Office equipment (including computer communication equipment)	Inspection equipment	Other equipment	Lease improvement	Unfinished construction and equipment to be inspected	Total
Cost:								
Balance as of January 1, 2024	\$ 3,099,861	3,203,681	79,251	683,490	482,258	50,938	70,992	7,670,471
Acquired by merge (please refer to note 6 (8))	475,530	1,060,828	57,667	56,212	179,650	-	-	1,829,887
Acquisition	-	284,235	14,427	50,767	162,094	739	393,876	906,138
Disposal	-	(169,962)	(6,672)	(46,455)	(7,951)	-	-	(231,040)
Re-classification (Note 1)	(2,078)	21,897	-	11,825	2,175	-	(36,896)	(3,077)
Impact of exchange rate changes	107,336	211,426	6,251	45,814	36,873	2,668	16,192	426,560
Balance as of December 31, 2024	\$ 3,680,649	4,612,105	150,924	801,653	855,099	54,345	444,164	10,598,939
Balance as of January 1, 2023	\$ 1,273,114	2,850,187	74,925	666,161	403,220	54,466	1,765,850	7,087,923
Acquisition	203,258	383,709	6,803	28,430	70,198	1,027	61,990	755,415
Disposal	-	-	(974)	(637)	(8,006)	(3,868)	-	(13,485)
Re-classification (Note 2)	1,706,121	21,749	-	5,377	29,080	185	(1,766,628)	(4,116)
Impact of exchange rate changes	(82,632)	(51,964)	(1,503)	(15,841)	(12,234)	(872)	9,780	(155,266)
Balance as of December 31, 2023	\$ 3,099,861	3,203,681	79,251	683,490	482,258	50,938	70,992	7,670,471
Accumulated depreciation and impairment losses:								
Balance as of January 1, 2024	\$ 398,362	2,088,817	69,499	561,776	362,233	28,718	-	3,509,405
Acquired by merge (please refer to note 6 (8))	217,392	983,818	50,630	47,392	138,631	-	-	1,437,863
Annual depreciation	115,209	333,941	5,922	60,558	51,204	6,228	-	573,062
Disposal	-	(169,962)	(6,672)	(46,455)	(7,951)	-	-	(231,040)
Impact of exchange rate changes	27,167	100,553	6,198	20,819	32,099	1,645	-	188,481
Balance as of December 31, 2024	\$ 758,130	3,337,167	125,577	644,090	576,216	36,591	-	5,477,771
Balance as of January 1, 2023	\$ 343,459	1,863,102	66,210	521,965	319,211	27,216	-	3,141,163
Annual depreciation	61,704	270,974	5,552	58,720	52,194	5,851	-	454,995
Disposal	-	-	(974)	(637)	(6,417)	(3,868)	-	(11,896)
Re-classification (Note 2)	-	1,676	-	(2,275)	-	-	-	(599)
Impact of exchange rate changes	(6,801)	(46,935)	(1,289)	(15,997)	(2,755)	(481)	-	(74,258)
Balance as of December 31, 2023	\$ 398,362	2,088,817	69,499	561,776	362,233	28,718	-	3,509,405
Carrying amount:								
Balance as of December 31, 2024	\$ 2,922,519	1,274,938	25,347	157,563	278,883	17,754	444,164	5,121,168
Balance as of December 31, 2023	\$ 2,701,499	1,114,864	9,752	121,714	120,025	22,220	70,992	4,161,066

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

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

(10) Right-of-use asset

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

	<u>Land</u>	<u>Building</u>	<u>Vehicle</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2024	\$ 314,699	213,121	1,916	529,736
Acquired by merge	115,662	-	-	115,662
Acquisition	-	14,191	1,641	15,832
Disposal (contract expired and early termination of contract)	-	(91,617)	-	(91,617)
Impact of exchange rate changes	13,862	993	144	14,999
Balance as of December 31, 2024	<u>\$ 444,223</u>	<u>136,688</u>	<u>3,701</u>	<u>584,612</u>
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>
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2024	\$ 29,662	98,786	590	129,038
Acquired by merge	5,394	-	-	5,394
Depreciation	10,526	50,342	911	61,779
Disposal (contract expired and early termination of contract)	-	(81,945)	-	(81,945)
Impact of exchange rate changes	919	(1,888)	53	(916)
Balance as of December 31, 2024	<u>\$ 46,501</u>	<u>65,295</u>	<u>1,554</u>	<u>113,350</u>
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>
Carrying amount:				
Balance as of December 31, 2024	<u>\$ 397,722</u>	<u>71,393</u>	<u>2,147</u>	<u>471,262</u>

Balance as of December 31, 2023	<u>\$</u>	<u>285,037</u>	<u>114,335</u>	<u>1,326</u>	<u>400,698</u>
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(11) Intangible assets

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

		Software	Customer relation	Total
Cost:				
Balance as of January 1, 2024	\$	32,332	-	32,332
Acquired by merge		101,917	10,878	112,795
Acquisition		1,390	-	1,390
Impact of exchange rate changes		4,222	267	4,489
Balance as of December 31, 2024	<u>\$</u>	<u>139,861</u>	<u>11,145</u>	<u>151,006</u>
Balance as of January 1, 2023	\$	32,499	-	32,499
Acquisition		813	-	813
Disposal		(333)	-	(333)
Impact of exchange rate changes		(647)	-	(647)
Balance as of December 31, 2023	<u>\$</u>	<u>32,332</u>	<u>-</u>	<u>32,332</u>
Amortization and impairment losses:				
Balance as of January 1, 2024	\$	30,871	-	30,871
Acquired by merge		101,396	-	101,396
Amortization		1,135	567	1,702
Impact of exchange rate changes		4,127	13	4,140
Balance as of December 31, 2024	<u>\$</u>	<u>137,529</u>	<u>580</u>	<u>138,109</u>
Balance as of January 1, 2023	\$	30,933	-	30,933
Amortization		792	-	792
Disposal		(333)	-	(333)
Impact of exchange rate changes		(521)	-	(521)
Balance as of December 31, 2023	<u>\$</u>	<u>30,871</u>	<u>-</u>	<u>30,871</u>
Carrying amount:				
Balance as of December 31, 2024	<u>\$</u>	<u>2,332</u>	<u>10,565</u>	<u>12,897</u>
Balance as of December 31, 2023	<u>\$</u>	<u>1,461</u>	<u>-</u>	<u>1,461</u>

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

	2024	2023
Operating costs	\$ 129	111
Operating expenses	1,573	681
	<u>\$ 1,702</u>	<u>792</u>

(12) Short-term loans

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

	2024.12.31	2023.12.31
Unsecured bank loans	<u>\$ 4,653,480</u>	<u>4,438,513</u>
Line of credit	<u>\$ 5,107,380</u>	<u>4,751,670</u>
Interest rate range (%)	<u>0.90%-2.38%</u>	<u>1.89%-6.17%</u>

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

(13) Long-term loans

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

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

2023.12.31			
	Currency	Period	Amount
Syndicated loan from China CITIC Bank	NTD	2022.12~2024.12	\$ 496,725
Unsecured loan from MUFG Bank	USD	2021.12~2024.12	859,880
Unsecured loan from E.SUN Bank	USD	2021.12~2024.12	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>2.21-6.58</u>

A. Collateral for loans

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

loans.

B. Bank loan endorsement guarantee

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

C. Loan contract

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

(I) CTBC Bank Co., Ltd.

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

(i) Debt ratio (total debt/tangible net worth) $\leq$ 170%

(ii) Tangible Net Worth $\geq$ TWD 6 billion

(II) Taipei Fubon Bank

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

(i) Current ratio: [Current assets/Current liabilities] shall not be less than 100%

(ii) Net debt ratio: [(bank loans + net corporate bonds payable - cash and cash equivalents) / (net worth - intangible assets)], not more than 70%

(iii) Net interest coverage ratio: [(profit or loss before tax + interest expense + depreciation + amortization) / (financial cost - interest income)], which shall not be less than five times. If (financial cost - interest income) is negative, it is considered to meet the conditions.

(III) Taishin International Bank Co., Ltd.

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

(i) Current ratio (current assets/current liabilities) $\geq 100\%$

(ii) Debt ratio (total liabilities/total equity) $\leq 170\%$

(iii) Net worth (total equity - intangible assets) $\geq$ TWD 4.5 billion

- (b) The subsidiary ShunYun Cayman signed credit agreements with E.Sun Bank and Taiwan Cooperative Bank in 2024. The main commitments are summarized as follows:

(I) E.Sun Bank

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

(II) Taiwan Cooperative Bank

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

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

methods to meet the financial covenants, is not considered as default.

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

According to the provisions of the syndicated loan contract from China CITIC Bank, the Group will repay the principal in one lump sum when it expires, and may apply for extension of the credit term before the expiry date. If the banks agree to the extension, the unpaid principal balance shall be repaid in five installments. The first installment is on the date after thirty-six months of the first use, and thereafter every six months shall be an installment for repayment. On September 22, 2022, the company obtained a written resolution from 12 of the 13 banks that agreed to extend the credit period until December 26, 2024. Yuanta Bank did not agree to extend the loan. Therefore, the bank's loan of 45,240 thousand has been repaid on December 26, 2022. According to the contract, starting from December 2022, total amount 397,380 thousand will be repaid in four installments amounting to 99,345 thousand every six months respectively. The remaining amount 397,380 thousand will be repaid upon maturity. The Syndicated loan from China CITIC Bank is fully paid off in December 2024. In addition, according to the provisions of the loan contract between MUFG Bank and E.SUN Bank, the principal will be repaid in one lump sum when it is due. And it is fully paid off in December 2024.

(14) Convertible bonds payable

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

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

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

The value of the convertible bonds at the time of issue	\$ 1,357,350
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>

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

First unsecured convertible bonds

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

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

(15) Lease Liability

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

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

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

Amounts recognized in profit or loss are as follows:

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

Amounts recognized in cash flow statement are as follows:

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

A. Lease of land, buildings and constructions

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

B. Other leases

The Group leases transportation equipment for a period of 3 to 4 years.

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

(16) Employee benefit

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

In accordance with the pension insurance system stipulated by the government of the People's Republic of China, a company incorporated in the People's Republic of China shall allocate

a certain proportion of its employees' total salary to the pension fund each month, and the proportion rate is 13%. And the pension fund is deposit into the individual account of each employee. The pension of each employee shall be managed and arranged by the government, and the Company shall have no further obligation except monthly allocation.

The pension expenses of the Group in 2024 and 2023 have been allocated to the labor insurance bureau and the local competent authority of the consolidated foreign subsidiaries.

The details of the expenses reported by the Group are as follows:

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

(17) Income tax

A. Income tax expenses (benefits)

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

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

	2024	2023
Current		
Current period	\$ 30,018	94,088
Underestimate (overestimate) of income tax for previous year	(2,615)	3,473
	27,403	97,561
Deferred income tax expense (benefit)		
Occurrence and reversal of temporary differences	\$ (85,117)	11,169
Previous year's loss deduction against (underestimates) overestimates	10,449	(9,487)
	(74,668)	1,682
Income tax expense (benefit)	<u>\$ (47,265)</u>	<u>99,243</u>

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

	2024	2023
Pre-tax net profit (loss)	<u>\$ (8,316)</u>	<u>566,659</u>
Income tax calculated according to the local tax rate of each company	\$ (7,638)	91,840
Deferred income tax related to the global minimum top-up tax	6,238	-
Adjustment according to tax law	(50,608)	17,229

(Overestimate) Underestimate of income tax for previous year	(2,615)	3,473
Previous year's loss deduction against overestimates (underestimates)	10,449	(9,487)
Reversal of previous year's temporary differences	(29,328)	-
Reverse the estimated tax on the income distribution of subsidiaries	(155)	(3,812)
Losses deduction not recognized as deferred tax assets	26,392	-
Income tax expense (benefit)	<u><u>\$ (47,265)</u></u>	<u><u>99,243</u></u>

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

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

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

(b) Unrecognized deferred tax assets

Unrecognized deferred tax assets are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Tax losses	<u><u>\$ 26,392</u></u>	<u><u>-</u></u>

Loss deduction are deducted from the net profit of the current year according to the local income tax law of the subsidiary ShunYun (HaNoi) and the subsidiary ShunSin (Vietnam), as determined by the tax authorities. Due to the Group will not have enough taxable income in the future to fulfill loss deduction, these items are not recognized as deferred tax assets.

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

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

(c) Recognized deferred tax assets and liabilities

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

Deferred tax assets:

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

Deferred tax liabilities:

	Long-term equity investment	One-time expense of equipment (Note)	Unrealized exchange gains (losses)	Unrealized evaluate gains (losses)	Evaluation of building and land and customer relation	Others	Total
Balance as of January 1, 2024	\$ 100,319	117,268	-	11,295	-	9,396	238,278
Acquired by merge	-	-	-	-	36,017	-	36,017
Income Statement	(29,483)	(30,750)	-	6,910	(611)	6,758	(47,176)
The impact of exchange rate change	3,663	5,362	-	754	871	178	10,828
Balance as of December 31, 2024	\$ 74,499	91,880	-	18,959	36,277	16,332	237,947
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

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

C. Examination and approval of income tax

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

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

(18) Capital and other equities

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

Reconciliation of outstanding shares is as follows:

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

A. Capital surplus

The capital surplus balance of the Company is as follows:

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

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 needs, industry prospects and future prospects of the company in each fiscal year to ensure the protection of shareholders' rights and interests; and
- (II) Recognize below items in the Company's earnings in each fiscal year: (i) the reserve for the payment of taxes in the relevant fiscal year; (ii) the amount of compensation for past losses; (iii) one-tenth of the general reserve and (iv) the reserve required by Board of Directors in accordance with Article 14.1 or the special surplus required by the securities authorities in accordance with the rules of the publicly issued company.

(b) In the absence of any violation of the law, and after the prescribed allocation of remuneration to employees and directors and the allocation policy set forth in accordance with Article (1) of the Board of Directors as appropriate amounts, the Board of Directors shall allocate not less than 10% of the allowable amount which belongs to the surplus of the previous fiscal year (excluding the accumulated surplus of the previous year) as shareholder dividends, which shall be distributed after the

adoption of the resolution of the shareholders' meeting.

- (c) The distribution of shareholders' dividends and employees' remuneration may, upon the decision of the Board of Directors, be distributed to employees or shareholders in cash, or in such amount as to make full payment of the outstanding shares, or both; For the shareholders' dividend, the cash dividend shall not be less than 50% of the total dividend. The Company pays no interest on undistributed dividends and remuneration.

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

	2023		2022	
	Dividend per share	Amount	Dividend per share	Amount
Dividend distributed to ordinary shareholders:				
Cash	\$ 2.46	<u>261,187</u>	1.17	<u>123,585</u>

As of December 31, 2024 and 2023, all cash dividends have been paid.

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

C. Treasury Stock

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

Unit: thousand shares

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

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

On August 26, 2022, the Company was approved by Board of Directors to repurchase 3,000 thousand shares as treasury stock in order to transfer them to employee. The scheduled execution period is from August 29, 2022 to October 28, 2022, and the repurchase price range is NTD 59 to NTD 100. The Company intended to repurchase fully

3,000 thousand shares before October 28, 2022, however, considering the willingness of employees to purchase and the efficiency of capital use, the Company does not complete the whole 3,000 thousand shares. As of October 28, 2022, the deadline of repurchasing treasury stock, the Company had repurchased 1,802 thousand share, with the average price \$83.93 per share, and the amount of repurchased shares 151,236 thousand. According to “Repurchase of shares and transfer of employee method”, the repurchased share could be transferred to employees in batches. On March 14, 2023, the Company was approved by Board of Directors to execute the first transfer, and the number of transferred shares forecast was 627 thousand shares. The record date of transferring is on July 31, 2023. As of December 31, 2023, the number of transferred shares had 511 thousand shares.

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

(19) Share-based payment

A. Restricted stock plan for employees

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

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

	Equity transactions	
	ShunYun (Zhongshan)'s first restricted stock plan for employees	ShunYun (Zhongshan)'s second restricted stock plan for employees
Grant date	2022.9.30	2022.11.30
Fair value of grant day	CNY 1.57	CNY 1.46
Grant quantity (1,000 share)	44,450	37,550
Contract period	expect 6 years	expect 6 years
Grant objects	Full-time employees of the Company and its subsidiaries	Full-time employees of the Company and its subsidiaries

Acquired conditions	40% of shares are exercisable on the unlocking date	40% of shares are exercisable on the unlocking date
	70% of shares are exercisable on the date which is one year after the unlocking date	70% of shares are exercisable on the date which is one year after the unlocking date
	100% of shares are exercisable on the date which is two years after the unlocking date	100% of shares are exercisable on the date which is two years after the unlocking date

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

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

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

	2024		2023	
	1 st time share granted	2 nd time share granted	1 st time share granted	2 nd time share granted
Outstanding stock as of January 1	44,450	37,550	44,450	37,550
Grant quantity in current period	-	-	-	-
Vested during the year	-	-	-	-
Quantity lost in current period	-	-	-	-
Outstanding stock as of December 31	44,450	37,550	44,450	37,550

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

The Company transferred treasury stock to employees in accordance with the approval by Board of Directors on August 26, 2022 which is based on the Policy Governing First Share Repurchased and Transferred to Employees. The subscription date is on July 31, 2023 and the fair value of the subscription is \$0 per share.

D. Index of fair value on grant day

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

	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 2024 and 2023 due to the share-based payment are as follows:

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

(20) Earnings per share

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

	Unit: 1,000	
	2024	2023
Basic earnings per share of the Company		
Net profit for the current period	<u>\$ 42,656</u>	<u>434,217</u>
Weighted average number of outstanding shares	<u>106,174</u>	<u>105,853</u>
Basic earnings per share (NT\$)	<u>\$ 0.40</u>	<u>4.10</u>
Diluted earnings per share of the Company		
Net profit for the current period	42,656	434,217
The impact of potential common stocks with diluting effect		
Expected reduction in interest expense due to conversion of corporate bonds	<u>-</u>	<u>1,124</u>
Net profit for the current period	<u>\$ 42,656</u>	<u>435,341</u>
Weighted average number of outstanding shares	106,174	105,853
The impact of potential common stocks with diluting effect		
Employees' remuneration	31	221
The impact of convertible bonds	<u>-</u>	<u>1,149</u>
Weighted average number of outstanding shares	<u>106,205</u>	<u>107,223</u>
Diluted earnings per share (NT\$)	<u>\$ 0.40</u>	<u>4.06</u>

(21) Revenues from customers' contract

A. Disaggregation of revenue

	2024	2023
Primary geographical markets:		
US	\$ 2,570,028	1,986,262

China	1,442,804	761,230
Singapore	470,918	1,847,528
Taiwan	354,051	318,596
Australia	129,346	98,160
Korea	129,293	-
Other countries	91,560	200,446
	\$ 5,188,000	5,212,222

B. Remaining balance of contracts

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

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

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

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

(22) Profit sharing bonus of employees and directors

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

The Company accrued profit sharing bonus to employees for 2024 and 2023 are \$1,446 thousand and \$24,801 thousand respectively, and \$48 thousand and \$441 thousand for the directors, which are based on the pre-tax net profit before minus the employees' and directors'

profit sharing bonus in each period of the Company multiplied by the employee profit sharing bonus and director' profit sharing bonus allotment stipulated in the Company's Articles of Association, and are included as operating cost and operating expenses of 2024 and 2023. If there is a difference between the actual allocated amount and the estimated amount in the next year, it will be treated according to the changes in the accounting estimates, and the difference will be classified as the profit and loss of the next year. If employees' profit sharing bonus is paid by shares, the number of shares shall be calculated based on the closing price of the day before the Board of Directors. There is no difference between the amount of profit sharing bonus for employees and directors as determined by the Board of Directors and the estimated amount in the consolidated financial report of the Company for the year of 2024 and the year of 2023. Related information is available at the MOPS.

(23) Non-operating gains and losses

A. Interest income

Interest incomes of the Group are as follows:

	2024	2023
Bank deposit interest	\$ 165,762	191,856

B. Other incomes

Other incomes of the Group are as follows:

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

C. Other profits and losses

Other profits and losses of Group are as follows:

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

D. Financial costs

The financial costs of the Group are as follows:

	2024	2023
Interest expenses from bank loans	\$ 173,402	173,542
Interest expenses of convertible bonds	-	1,124
Interest expenses of lease liabilities	4,406	3,339
	\$ 177,808	178,005

(24) Financial instruments

A. Credit risks

(a) Credit exposure risk

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

(b) Concentration of credit risk

On December 31, 2024 and 2023, 67% and 78% of the accounts receivable balance of the Group were composed of several customers, which made the Group have a significant concentration of credit risk.

(c) Credit risks of receivables

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

B. Liquidity risk

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

	Book value	Cash flow of the contract	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2024						
Non-derivative financial liabilities						
Short-term loans	\$ 4,653,480	4,662,723	4,662,723	-	-	-
Accounts payable (including related parties)	691,128	691,128	691,128	-	-	-
Other payables (including related parties)	622,422	622,422	622,422	-	-	-
Long-term loans	2,619,750	2,885,211	89,982	89,982	2,705,247	-
Lease liabilities	52,900	54,701	48,475	6,127	99	-
Guarantee deposits received	2,670	2,670	-	2,670	-	-
Total	\$ 8,642,350	8,918,857	6,114,732	98,779	2,705,346	-
December 31, 2023						
Non-derivative financial liabilities						
Short-term loans	\$ 4,438,513	4,450,830	4,450,830	-	-	-

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

C. Exchange rate risk

(a) Exchange rate exposure risk

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

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

(b) Sensitivity analysis

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

(c) Exchange gains and losses of monetary items

Due to the variety of functional currencies in the Group, the exchange gains and losses of monetary items are disclosed by the method of exchange consolidation. The exchange gains (losses) of foreign currencies in 2024 and 2023, including realized and unrealized ones, are (\$6,503) thousand and \$10,586 thousand, respectively.

D. Interest rate analysis

The time deposits and short-term loans of the Company are fixed interest rates, which

have no interest rate fluctuation risk. The significant financial liabilities of the Group that are sensitive to interest rates are long-term loans calculated using floating interest rates, exposing the Group to cash flow interest rate risk. In 2024 and 2023, the floating rate borrowings of the Group are denominated in New Taiwan Dollars and U.S. Dollars.

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

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

E. Information on fair value

(a) Types and fair value of financial instruments

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

	2024.12.31				
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Non-listed foreign shares	\$ 194,817	-	-	194,817	194,817
Financial assets measured at amortized costs					
Cash and cash equivalents	6,928,431	-	-	-	-
Financial assets measured at amortized costs	1,485,391	-	-	-	-
Notes receivable and accounts receivable (including related parties)	960,400	-	-	-	-
Other receivables	54,396	-	-	-	-
Guarantee deposits paid	17,687	-	-	-	-
Subtotal	9,446,305	-	-	-	-
Total amounts	\$ 9,641,122	-	-	194,817	194,817
Financial liabilities measured at amortized costs					
Short-term loans	\$ 4,653,480	-	-	-	-
Accounts payable (including related parties)	691,128	-	-	-	-
Other payables (including related parties)	622,422	-	-	-	-
Long-term loans	2,619,750	-	-	-	-
Lease liabilities	52,900	-	-	-	-
Guarantee deposits received	2,670	-	-	-	-
Total amounts	\$ 8,642,350	-	-	-	-

	2023.12.31				
	Book value	Fair value			Total
		Grade 1	Grade 2	Grade 3	

					<u>amount</u>
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	\$	7,237	-	-	7,237
Non-listed foreign shares		140,340	-	-	140,340
Subtotal		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
Financial liabilities measured at amortized costs					
Short-term loans	\$	4,438,513	-	-	-
Accounts payable (including related parties)		325,343	-	-	-
Other payables (including related parties)		620,550	-	-	-
Long-term loans		1,528,536	-	-	-
Lease liabilities		107,916	-	-	-
Guarantee deposits received		4,961	-	-	-
Total amounts	\$	7,025,819	-	-	-

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

(I) Non-derivative financial instruments

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

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

(II) Derivative financial instruments

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

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

(c) Statement of changes of Grade 3

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

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

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

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

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

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

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

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

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

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

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

(25) Financial risk management

A. Overview

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

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

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

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

B. Risk management framework

(a) Management targets

- (I) Except that market risk is controlled by external factors, all the above risks can be eliminated by internal control or operation process, so their management aims at minimizing each risk.
- (II) In the aspect of market risk, the overall position should be adjusted to the optimal target through rigorous analysis, suggestion, execution and process, and proper consideration of the overall external trend, internal operation status and the actual impact of market fluctuations.
- (III) The Group' overall risk management policy focuses on financial market uncertainties and seek to mitigate potential adverse effects on the Group' financial position and performance.

(b) Management system

- (I) Risk management shall be carried out by the financial department of the Group in accordance with the policies approved by the Board of Directors. To identify, assess and mitigate financial risks through close collaboration with the Group' operating units.
- (II) The Board of Directors has written principles for overall risk management, and provides written policies for specific scope and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus working capital.

C. Credit risk

- (a) Credit risk refers to the risk of financial loss caused by the failure of Group to perform its contractual obligations by its customers or counterparties to financial instruments.
- (b) According to the internal credit policy of the Group, each operator of the Group shall conduct management and credit risk analysis for each new customer before making payment and proposing delivery terms and conditions. Internal risk management assesses customers' credit quality by taking into account their financial position, past

experience and other factors.

The Board of Directors establishes limits for individual risks based on internal or external ratings, and regularly monitor the use of credit lines. The main credit risk is the credit risk of cash and cash equivalents, accounts receivable and other receivables, which is measured and monitored by the financial department of the Group. Since the transaction objects and performance objects of the Group are mainly banks with good credit, the company and financial institutions with investment grade or above, and there are no significant performance doubts, there is no significant credit risk.

D. Liquidity risk

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

E. Market risk

(a) Exchange rate risk

(I) Nature

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

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

(II) Management

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

(b) Interest Rate Risk

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

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

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

(26) Capital management

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

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

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

Reconciliation of liabilities from financing activities are as follows:

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

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

7. Related-party transactions:

(1) Parent Company and ultimate controlling party

Foxconn (Far East) Limited is the parent company of the Group, holding 59.52% of the outstanding common shares of the Group as of December 31, 2024 and 2023. Hon Hai Precision Industry Co., Ltd. is the ultimate controller of the Group to which the Group belongs. Hon Hai Precision Industry Co., Ltd. has prepared a consolidated financial report for public use.

(2) Names and relationship with related parties

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

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
Shenzhen Fu Neng New Energy Technology Co., Ltd.	Its ultimate controller is the same as that of Group
Futaihua Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Foxcavity Precision Industry (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fertile Plan International Logistics Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fulian Fugui Precision Industry Co.,Ltd	Its ultimate controller is the same as that of Group
Fulian Yuzhan Technology (ShenZhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Icana Technology Limited	Its ultimate controller is the same as that of Group

(3) Significant transactions with related parties

A. Sales

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

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

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

B. Purchase

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

	2024	2023
Other related parties	\$ 64,107	20,206

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

C. Expenses for professional services

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

	2024	2023
Ultimate controller	\$ 341	1,058

D. Accounts receivable from related parties

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

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

As of December 31, 2024 and December 31, 2023, no allowance for loss is required for the above-mentioned related parties.

E. Contract assets

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

Account items	Types of related parties	2024.12.31	2023.12.31
Contract assets	Ultimate controller	\$ 1,813	-
Contract assets	Other related parties	12	10
Total		\$ 1,825	10

F. Payables to related parties

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

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

(4) Remuneration of major management personnel

Key management personnel compensation comprised:

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

8. Pledged assets

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

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

9. Significant commitments and contingencies

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

10. Losses due to major disasters: None.

11. Subsequent events

(1) The Group issued the second domestic unsecured convertible corporate bonds on January 9, 2025, with the letter of the Financial Supervisory Commission No. 1130367927. The total issuance amount is capped at NT\$2,500,000,000, with February 27, 2025 as the issuance date. Each convertible corporate bond has a par value of NT\$100,000, with an annual interest rate of 0% and a face value of 104.08%. The total number of bonds issued is 25,000, with a total issuance amount of NT\$2,500,000,000. The fundraising amount is NT\$2,602,049 thousand. The expiration date is three years after the issuance date.

(2) On January 10, 2025, the subsidiary of the Group, ShunSin (Zhongshan), was approved by

the Board of directors to acquire a portion of the equity of SFA (SUZHOU) by cash capital increase method. The total transaction amount was USD 17,000 thousand or equivalent RMB 122,311 thousand as the upper limit of the transaction price.

- (3) On December 9, 2024, the board of directors of the Group approved ShunSin (Vietnam), a subsidiary of the Group, to construct factories on leased land, and the contract amount of VND 568,800,000 thousand was signed on February 25, 2025.

12. Others

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

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

13. Disclosure of Note

(1) Information on significant transactions

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

A. Loan to other parties:

Unit: NTS1,000

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

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

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

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

Note 2: The policy for loans to subsidiaries which ShunYun (Cayman) directly own 100% voting shares is as follows: the total amount shall not exceed 400% of the lender's net worth, and the limit for individual objects shall not exceed 400% of the lender's net worth.

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

B. Guarantee and endorsements for other parties: none.

C. Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

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

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

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

Companies that account for receivables	Name of transaction objects	Relation	Related parties of receivables Balance of amounts	Turnover rate %	Overdue receivables of Related parties		Related parties of receivables Amount recovered after the period (Note 2)	Setting aside for allowance for bad debt
					Amount	Treatment		
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Accounts receivable (Note 1): 334,894	6.00	-		129,038	-
ShunSin (Bac Giang)	ShunYun (Ha Noi)	Affiliate	Accounts receivable (Note 1): 301,203	5.21	-		-	-
ShunSin (Zhongshan)	The Company	Parent and subsidiary company	Other receivable (Note 1): 2,406,732	-	-		328	-
ShunSin (Zhongshan)	ShunSin (Vietnam)	Affiliate	Other receivable (Note 1): 117,473	-	-		-	-
ShunYun (Zhongshan)	ShunYun (Cayman)	Affiliate	Other receivable (Note 1): 378,917	-	-		2,472	-
ShunYun (Ha Noi)	ShunYun (Cayman)	Affiliate	Other receivable (Note 1): 197,697	-	-		-	-
The Company	ShunSin (Vietnam)	Parent and subsidiary company	Other receivable (Note 1): 135,250	-	-		-	-

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

Note 2: As of February 25, 2025.

I. Engaging in derivatives trading: none.

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

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

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

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

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

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

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

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

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

(2) Information on investees:

The information of investees of the Group in 2024 is as follows (excluding the invested company in mainland China):

Name of investment company	Name of invested company	Location	Main business contents	Original investment amounts (Note3)		Shareholding at the closing period			Net income (losses) of investee (Note 1)	Share of profits/ losses of investee (Note 1 and 2)	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value (Note 1 and 2)			
The Company	ShunSin (Hong Kong)	Hong Kong	Holding Company	4,354,242 (Note 7)	3,134,106	1,127,004,737	93.82%	11,889,744	166,961	155,679	subsidiary
The Company	ShunSin (Samoa)	Samoa	Overseas material and equipment procurement	472,575	472,575	15,516,327	100.00%	774,771	3,670	3,670	subsidiary
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	6.18%	783,187	166,961	11,282	affiliate
ShunYun (Cayman)	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234	(Note 4)	100.00%	799,452	79,828	79,828	affiliate
ShunYun (Cayman)	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	2,415,871 (Note 6)	2,099,906	(Note 4)	100.00%	2,313,886	6,796	6,796	affiliate
ShunYun (Zhongshan)	ShunYun (Hong Kong)	Hong Kong	Holding Company	1,206,830	1,206,830	39,000,000	100.00%	1,824,053	64,181	64,181	affiliate
ShunSin (Hong Kong)	ShunSin (Vietnam)	Vietnam	Assembly, testing and sales of high-frequency wireless communication module and various integrated circuits	637,707 (Note 5)	(Note 5)	(Note 5)	100.00%	557,734	(96,032)	(96,032)	affiliate
ShunYun (Hong Kong)	ShunYun (Cayman)	Cayman	Holding Company	1,699,090	1,699,090	58,279,660	100.00%	1,820,799	63,512	63,512	affiliate

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

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

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

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

Note 5: ShunSin (Hong Kong) set up ShunSin (Vietnam) in Bac Giang Province, Vietnam on January 18, 2024. The authorized capital is US\$ 20,000 thousand. In 2024, ShunSin (Hong Kong) has invested US\$ 20,000 thousand and the shareholding ratio is 100%. ShunSin (Vietnam) does not issue shares due to it is limited corporation thus it has no shares.

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

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

(3) Information on investment in Mainland China:

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

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

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

- (1) Direct investment in mainland China.
- (2) Indirect investment in mainland China through investment in ShunSin (Hong Kong).
- (3) Indirect investment in mainland China through investment in ShunSin (Zhongshan).

Note 2: According to the financial statements reviewed by CPA of the parent company, the invested company is evaluated and listed at equity.

Note 3: Long-term and current investment gains and losses at closing period have been written off at the time of compiling the consolidated financial statements.

Note 4: The Company is not a Taiwan company, so there is no such amount.

Note 5: The book value of the investment at the end of the period of 9,742,246 thousand has deducted the unrealized benefits of the fixed assets sold to affiliated companies which amounting to 16,393 thousand. This unrealized benefit has been recognized in the book value of the investment at the end of the period and the investment profit or loss recognized in the current period.

Note 6: The above paid-in capital is calculated at historical exchange rate, the book value held at the closing period is calculated at the exchange rate of December 31, 2024 (exchange rate at closing period RMB: NTD = 1: 4.5615), and the remainder is calculated at the average exchange rate (RMB: NTD = 1: 4.4543).

B. Investment limits in China: Not applicable.

C. Significant transactions in China:

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

(4) Major shareholders:

Unit: Share

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

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

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

14. Information on Departments

(1) General information

There is only one reporting department in the Group, so please refer to the consolidated balance sheet and consolidated income statement for the information on operating department.

(2) Information on product category and service

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

(3) Geographic financial information

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

Revenues from external customers:

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

Non-current assets:

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

Non-current assets include property, plant and equipment, right-of-use assets, intangible

assets and prepayment for equipment, not including financial instruments, deferred tax assets and non-current assets with guarantee deposits paid.

(4) Information on important customers

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

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

ShunSin Technology Holdings Limited

Chairman: Chiang, Shang-Yi

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