Stock Code: 4999

SINHER TECHNOLOGY INC.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Table of contents

Independent Auditors' Report

To the Board of Directors of SINHER TECHNOLOGY INC.:

Opinion

We have audited the financial statements of SINHER TECHNOLOGY INC.("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters that should be communicated in the audit report are as follows:

1. Valuation of Inventories

   Please refer to note (4)(g) "Inventories" for accounting policies with respect to valuating inventories; note (5) "Valuation of inventories" for accounting estimates and uncertainties of affairs for inventory valuation; and to note (6)(c) for the information regarding the estimation of net realizable value of inventories.

   Description of key audit matter:

   The inventory is measured at the lower of cost or net realizable value. The Company produces the electronic products which are customized with short life cycle; therefore, if the quantities of products manufactured are

Notes to Readers

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

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more than the quantities of customers' order, the book value of inventory may be lower than net realizable value of inventories. Therefore, the valuation of inventories is one of the significant assessment items in our audit procedures.

How the matter was addressed in our audit:

Our main audit procedures for the aforementioned key audit matter included: assessing whether the policies for the inventory valuation of the Company are in accordance with the related accounting standards and consider the possible impact of COVID-19; inspecting the aging inventory reports; analyzing the changes in the aging reports, as well as testing the classification of the range of the aging and the calculation at the lower of cost or net realizable value.

2. Operating Revenue

   Please refer to note (4)(m) "revenue recognition" of the consolidated financial statements for the accounting policies of operating revenue recognition.

   Description of key audit matter:

   The main activities of the Company include researching-developing, manufacturing and selling the parts of hinge. The operating revenue is a significant item for the financial statements, and the amounts and the changes of operating revenue may affect the users' understanding of the entire financial statements. Therefore, the test of revenue recognition is one of the significant assessment items in our audit procedures.

   How the matter was addressed in our audit:

   Our main audit procedures for the aforementioned key audit matter included: testing the related controls surrounding revenue recognition in the sales and collection cycle; performing the detailed test of sales; as well as selectively conducting confirmations on accounts receivables; evaluating whether the timing of the operating revenue recognition of the Company is in accordance with the related accounting standards and consider the possible impact of COVID-19.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the auditing standards generally accepted in the Republic of China 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 financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 control.

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 Company's internal control.

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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on theses financial statements. We are responsible for the direction, supervision and performance of the 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 that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Hsing-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2022

Notes to Readers

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

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

SINHER TECHNOLOGY INC.

Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 1,055,975	28	846,272	22
1150	Notes receivable (note (6)(b))	-	-	262	-
1170	Accounts receivable, net (note (6)(b))	40,486	1	73,383	2
1180	Accounts receivable due from related parties (notes (6)(b) and (7))	501,808	14	810,404	21
1210	Other receivables due from related parties (note (7))	14,852	-	9,822	-
1310	Inventories (note (6)(c))	218,586	6	219,398	6
1476	Other current financial assets	4,417	-	11,714	-
1479	Other current assets	4,424	-	9,973	-
		1,840,548	49	1,981,228	51
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(d))	1,065,395	28	1,016,051	26
1600	Property, plant and equipment (note(6)(e))	784,438	21	817,296	21
1755	Right-of-use assets (note (6)(f))	2,770	-	934	-
1840	Deferred tax assets (note (6)(k))	53,749	2	83,157	2
1920	Guarantee deposits paid	5,390	-	53	-
1900	Other non-current assets	9,717	-	9,040	-
		1,921,459	51	1,926,531	49
	Total assets	**$ 3,762,007**	**100**	**3,907,759**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2170	Accounts payable	$ 17,291	-	39,275	1
2180	Accounts payable to related parties (note (7))	42,069	1	53,675	1
2200	Other payables (note (7))	122,759	4	146,214	4
2230	Current tax liabilities	6,984	-	60,532	2
2280	Current lease liabilities (note (6)(h))	510	-	687	-
		189,613	5	300,383	8
	Non-Current liabilities:				
2570	Deferred tax liabilities (note (6)(k))	78,878	2	67,214	2
2580	Non-current lease liabilities (note (6)(h))	2,265	-	256	-
2640	Net defined benefit liability, non-current (note(6)(j))	100	-	564	-
		81,243	2	68,034	2
	Total liabilities	270,856	7	368,417	10
	Equity: (note (6)(l))				
3110	**Ordinary share**	744,172	20	744,172	19
3200	**Capital surplus**	440,035	12	440,035	11
	Retained earnings:				
3310	Legal reserve	465,592	12	423,519	11
3320	Special reserve	35,579	1	43,940	1
3350	Unappropriated retained earnings	1,848,483	49	1,923,255	49
		2,349,654	62	2,390,714	61
3410	**Exchange differences on translation of foreign financial statements**	(42,710)	(1)	(35,579)	(1)
	Total equity	3,491,151	93	3,539,342	90
	Total liabilities and equity	**$ 3,762,007**	**100**	**3,907,759**	**100**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

SINHER TECHNOLOGY INC.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2021		2020	
		Amount	**%**	**Amount**	**%**
4100	**Operating revenues** (notes (6)(n) and (7))	$ 1,056,402	100	1,467,341	100
5110	**Cost of sales** (notes (6)(c), (6)(j), (6)(o), (7) and (12))	634,292	60	684,167	47
5900	**Gross profit**	422,110	40	783,174	53
	Operating expenses (notes (6)(j), (6)(o), (7) and (12))				
6100	Selling expenses	50,059	5	42,451	3
6200	Administrative expenses	75,272	7	77,021	5
6300	Research and development expenses	85,072	8	91,327	6
		210,403	20	210,799	14
6900	**Net operating income**	211,707	20	572,375	39
	Non-operating income and expenses:				
7100	Interest income	2,157	-	8,695	1
7190	Other income (notes (6)(i))	6,066	1	3,608	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	58,258	5	40,610	3
7050	Finance costs	(9)	-	(15)	-
7590	Miscellaneous disbursements	(43)	-	(445)	-
7630	Foreign exchange losses, net (note (6)(p))	(46,180)	(4)	(110,550)	(8)
		20,249	2	(58,097)	(4)
7900	**Profit before tax**	231,956	22	514,278	35
7950	Less: Tax expenses (note (6)(k))	50,014	5	93,399	6
	Profit	181,942	17	420,879	29
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on re-measurements of defined benefit plans (notes (6)(j))	312	-	(196)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (notes (6)(k))	62	-	(39)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	250	-	(157)	-
8360	**Items that will be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	(8,914)	(1)	10,451	1
8399	Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (notes (6)(k))	(1,783)	-	2,090	-
	Components of other comprehensive income that will be reclassified to profit or loss	(7,131)	(1)	8,361	1
8300	**Other comprehensive income**	(6,881)	(1)	8,204	1
8500	**Comprehensive income**	**$ 175,061**	**16**	**429,083**	**30**
	Earnings per common share (note (6)(m))				
9750	**Basic earnings per share (expressed in dollars)**	**$**	**2.44**		**5.66**
9850	**Diluted earnings per share (expressed in dollars)**	**$**	**2.43**		**5.60**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

SINHER TECHNOLOGY INC.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

				Retained earnings				
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
A1	**Balance at January 1, 2020**	$ 744,172	440,035	402,810	-	1,753,225	(43,940)	3,296,302
	Appropriation and distribution of retained earnings:							
B1	Legal reserve appropriated	-	-	20,709	-	(20,709)	-	-
B3	Special reserve appropriated	-	-	-	43,940	(43,940)	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(186,043)	-	(186,043)
		-	-	20,709	43,940	(250,692)	-	(186,043)
D1	Profit for the year ended December 31, 2020	-	-	-	-	420,879	-	420,879
D3	Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(157)	8,361	8,204
D5	Total comprehensive income for the year ended December 31, 2020	-	-	-	-	420,722	8,361	429,083
Z1	Balance at December 31, 2020	744,172	440,035	423,519	43,940	1,923,255	(35,579)	3,539,342
	Appropriation and distribution of retained earnings:							
B1	Legal reserve appropriated	-	-	42,073	-	(42,073)	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(223,252)	-	(223,252)
B17	Reversal of special reserve	-	-	-	(8,361)	8,361	-	-
		-	-	42,073	(8,361)	(256,964)	-	(223,252)
D1	Profit for the year ended December 31, 2021	-	-	-	-	181,942	-	181,942
D3	Other comprehensive income for the year ended December 31, 2021	-	-	-	-	250	(7,131)	(6,881)
D5	Total comprehensive income for the year ended December 31, 2021	-	-	-	-	182,192	(7,131)	175,061
Z1	**Balance at December 31, 2021**	**$ 744,172**	**440,035**	**465,592**	**35,579**	**1,848,483**	**(42,710)**	**3,491,151**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

SINHER TECHNOLOGY INC.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

		2021	2020
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit before tax**	$ 231,956	514,278
A20000	**Adjustments:**		
A20010	**Adjustments to reconcile profit (loss):**		
A20100	Depreciation expense	130,729	124,002
A20200	Amortization expense	7,185	5,856
A20300	Expected credit loss	18	(39)
A20900	Interest expense	9	15
A21200	Interest income	(2,157)	(8,695)
A22400	Share of gain of associates and joint ventures accounted for using equity method	(58,258)	(40,610)
A29900	Others	-	783
A20010	**Total adjustments to reconcile profit (loss)**	77,526	81,312
A30000	**Changes in operating assets and liabilities:**		
A31000	**Changes in operating assets:**		
A31150	Decrease (increase) in notes and accounts receivable	341,737	(434,941)
A31200	Decrease (increase) in inventories	812	(13,383)
A31240	Decrease (increase) in other current assets	5,549	(5,006)
A31250	Decrease (increase) in other current financial assets	6,920	(8,092)
A31000	**Total changes in operating assets**	355,018	(461,422)
A32000	**Changes in operating liabilities:**		
A32150	Increase (decrease) in accounts payable	(33,590)	72,629
A32180	Increase (decrease) in other payables	(23,455)	33,370
A32240	Decrease in net defined benefit liabilities	(152)	(148)
A32000	**Total changes in operating liabilities**	(57,197)	105,851
A30000	**Total changes in operating assets and liabilities**	297,821	(355,571)
A20000	**Total adjustments**	375,347	(274,259)
A33000	Cash inflow generated from operations	607,303	240,019
A33100	Interest received	2,534	10,984
A33300	Interest paid	(9)	(15)
A33500	Income taxes paid	(60,769)	(85,741)
AAAA	**Net cash flows from (used in) operating activities**	549,059	165,247
BBBB	**Cash flows from (used in) investing activities:**		
B01800	Acquisition of investment accounted for using equity method	-	(119,800)
B02700	Acquisition of property, plant and equipment	(97,124)	(153,153)
B03700	Increase in guarantee deposits paid	(5,337)	-
B04400	Increase in other receivables due from related parties	(5,030)	(1,088)
B04500	Acquisition of intangible assets	(7,862)	(6,090)
B07600	Cash dividends received	-	79,215
BBBB	**Net cash flows from (used in) investing activities**	(115,353)	(200,916)
CCCC	**Cash flows from (used in) financing activities:**		
C04020	Payment of lease liabilities	(751)	(1,000)
C04500	Cash dividends paid	(223,252)	(186,043)
CCCC	**Net cash flows from (used in) financing activities**	(224,003)	(187,043)
EEEE	**Net increase (decrease) in cash and cash equivalents**	209,703	(222,712)
E00100	**Cash and cash equivalents at beginning of period**	846,272	1,068,984
E00200	**Cash and cash equivalents at end of period**	**$ 1,055,975**	**846,272**

See accompanying notes to financial statements.

(1) Company history

Sinher Technology Inc. (the "Company") was incorporated in January, 2002 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 27-1, Ln. 169, Kangning St., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.) The major business activities of the Company are involved the research, development, manufacture and sale of Hinge. The Company's common shares were listed in June, 2013 on the Taiwan Stock Exchange (TWSE).

(2) Approval date and procedures of the financial statements

These accompanying parent-company-only financial statements were authorized for issuance by the Board of Directors on February 24, 2022.

(3) New standards, amendments and interpretations adopted

(a) 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 Company has initially adopted the new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform-Phase 2"

The Company has initially adopted the new amendments, which do not have a significant impact on its parent-company-only financial statements, from April 1, 2021:

- Amendment to IFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

(b) The impact of IFRS issued by FSC but not yet effective

The Company assesses that the adoption of the new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(c) The impact of IFRS issued by IASB but not yet endorsed by the 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:

Effective date per IASB	New, Revised or Amended Standards and Interpretations	The Amendment included:
January 1, 2023	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirement by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.
January 1, 2023	Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments reduce the scope of recognition exemption. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The Company is evaluating the impact of its initial adoption of the above mentioned standards or interpretations on its parent-company-only financial position and parent-company-only financial performance. The result thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

・Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

・IFRS 17 “Insurance Contracts”

・Amendments to IAS 1, ‘Disclosure of accounting policies’

・Amendments to IAS 8, ‘Definition of accounting estimates’

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on the historical cost basis:

1) Financial instruments measured at fair value through profits or losses are measured at fair value

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(n).

(ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates 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 translated into the functional currencies using the 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 the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only 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 Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

(d) Classification of 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.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. 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 are recognized as cash equivalents.

(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company 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. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

1) 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 asset is 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 derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

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

12-month ECL is the portion of ECL that results from default events that are possible within the 12 month after the reporting date (or 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 Company is exposed to credit risk.

ECL is 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is 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. Evidences that financial assets are credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- 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 are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company 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 Company 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 Company’s procedures for recovery of amounts due.

3) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company 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.

2) 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.

3) Financial liabilities

Financial liabilities classified as measured at amortized cost 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.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statement are equal to those in the consolidated financial statements.

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

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings: 3~30 years

2) Machinery equipment: 3~10 years

3) Office and other equipment: 3~8 years

Buildings and equipment constitutes mainly building, mechanical and electrical power equipment and its related facilities, etc. Each such part is depreciated based on its useful life.

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Company 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.

(i) As a leasee

The Company 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 rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, 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 Company 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 Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and lease of low-value assets, including office equipment, dormitory, vehicles and parking space. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

- the rent concessions occurring as a direct con sequence of the COVID-19 pandemic;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

— there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a leas7or

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of main intangible asset, computer software, other than goodwill, from the date that they are available for use. The estimated useful lives of computer software for the current and comparative periods are 1~10 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures hinge components and sells them to electronic manufacturers. The

Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Company’s undistributed earnings additional tax will be recognized as current income tax expenses after the earnings distribution has been approved during the general meeting of the shareholders to be held the following year.

(q) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(r) Operating segments

The operating segment information is disclosed within the consolidated financial statements but not disclosed in the parent-company-only financial statement.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

The preparation of the financial statements, management has to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying the accounting policies that have significant effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future sales price. Due to the industrial and market changes, there may be changes in the net realizable value of inventories. Please refer to note (6)(c) for further description on the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 120	150
Checking accounts and demand deposits	492,815	433,162
Time deposits	563,040	412,960
	$ 1,055,975	846,272

Please refer to note (6)(p) for the sensitivity analysis for foreign currency of the financial assets and liabilities of the Company.

(b) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ -	262
Accounts receivable	542,327	883,802
	542,327	884,064
Less: loss allowance	(33)	(15)
	$ 542,294	884,049

See accompanying notes to financial statements.

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

Notes receivable	$ -	262
Accounts receivable, net	$ 40,486	73,383
Accounts receivable due from related parties	$ 501,808	810,404

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the reasonable prediction of historical credit loss experience and future economic situation.

The loss allowance provision was determined as follows:

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Aging under 120 days	$ 536,853	0.002%	9
Aging 121~150 days	5,253	0.457%	24
Aging 151~240 days	221	-	-
	$ 542,327		33

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Aging under 120 days	$ 879,327	0.001%	13
Aging 121~150 days	4,737	0.042%	2
	$ 884,064		15

The movements in the allowance for notes and accounts receivable were as follows:

	2021	**2020**
Balance on January 1	$ 15	54
Impairment loss recognized (reversed)	18	(39)
Balance on December 31	$ 33	15

As of December 31, 2021 and 2020, the Company did not provide any receivables as collaterals for its loans.

(c) Inventories

	December 31, 2021	**December 31, 2020**
Raw materials	$ 214,134	215,396
Work in progress	1,850	2,233

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

Finished goods	2,602	1,769
	$ 218,586	219,398

The write-down of the inventories to net realizable value amounted to $592 and $11,934 which was recorded as cost of sales i in 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the Company did not provide any inventories as collateral for its loans.

(d) Investment accounted for using equity method

A summary of the Company's financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 1,065,395	1,016,051

Please refer to note(4)(c)(ii) of the consolidated financial statement for the year ended December 31, 2021.

As of December 31, 2021 and 2020, the Company did not provide any investments accounted for using equity method as collateral for its loans.

(e) Property, plant and equipment

The costs, depreciations, and impairments of the property, plant and equipment of the Company were as follows:

	Land	Buildings and construction	Machinery equipment	Office and other facilities equipment	Unfinished construction and equipment under acceptance	Total
Cost:						
Balance on January 1, 2021	$ 362,813	225,820	493,637	26,627	9,554	1,118,451
Additions	-	-	61,127	1,519	34,478	97,124
Disposals	-	(2,395)	(4,079)	(4,741)	-	(11,215)
Reclassifications	-	-	34,823	361	(35,184)	-
Balance on December 31, 2021	$ 362,813	223,425	585,508	23,766	8,848	1,204,360
Balance on January 1, 2020	$ 362,813	235,474	510,015	24,830	11,592	1,144,724
Additions	-	4,932	83,397	6,920	52,695	147,944
Disposals	-	(17,563)	(153,318)	(6,313)	-	(177,194)
Reclassifications	-	2,977	53,543	1,190	(54,733)	2,977
Balance on December 31, 2020	$ 362,813	225,820	493,637	26,627	9,554	1,118,451

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

Depreciation and impairments loss:						
Balance on January 1, 2021	$ -	65,694	224,745	10,716	-	301,155
Depreciation for the year	-	20,415	102,985	6,582	-	129,982
Disposals	-	(2,395)	(4,079)	(4,741)	-	(11,215)
Balance on December 31, 2021	$ -	83,714	323,651	12,557	-	419,922
Balance on January 1, 2020	$ -	61,668	283,236	10,040	-	354,944
Depreciation for the year	-	21,589	94,552	6,862	-	123,003
Disposals	-	(17,563)	(153,043)	(6,186)	-	(176,792)
Balance on December 31, 2020	$ -	65,694	224,745	10,716	-	301,155
Book value:						
Balance on December 31, 2021	$ 362,813	139,711	261,857	11,209	8,848	784,438
Balance on January 1, 2020	$ 362,813	173,806	226,779	14,790	11,592	789,780
Balance on December 31, 2020	$ 362,813	160,126	268,892	15,911	9,554	817,296

As of December 31, 2021 and 2020, the property, plant and equipment of the Company had not been pledged as collateral.

(f) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Company for the year ended December 31, 2021 and 2020 were as follows:

	Land	Vehicles	Total
Cost:			
Balance on January 1, 2021	$ -	3,080	3,080
Additions	2,583	-	2,583
Balance on December 31, 2021	$ 2,583	3,080	5,663
Balance on January 1, 2020 (as balance on December 31, 2020)	$ -	3,080	3,080
Accumulated depreciation and impairments:			
Balance on January 1, 2021	$ -	2,146	2,146
Depreciation for the period	65	682	747
Balance on December 31, 2021	$ 65	2,828	2,893
Balance on January 1, 2020	$ -	1,147	1,147
Depreciation for the period	-	999	999
Balance on December 31, 2020	$ -	2,146	2,146
Carry amounts:			
Balance on December 31, 2021	$ 2,518	252	2,770
Balance on January 1, 2020	$ -	1,933	1,933
Balance on December 31, 2020	$ -	934	934

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(g) Short-term borrowings

	December 31, 2021		
	Currency	Range of interest rates	Amount
Unsecured bank loans	NTD	-	$ -
Unused short-term credit lines			$ 40,000

	December 31, 2020		
	Currency	Range of interest rates	Amount
Unsecured bank loans	NTD	1.01%	$ -
Unused short-term credit lines			$ 40,000

As of December 31, 2021 and 2020, the Company did not provide any assets pledged as collaterals.

(h) Lease liabilities

The lease liabilities of the Company were as follows:

	December 31, 2021	December 31, 2020
Current	$ 510	687
Non-current	$ 2,265	256

For maturity analysis, please refer to note 6(p).

The amounts recognized in profits or losses were as follows:	2021	2020
Interest on lease liabilities	$ 9	15
Income from sub-leasing of use assets	$ (9)	(52)
Expenses relating to short-term leases	$ 1,962	1,781
Expenses relating to leases of low-value assets, (excluding short-term leases of low-value assets)	$ 181	181
Covid-19-Related Rent Concessions, (recognized in other income)	$ 13	-

The amounts recognized in the statement of cash flows for the Company was as follows:	2021	2020
Total cash outflow for leases	$ 2,890	2,977

(i) Leases of vehicles

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

The Company leases land and vehicles, with lease terms of 1 to 10 years. The Company sub-leases to some of its right-of-use assets under operating leases; please refer to note 6(i).

(ii) Other leases

The Company leases office equipment, employee's dormitory, vehicles and parking spaces with contract terms of one year. These leases are short-term or lower values. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(i) Operating lease - as lessor

The Company subleased several vehicles and parking spaces. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risk and rewards incidental to the ownership of the assets, or these leases are short-term leases and are adapted for exemption. For the years ended December 31, 2021 and 2020, the income recognized in profit or loss under operating lease were $143 and $186, respectively.

(j) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 2,675	2,942
Fair value of plan assets	(2,575)	(2,378)
Net defined benefit liabilities (assets)	**$ 100**	**564**

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $2,575 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2021	2020
Defined benefit obligation at January 1	$ 2,942	2,657
Current service costs and interest	18	27
Remeasurement in net defined benefit liabilities (assets)		
－Actuarial loss (gain) arising from: financial assumptions	(285)	258
Defined benefit obligation at December 31	$ 2,675	2,942

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2021	2020
Fair value of plan assets at January 1	$ 2,378	2,141
Interest income	15	23
Remeasurement in net defined benefit liabilities (assets)		
－Return on plan assets excluding interest income	27	62
Contributions paid by the employer	155	152
Fair value of plan assets at December 31	$ 2,575	2,378

4) Movements of the effect of the asset ceiling

As of December 31, 2021 and 2020, the Company did not have any movements of the effect of the asset ceiling.

5) Expenses recognized in profit or loss

The expenses recognized in profits or losses for the Company were as follows:

	2021	2020
Net interest of net liabilities for defined benefit obligations	$ 3	4
Operating cost	$ 1	2
Administration expenses	1	1
Research and development expenses	1	1
	$ 3	4

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

6) Remeasurement of net defined benefit liabilities (assets) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income for the years ended December 31, 2021 and 2020 was as follows:

		2021	2020
Accumulated amount at January 1	$	(1,561)	(1,365)
Recognized during the period		312	(196)
Accumulated amount at December 31	$	(1,249)	(1,561)

7) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625%	0.625%
Future salary increase rate	3.000%	4.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $156.

The weighted average lifetime of the defined benefits plans is 12.08 years.

8) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined benefit obligations	
		Increased 0.25%	Decreased 0.25%
December 31, 2021			
Discount rate	$	(76)	80
Future salary increasing rate		76	(74)
December 31, 2020			
Discount rate		(92)	96
Future salary increasing rate		91	(88)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $8,497 and $7,699 for the years ended December 31, 2021 and 2020, respectively.

(k) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2021 and 2020 was as follows:

		2021	2020
Current tax expense			
Current period	$	3,676	67,958
Additional 5% income tax expenses on undistributed earnings		3,536	-
Adjustment for prior periods		9	37
		7,221	67,995
Deferred tax expense			
Origination and reversal of temporary differences		42,793	25,404
		42,793	25,404
Income tax expense	$	50,014	93,399

2) The amount of income tax recognized in other comprehensive income for 2021 and 2020 was as follows:

		2021	2020
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement from defined benefit plans	$	62	(39)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$	(1,783)	2,090

3) Reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

	2021	2020
Profit excluding income tax	$ 231,956	514,278
Income tax using the Company's domestic tax rate	$ 46,391	102,856
Under (over) provision in prior periods	9	37
Non-deductible expenses	78	12
Foreign dividends income	-	(15,842)
Substantive investment tax rate of 8%	-	6,336
Undistributed earnings additional tax	3,536	-
Income tax expense	$ 50,014	93,399

(ii) Deferred tax assets and liabilities

The Company has no unrecognized deferred tax assets and liabilities, and then changes in the amount of recognized deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Investment income recognized under the equity method (overseas)	Exchange difference on translation	Defined benefit plans	Total
Deferred tax liabilities:				
Balance on January 1, 2021	$ 67,214	-	-	67,214
Recognized in (profit) or loss	11,651	-	13	11,664
Balance on December 31, 2021	$ 78,865	-	13	78,878
Balance on January 1, 2020	$ 74,935	-	-	74,935
Recognized in (profit) or loss	(7,721)	-	-	(7,721)
Balance on December 31, 2020	$ 67,214	-	-	67,214

	Defined benefit plans	Exchange difference on translation	Unrealized gross profit	Others	Total
Deferred tax assets:					
Balance on January 1, 2021	$ 81	8,699	56,156	18,221	83,157
Recognized in (profit) or loss	(19)	-	(21,112)	(9,998)	(31,129)
Recognized in other comprehensive income	(62)	1,783	-	-	1,721
Balance on December 31, 2021	$ -	10,482	35,044	8,223	53,749
Balance on January 1, 2020	$ 71	10,789	95,468	12,005	118,333
Recognized in (profit) or loss	(29)	-	(39,312)	6,216	(33,125)
Recognized in other comprehensive income	39	(2,090)	-	-	(2,051)
Balance on December 31, 2020	$ 81	8,699	56,156	18,221	83,157

iii) The Company's tax returns for the years through 2018 were assessed by the tax authority.

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(l) Capital and other equities

As of December 31, 2021 and 2020, the amounts of ordinary shares were $1,000,000 with par value of $10 per share, of which 74,417 thousand shares is issued. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus of the Company were as follows:

		December 31, 2021	December 31, 2020
Additional paid in capital	$	431,703	431,703
Share-based payment transaction – treasury stock		8,332	8,332
	$	440,035	440,035

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained Earnings

Prior June 24, 2020, old Company's article of incorporation stipulates that Company's net earnings should be distributed in order of priority as follows:

A. Offset the prior years' deficits.

B. Of the remaining balance, 10% is to be appropriated as legal reserve until such retention equals the amount of total capital.

C. Special reserves are supposed to be set aside or are reversed in accordance with the relevant regulations or depending on the Company's operation.

D. After the above appropriation, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide this matter. The total distribution shall not be less than 10% of the remaining earnings calculated by the above items.

On June 24, 2020, the shareholders meeting approved the amendments to Company's article of incorporation stipulates that Company's profits should be distributed in order of priority as follows:

A. Offset the prior years' deficits.

B. Of the remaining balance, 10% is to be appropriated as legal reserve until such retention equals the amount of total capital.

C. Special reserves are supposed to be set aside or are reversed in accordance with the relevant regulations or depending on the Company's operation.

D. After the above appropriation, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide this matter. The total distribution shall not be less than 10% of the remaining earnings calculated by the above items.

In addition, the whole or part of shareholder dividends and bonuses, capital surplus or legal reserves are distributed in cash. The company authorizes the attendance of more than two-thirds of the directors of the board of directors and the resolution of more than half of the directors present. Such distribution shall be reported to the shareholders' meeting.

The Company will consider the environment, growing level, capital demand in the future, financial structure, the situation of earnings and the balancing dividend policies. Depending on the capital demand and the dilution for the earning per share, the Company will distribute earnings by cash or by shares, and the amount of cash dividends should not be less than 10% of the total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholder's equity. For the year 2019ernings distribution in 2020, the amount to be reclassified to special reserve shall be a portion of current-period earnings and undistributed prior-period earnings. As for the year 2020earnings distribution on 2021, the amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earning. A portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amount of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

As of December 31, 2021 and 2020, the special reserve amounted to $35,579 and $43,940, respectively.

3) Earnings distribution

Amount of cash dividends in the earnings distribution for 2020 was decided by the resolution adopted, by the board of directors on March 25, 2021; the distribution for 2019 was decided by the resolution adopted, at the general meeting of shareholders held on

June 24, 2020. The relevant dividend distributions to shareholders were as follows:

	2020		2019	
	Amount per share	Amount	Amount per share	Amount
Cash dividends distributed to ordinary shareholders	$ 3.0	223,252	2.5	186,043

Amount of cash dividends in the earnings distribution for 2021 was decided by the resolution adopted, by the board of directors on February 24, 2022. The relevant dividend distributions to shareholders were as follows:

	2021	
	Amount per share	Amount
Cash dividends distributed to ordinary shareholders	2.0	148,834

(m) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

	2021	2020
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 181,942	420,879
Weighted average number of outstanding ordinary shares (in thousands)	74,417	74,417
Basic earnings per share(in dollars)	$ 2.44	5.66
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	$ 181,942	420,879
Weighted average number of outstanding ordinary shares (in thousands)	74,417	74,417
Effect of potential diluted ordinary shares (in thousands)		
Effect of employee stock compensation	422	697
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	74,839	75,114
Diluted earnings per share(in dollars)	$ 2.43	5.60

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

	2021	2020
Primary geographical markets:		
Taiwan	$ 43,406	34,291
China	904,794	1,241,900
Japan	107,978	190,181
Singapore	224	969
	$ 1,056,402	1,467,341
Major product:		
Hinge components	$ 1,056,402	1,467,341

(ii) Contract balances

For details on notes and accounts receivable and allowance for uncollectible accounts, please refer to note (6)(b).

(o) Employee compensation and directors and supervisors remuneration

In accordance with the articles of incorporation the Company should contribute no less than 2% of the profit as employee compensation and a maximum of 1% as directors and supervisors remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employee compensation should be distributed by shares or by cash and the recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration and directors and supervisors remuneration as below. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares on the day before the date of the meeting of the board of directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the Company's financial statements, are identical to those of the actual distributions for 2021 and 2020.

	2021	2020
The employees compensation remuneration	$ 13,586	30,123
The directors and supervisors	1,482	3,286
	$ 15,068	33,409

(p) Financial instruments

(i) Credit risk

1) Credit risk exposure

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The major customers of the Company are centralized in the computer industry. To minimize credit risk, the Company periodically evaluates the customers' financial positions and the possibility of collecting trade receivables.

As of December 31, 2021 and 2020, 90% and 94% of accounts receivable were three major customers, respectively. Thus, credit risk is significantly centralized.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(b).

Other financial assets at amortized cost include other receivables and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f).) As of December 31, 2021 and 2020, there were no impairment provisions.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, excluding estimated interest payments.

	Carrying Amount	Contractual cash flows	Within a year	1-2 years	Over 2 years
December 31, 2021					
Non-derivative financial liabilities:					
Accounts payable	$ 17,291	(17,291)	(17,291)	-	-
Accounts payable to related parties	42,069	(42,069)	(42,069)	-	-
Other payables	122,759	(122,759)	(122,759)	-	-
Lease liabilities (current and non-current)	2,775	(2,822)	(520)	(263)	(2,039)
	$ 184,894	(184,941)	(182,639)	(263)	(2,039)
December 31, 2020					
Non-derivative financial liabilities:					
Accounts payable	$ 39,275	(39,275)	(39,275)	-	-
Accounts payable to related parties	53,675	(53,675)	(53,675)	-	-
Other payables	146,214	(146,214)	(146,214)	-	-

Lease liabilities (current and non-current)	943	(950)	(693)	(257)	-
	$ 240,107	(240,114)	(239,857)	(257)	-

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

The Company's significant exposure to foreign currency risk was as follows:

(In thousands of foreign currency)

	December 31, 2021			December 31, 2020		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 46,487	USD/NTD = 27.68	1,286,765	66,343	USD/NTD = 28.48	1,889,463

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) 5% of each foreign currency against the functional currency for the years ended December 31, 2021 and 2020 would have affected the net profit before tax by $64,338 and $95,101, respectively. The analysis is performed on the same basis for both periods.

3) Exchange gains and losses of monetary items

For the years ended December 31, 2021 and 2020, the Company's monetary items were foreign currency loss (include realized and unrealized) $46,180 and $110,550, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents Company management's assessment of the reasonably possible interest rate change.

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

If the interest rate had increased or decreased by 0.25%, the Company's net profit before tax would have increased or decreased by $1,232 and $1,083 for the years ended December 31, 2021 and 2020, respectively, which would be mainly resulted from the bank savings, and borrowings with variable interest rates.

(v) Fair value

1) Categories and the fair value of financial instruments

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 1,055,975	-	-	-	-
Accounts receivable	40,486	-	-	-	-
Accounts receivable due from related parties	501,808	-	-	-	-
Other receivables due from related parties	14,852	-	-	-	-
Other current financial assets	4,417	-	-	-	-
Guarantee deposits paid	5,390	-	-	-	-
	$ 1,622,928	-	-	-	-
Financial liabilities measured at amortized cost:					
Accounts payable	$ 17,291	-	-	-	-
Accounts payable to related parties	42,069	-	-	-	-
Other payables	122,759	-	-	-	-
Lease liabilities (current and non-current)	2,775	-	-	-	-
	$ 184,894	-	-	-	-

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

	December 31, 2020				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 846,272	-	-	-	-
Notes receivable	262	-	-	-	-
Accounts receivable	73,383	-	-	-	-
Accounts receivable due from related parties	810,404	-	-	-	-
Other receivables due from related parties	9,822	-	-	-	-
Other current financial assets	11,714	-	-	-	-
Guarantee deposits paid	53	-	-	-	-
	$ 1,751,910	-	-	-	-
Financial liabilities measured at amortized cost:					
Accounts payable	$ 39,275	-	-	-	-
Account payable to related parties	53,675	-	-	-	-
Other payables	146,214	-	-	-	-
Lease liabilities (current and non-current)	943	-	-	-	-
	$ 240,107	-	-	-	-

There was no transfer of financial instruments between any levels for the years ended December 31, 2021 and 2020.

2) Valuation technique for financial instruments measured at fair value - Non-derivative financial instruments

If the financial instrument has a public quoted price in an active market, the public quoted price will be determined as the fair value. The measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(q) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative and non-derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policy and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

1) Trade and other receivable

The Company has established a credit policy under which each customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Company's customers are mainly from the computer industry. In order to mitigate account receivable credit risk, the Company constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Company regularly accesses the collectability of accounts receivable and recognizes allowance for accounts receivable.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including customer trust brand, regionality, industries, aging of receivable, due date and existed financial difficulties previously. The Company's target of accounts receivables and other receivables are famous companies.

The Company set the allowance for bad debt account to reflect the estimated losses for trade and other receivables. The allowance for bad debt account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The allowance for bad debt account is based on historical collection record of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy to provide financial guarantees is only permissible to subsidiaries and the target of business. Please refer to note 13(a)(ii) for the details of Company's financial guarantees provided to its subsidiaries as of December 31, 2021.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank form an important source of liquidity for the Company. Please refer to note (6)(g) for unused short-term credit lines as of December 31, 2021 and 2020.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD and USD.

(r) Capital management

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

The Company maintains the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there are financial resources and operating plans to support working capital, capital expenditures, research and development expenses and dividend payments, and so on. Guarantee the Company to continuing operating, giving feedback to shareholders considering the interest for other related parties and remaining the best capital structure to rise up the value of shareholders.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, or issue new shares.

The Company monitors the capital by reviewing asset-to-debt ratio periodically. The Company's capital, listed as 「total equity」 in balance sheets which is also equal to the amount of total assets less total liabilities. The Company's asset-to-debt ratio at the end of the reporting period as of December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 270,856	368,417
Total assets	3,762,007	3,907,759
Liability ratio	7%	10%

(s) Investing and financial activities not affecting current cash flow

The company has non-cash investing and financing activities for right-of-use assets from leasing during 2021, please refer to note (6)(f).

There has no non-cash investing and financing activities for the year ended December 31, 2020. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flow	Non-cash changes Exchange movement	December 31, 2021
Lease liabilities (Liabilities from financing activities)	$ 943	(751)	2,583	2,775

	January 1, 2020	Cash flow	Non-cash changes Exchange movement	December 31, 2020
Lease liabilities (Liabilities from financing activities)	$ 1,943	(1,000)	-	943

See accompanying notes to financial statements.

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are the subsidiaries and entities that have transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Million On International Co., Ltd. (MOI)	Subsidiary of the Company
Profit Earn International Co., Ltd. (Profit)	〃
Sinher (H.K.) Limited	〃
Cingher (H.K.) Limited	〃
Great Info International Co., Ltd. (Great Info)	〃
Top Trading Group Limited (Top Trading)	〃
Kunshan Wanhe Precision Electron Co., Ltd. (Kunshan Wanhe)	〃
Chongqing SNR Technology Co., Ltd. (Chongqing SNR)	〃
Kunshan Qianquan Precision Metal Co., Ltd. (Qianquan)	〃
Daher Mold Co. (Daher)	Same chairman with the Company

(b) Significant transaction with related parties

(i) Operating revenue

The amounts of significant sales by the Company to related parties were as follows:

	2021	2020
Subsidiary－Great Info	$ (51,154)	(36,760)
Subsidiary－Chongqing SNR	517,356	741,305
Subsidiary－Kunshan Wanhe	438,543	536,349
	$ 904,745	**1,240,894**

The Company sells raw materials to subsidiary. The selling price for related parties is made up by the cost. The credit terms are monthly payment 120 days, but it depends on the demand of funds. Amounts receivable from related parties were uncollateralized, and no expected credit loss is required after the assessment by the management.

(ii) Purchase

The amounts of purchases by the Company from related parties were as follows:

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

	2021	2020
Subsidiary－Kunshan Wanhe	$ 76,999	167,351

The prices of purchase transactions with related parties were the selling price of finished good less specific rate. The payment terms were in accordance with demand of fund.

(iii) Receivable due from related parties

The receivables from related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiary－Chongqing SNR	$ 310,215	476,371
Subsidiary－Kunshan Wanhe	191,593	334,033
	$ 501,808	810,404

(iv) Payables to related parties

The payables to related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiary－Great Info	$ 22,842	40,677
Subsidiary－Kunshan Wanhe	19,227	12,998
	$ 42,069	53,675

(v) Property transactions

1) The purchase of property, plant and equipment to related parties were summarized as follows:

	2021		2020	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Subsidiary－Chongqing SNR	$ 10,988	4,317	4,952	1,266
Subsidiary－Kunshan Wanhe	3,961	1,586	4,323	2,132
	$ 14,949	5,903	9,275	3,398

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

2) For the above mention transactions, the accumulated uncollectable amounts were recognized as other receivable due from related parties, and the balance was as follows:

	December 31, 2021	December 31, 2020
Subsidiary－Chongqing SNR	$ 13,164	5,034
Subsidiary－Kunshan Wanhe	1,688	4,788
	$ 14,852	9,822

3) For the years ended December 31, 2021 and 2020, the Company purchased some fixtures and consumable material from other related parties－Daher, amounting to $28,597 and $26,131, respectively, and were recognized as operating cost and researching and developing cost, respectively. As of December 31, 2021 and 2020, the outstanding balances amounting to $11,006 and $8,243, respectively, were recognized as other payables.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 14,374	14,932
Post-employment benefits	411	366
	$ 14,785	15,298

(8) Pledged assets: None.

(9) Commitments and contingencies:

(a) The information for the Company's guarantees and endorsements, please refer to note (13).

(b) Unrecognized contractual commitments:

As of December 31, 2021 and 2020, the future payments for the purchase of the Company's significant equipment and constructions amounted to $3,382 and $15,786, respectively.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

By function / By item	2021 Cost of Sale	2021 Operating Expense	2021 Total	2020 Cost of Sale	2020 Operating Expense	2020 Total
Employee benefits						
Salary	163,415	87,512	250,927	145,815	95,675	241,490
Labor and health insurance	13,726	6,737	20,463	11,133	6,487	17,620
Pension	5,316	3,184	8,500	4,454	3,249	7,703
Remuneration of directors	-	2,867	2,867	-	3,772	3,772
Others	8,514	2,734	11,248	7,352	2,802	10,154
Depreciation	119,336	11,393	130,729	113,128	10,874	124,002
Amortization	583	6,602	7,185	70	5,786	5,856

The followings are additional information of numbers of the Company's employees and employee benefits:

	2021	2020
Number of employees	352	323
Number of directors who were not employees	6	4
The average employee benefit	$ 841	868
The average salaries and wages	$ 725	757
Average salary expense adjustment	(4)%	
The supervisors remuneration	$ 570	1,482

The company's salary and remuneration policies (including directors, supervisors, managers and employees) are as follows:

1). Directors' and supervisors' remuneration policy is based on the company's articles of association and is not more than 1% of the current year's profit before tax. The amount paid for the evaluation of annual operating results of the company, and independent directors receive fixed remuneration.

2). The remuneration paid to managers and employees is divided into fixed and variable salaries. Fixed salaries are monthly salaries, and variable salaries are employee remuneration, year-end bonuses, etc.

Variable salaries are based on company profitability, personal performance appraisal, job responsibilities, contribution to the company's operations, the overall environment, and market standards are the evaluation benchmarks.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2021

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of foreign currency)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Kunshan Wanhe	(Note 2)	1,047,345	304,480 (US$11,000)	304,480 (US$11,000)	55,360 (US$2,000)	-	8.72 %	1,745,576	Y	-	Y
0	〃	Chongqing SNR	(Note 2)	1,047,345	304,480 (US$11,000)	304,480 (US$11,000)	152,240 (US5,500)	-	8.72 %	1,745,576	Y	-	Y

Note 1: According to the Company’s Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Company is permitted to make shall not exceed 30% of the Company’s net worth. For external endorsements/ guarantees, the total amount of endorsements/ guarantees the Company is permitted to make shall not exceed 50% of the Company’s net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 30% of the transaction amount in the last fiscal year or the expecting amount of the current year.

Note 2: The subsidiary whose ordinary shares over 50% owned by the Company and its subsidiaries

Note 3: The target of endorsements/ guarantees above is primary entity of consolidated balance sheets.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Chongqing SNR	100% owned sub-subsidiary	(Sales)	(517,356)	(49) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 310,215	57 %	Note1
〃	Kunshan Wanhe	〃	(Sales)	(438,543)	(42) %	〃	〃	〃	Accounts Receivable 191,593	35 %	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	(Sales)	(227,738)	(14) %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Receivable 211,662	29 %	〃
〃	Top Trading	〃	(Sales)	(131,047)	(8) %	〃	〃	〃	Accounts Receivable 34,892	5 %	〃
〃	The Company	The parent company	Purchases	438,543	54 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (191,593)	(59) %	〃
Chongqing SNR	Kunshan Wanhe	With the same ultimate parent company	Purchases	227,738	23 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (211,662)	(35) %	〃
〃	The Company	The parent company	Purchases	517,356	52 %	〃	〃	〃	Accounts Payable (310,215)	(52) %	〃
〃	Top Trading	With the same ultimate parent company	(Sales)	(297,212)	(19) %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Receivable 119,518	20 %	〃
Top Trading	Chongqing SNR	〃	Purchases	297,212	69 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (119,518)	(77) %	〃
〃	Kunshan Wanhe	〃	Purchases	131,047	31 %	〃	〃	〃	Accounts Payable (34,892)	(23) %	〃

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent (Note1)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Chongqing SNR	100% owned sub-subsidiary	310,215	1.32	-	-	Accounts Receivable 41,655	-	Note 2
The Company	Kunshan Wanhe	〃	191,593	1.67	-	-	Accounts Receivable 0	-	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	211,662	0.90	-	-	Accounts Receivable 57,694	-	〃
Chongqing SNR	Top Trading	〃	119,518	3.40	-	-	Accounts Receivable 73,744	-	〃

Note 1: Information as of reporting date.
Note 2: The transactions have been eliminated in the consolidated financial statement.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

(In thousands of foreign currency)

				Original investment amount		Balance as of December 31, 2021					
Name of investor	Name of investee	Location	Main businesses and products	December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying amount	Net income (losses) of investee	Share of profit/losses of investee	Note
The Company	MOI	Samoa	Investment activities	$ 727,957	727,957	23,800,000	100%	1,010,124	93,311	88,033	Subsidiary
〃	Profit	Samoa	〃	-	-	-	100%	55,271	(29,775)	(29,775)	〃
	Total			$ 727,957	727,957			1,065,395		58,258	
MOI	Sinher (H.K.) Limited	Hong Kong	Investment activities	$ 325,579	325,579	10,600,000	100%	820,011	54,387	54,387	A sub-subsidiary company
〃	Cingher (H.K.) Limited	Hong Kong	〃	402,378	402,378	13,200,000	100%	181,327	38,923	38,923	〃
	Total			727,957	727,957			1,001,338		93,310	
Profit	Great Info	Samoa	Sell of hinge components	USD -	USD -	-	100%	23,780 (USD859)	4,931 (USD176)	4,931 (USD176)	〃
〃	Top Trading	Anguilla	〃	USD -	USD -	-	100%	31,491 (USD1,138)	(34,706) (USD(1,239))	(34,706) (USD(1,239))	〃
								55,271		(29,775)	

Note 1: The transactions have been eliminated in the consolidated financial statement.

(c) Information on investment in Mainland China:

(i) The following is the information on investees in Mainland China:

(In thousands of foreign currency)

					Investment flows							
Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Outflow	Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value (Note 3)	Accumulated remittance of earnings in current period
Kunshan Wanhe	Manufacturing and selling hinges components	319,176 (USD10,600)	(Note 1) & (Note 4)	319,176 (USD10,600)	-	-	319,176 (USD10,600)	54,387 (CNY12,528)	100.00%	54,387 (CNY12,528)	819,940	-
Chongqing SNR	Manufacturing and selling hinges components	391,042 (USD13,200)	(Note 1) & (Note 5)	391,042 (USD13,200)	-	-	391,042 (USD13,200)	38,923 (CNY8,966)	100.00%	38,923 (CNY8,966)	181,311	-
Qianquan	Manufacturing and selling hinges components	13,299 (CNY2,700)	(Note 6)	(Note 6)	-	-	(Note 6)	(844) (CNY(194))	100.00%	(844) (CNY(194))	864 (CNY199)	-

Note 1: Indirect investment in Mainland China through companies registered in a third region.
Note 2: The gains and losses on investment of the companies were recognized according to the investees' financial statements which had been reasonably audited by the certified public accountants of the parent company, the amounts shown in the table were translated into New Taiwan Dollars at the average rate of the year of 2021.
Note 3: The amounts shown in the table were translated into New Taiwan Dollars at the exchange rates at the reporting date.
Note 4: Indirect investment in Mainland China t
hrough companies registered in Million On International Co., Ltd and Sinher (H.K.) Limited.
Note 5: Indirect investment in Mainland China through companies registered in Million On International Co., Ltd and Cingher (H.K.) Limited.
Note 6: Kunshan Wanhe is established with its own capital.

(ii) Limitation on investment in Mainland China:

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
710,218(USD23,800)	710,218(USD23,800)	2,094,691

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Information of main shareholders:

(Unit: Share)

Major \ Shares	Total Shares Owned	Ownership Percentage
Su, Ting Hung	6,028,359	8.10%
Catcher Technology Co., Ltd	5,169,917	6.94%

Note:

1. The information on major shareholders, which is provided by Taiwan Depositor & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.
2. If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider’s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insiders has discretion over use. For details of the insider’s equity announcement please refer to the TWSE website.

(14) Segment information:

Please refer to the consolidated financial statement for the years ended December 31, 2021.

SINHER TECHNOLOGY INC.

Statement of Cash and Cash Equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	
Petty cash and cash on hand		$	120
Demand deposits	New Taiwan Dollars		174,607
Demand deposits	USD11,496 thousands		318,208
Time deposits	NTD (Maturity date: 2022.01.25~2022.04.07)		480,000
Time deposits	USD3,000 thousands (Maturity date: 2022.05.08)		83,040
		$	**1,055,975**

Note：The exchange rate is 27.68 New Taiwan Dollars for 1 US Dollar.

Statement of Notes Accounts Receivable

Client Name	Description	Amount	
Accounts receivable due from non-related parties, net:			
17000 Company	Operating revenue of non-related parties	$	26,227
02600 Company	〃		6,249
00200 Company	〃		3,867
Others (Note)	〃		4,176
			40,519
Less：Loss allowance			(33)
Total		**$**	**40,486**

Note：The amounts of individual item included in others does not exceed 5％ of the account balance.

See accompanying notes to financial statements.

SINHER TECHNOLOGY INC.

Statement of Inventory

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Cost	Net realizable value
Finished goods	$ 3,471	3,314
Work-in process	1,850	1,850
Raw materials	223,498	389,350
Subtotal	228,819	**394,514**
Less：Loss allowance	(10,233)	
Total	**$ 218,586**	

SINHER TECHNOLOGY INC.

Statement of Changes in investments Accounted for Using the Equity Method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars; thousands of shares)

	Beginning Balance		Increase (Decrease)				Ending Balance				
Name of Investee	Number of Shares	Amount	Number of Shares	Amount	Share of Profit (Loss) recognized	Exchange Differences on Translation of Foreign Financial Statements	Number of Shares	Percentage of ownership	Amount	December 31, 2021 Net Value	Collaterals or Pledged Assets
MOI	23,800	$ 962,640	-	-	88,033	-	23,800	100.00%	1,050,673	1,001,363	None
Profit	-	96,911	-	-	(29,775)	-	-	100.00%	67,136	55,271	〃
Exchange differences on translation of foreign financial statements		(43,500)	-	-	-	(8,914)			(52,414)		
		$ 1,016,051		**-**	**58,258**	**(8,914)**			**1,065,395**		

SINHER TECHNOLOGY INC.

Statement of Changes in Property, Plant and Equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(e).

Statement of Accounts Payable to Non-Related Parties

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
SJ027 Company	Payments to non-related parties	$ 4,760
SJ001 Company	〃	3,841
SJ004 Company	〃	1,379
SJ032 Company	〃	958
Others (Note)	〃	6,353
		$ 17,291

Note：The amounts of individual item included in others does not exceed 5％ of the account balance.

SINHER TECHNOLOGY INC.

Statement of Other Payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Accrued payroll and bonuses	Wages and salaries expenses of December 2021 and estimated year-end bonuses of 2021	$ 55,899
Accrued employee compensation and directors and supervisors remuneration	Employee compensation and directors and supervisors remuneration of year ended December 31, 2021	15,068
Accrued Marketing expenses		9,338
Others (Note)	Accrued shipping expenses, consumables and sample expenses	42,454
		$ 122,759

Note：The amounts of individual client included in others does not exceed 5％ of the account balance.

Statement of Operating Revenue

For the year ended December 31, 2021

Item	Quantity (thousands)	Amount
Raw materials		$ 904,800
Hinge components	3,693	138,790
Others		12,812
Net operating revenues		$ 1,056,402

SINHER TECHNOLOGY INC.

Statement of Operating Costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item		Amount
Raw materials, beginning of the year		$ 225,363
Add：	Purchases	95,070
	Transfer-in from work-in process	680,608
Less：	Raw materials, end of the year	(223,498)
	Segment used	(6,227)
	Loss on physical inventory	(1,623)
	Sales of costs of raw materials	(438,302)
	Raw materials scrapped	(53,003)
Raw materials used for the current period		278,388
Direct labor		126,374
Manufacturing expenses		307,953
Costs of goods manufactured for the current period		712,715
Add：	Work-in process, beginning of the year	2,233
	Transfer-in from finished good	762
Less：	Work-in process, end of the year	(1,850)
	Others	19
	Transfer-out to raw materials	(680,608)
Cost of goods manufactured		33,271
Add：	Finished goods, beginning of the year	2,078
	Purchase of finished goods	77,094
Less：	Finished goods, end of the year	(3,471)
	Transfer-out to work-in process	(762)
	Segment used	(416)
	Finished goods scrapped	(175)
Sales of costs of finished goods		107,619
Add：	Sales of costs of raw materials	438,302
	Loss on physical inventory	1,623
	Allowance for inventory obsolescence	592
	Revenue from sale of scraps	(3,837)
	Inventories Scrapped	53,178
	Others	36,815
Total operating costs		**$ 634,292**

SINHER TECHNOLOGY INC.

Statement of Operating Expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item		Selling Expenses	Administrative Expenses	Research and Development Expenses
Payroll expenses	$	14,313	44,904	31,162
Export expenses		16,224	-	-
Marketing expenses		7,128	-	-
Depreciation		421	8,770	2,202
Consumables		-	-	39,231
Professional service expenses		-	6,005	1,038
Others (Note)		11,973	15,593	11,439
Total	$	50,059	75,272	85,072

Note：The amounts of individual item included in others does not exceed 5％ of the account balance.