

Stock Code: 4999

**SINHER TECHNOLOGY INC.**

**Parent Company Only Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

Address: No. 27-1, Ln. 169, Kangning St., Xizhi Dist., New Taipei  
City 221, Taiwan (R.O.C.)  
Telephone: (02)2692-6960

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

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3 ~6
4. Balance Sheets	7
5. Statements of Comprehensive Income	8
6. Statements of Changes in Equity	9
7. Statements of Cash Flows	10
8. Notes to Parent-Company-Only Financial Statements	
(1) Company history	11
(2) Approval date and procedures of the financial statements	11
(3) New standards, amendments and interpretations adopted	11 ~ 12
(4) Summary of significant accounting policies	12 ~ 25
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	25
(6) Explanation of significant accounts	25 ~ 45
(7) Related-party transactions	45 ~ 48
(8) Pledged assets	48
(9) Commitments and contingencies	48
(10) Losses Due to Major Disasters	48
(11) Subsequent Events	48
(12) Other	48 ~49
(13) Other disclosures	
(a) Information on significant transactions	49 ~50
(b) Information on investees	51
(c) Information on investment in mainland China	51 ~52
(d) Information of main shareholders	52
(14) Segment information	52
9. List of major account titles	53 ~ 59

## **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, 2022 and 2021, 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, 2022 and 2021, 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 Standards on Auditing of 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 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:

### **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.

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.

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 and investment accounted for using equity method-operation revenue from subsidiaries

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 both the Company and subsidiaries 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 and subsidiaries are 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 Standards on Auditing of 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.

### **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.

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.

As part of an audit in accordance with the Standards on Auditing of 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 these 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.

#### **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.

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.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Yiu-Kwan Au.

KPMG

Taipei, Taiwan (Republic of China)

March 16, 2023

#### **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.

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**SINHER TECHNOLOGY INC.**

**Balance Sheets**

**December 31, 2022 and 2021**

**(Expressed in thousands of New Taiwan Dollars)**

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021				
		Amount	%	Amount	%			Amount	%	Amount	%			
Current assets:						Current liabilities:								
1100	Cash and cash equivalents (note (6)(a))	\$	1,488,493	39	1,055,975	28	2170	Accounts payable	\$	8,959	-	17,291	-	
1170	Notes receivable and Accounts receivable, net (note (6)(b))		41,980	1	40,486	1	2180	Accounts payable to related parties (note (7))		47,435	1	42,069	1	
1180	Accounts receivable due from related parties (notes (6)(b) and (7))		213,330	5	501,808	14	2200	Other payables (note (7))		113,263	3	122,759	4	
1210	Other receivables due from related parties (note (7))		2,000	-	14,852	-	2130	Current contract liabilities (note (7))		31,060	1	-	-	
1310	Inventories (note (6)(c))		188,285	5	218,586	6	2230	Current tax liabilities		32,715	1	6,984	-	
1476	Other current financial assets		5,933	-	4,417	-	2280	Current lease liabilities (note (6)(i))		255	-	510	-	
1479	Other current assets		4,263	-	4,424	-				233,687	6	189,613	5	
			1,944,284	50	1,840,548	49								
Non-current assets:						Non-Current liabilities:								
							2570	Deferred tax liabilities (note (6)(l))		89,559	2	78,878	2	
1550	Investments accounted for using equity method (note (6)(d))		1,127,522	30	1,065,395	28	2580	Non-current lease liabilities (note (6)(i))		2,010	-	2,265	-	
1600	Property, plant and equipment (note(6)(e))		693,322	18	784,438	21	2640	Net defined benefit liability, non-current (note(6)(k))		-	-	100	-	
1755	Right-of-use assets (note (6)(f))		2,260	-	2,770	-				91,569	2	81,243	2	
1840	Deferred tax assets (note (6)(l))		44,188	1	53,749	2				325,256	8	270,856	7	
1920	Guarantee deposits paid		5,456	-	5,390	-								
1900	Other non-current assets (notes (6)(g) and (6)(k))		40,916	1	9,717	-	3110	Ordinary share		744,172	19	744,172	20	
			1,913,664	50	1,921,459	51	3200	Capital surplus		440,035	12	440,035	12	
								Retained earnings:						
							3310	Legal reserve		483,811	13	465,592	12	
							3320	Special reserve		42,710	1	35,579	1	
							3350	Unappropriated retained earnings		1,880,180	49	1,848,483	49	
										2,406,701	63	2,349,654	62	
							3410	Exchange differences on translation of foreign financial statements		(27,116)	(1)	(42,710)	(1)	
							3500	Treasury shares		(31,100)	(1)	-	-	
								Total equity		3,532,692	92	3,491,151	93	
Total assets							Total liabilities and equity			\$	3,857,948	100	3,762,007	100

(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, 2022 and 2021**

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

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4100	<b>Operating revenues</b> (notes (6)(o) and (7))	\$ 795,301	100	1,056,402	100
5110	<b>Cost of sales</b> (notes (6)(c), (6)(k), (6)(p), (7) and (12))	543,340	68	634,292	60
5900	<b>Gross profit</b>	251,961	32	422,110	40
	<b>Operating expenses</b> (notes (6)(k), (6)(p), (7) and (12))				
6100	Selling expenses	48,241	6	50,059	5
6200	Administrative expenses	75,793	10	75,272	7
6300	Research and development expenses	63,245	8	85,072	8
		187,279	24	210,403	20
6900	<b>Net operating income</b>	64,682	8	211,707	20
	<b>Non-operating income and expenses:</b>				
7100	Interest income	12,210	2	2,157	-
7190	Other income (notes (6)(j))	988	-	6,066	1
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	42,634	5	58,258	5
7050	Finance costs	(11)	-	(9)	-
7230	Foreign exchange gain (losses), net (note (6)(q))	130,375	17	(46,180)	(4)
7590	Miscellaneous disbursements	(43)	-	(43)	-
		186,153	24	20,249	2
7900	<b>Profit before tax</b>	250,835	32	231,956	22
7950	Less: Tax expenses (note (6)(l))	45,373	6	50,014	5
	<b>Profit</b>	205,462	26	181,942	17
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on re-measurements of defined benefit plans (notes (6)(k))	524	-	312	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (notes (6)(l))	105	-	62	-
	Components of other comprehensive income that will not be reclassified to profit or loss	419	-	250	-
8360	<b>Items that will be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation	19,493	2	(8,914)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (notes (6)(l))	3,899	-	(1,783)	-
	Components of other comprehensive income that will be reclassified to profit or loss	15,594	2	(7,131)	(1)
8300	<b>Other comprehensive income</b>	16,013	2	(6,881)	(1)
8500	<b>Comprehensive income</b>	<u>\$ 221,475</u>	<u>28</u>	<u>175,061</u>	<u>16</u>
	<b>Earnings per common share</b> (note (6)(n))				
9750	<b>Basic earnings per share</b> (expressed in dollars)	<u>\$ 2.77</u>		<u>2.44</u>	
9850	<b>Diluted earnings per share</b> (expressed in dollars)	<u>\$ 2.75</u>		<u>2.43</u>	

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, 2022 and 2021**

**(Expressed in thousands of New Taiwan Dollars)**

	Ordinary shares	Capital surplus	Retained earnings		Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
			Legal reserve	Special reserve			
<b>A1 Balance at January 1, 2021</b>	<u>\$ 744,172</u>	<u>440,035</u>	<u>423,519</u>	<u>43,940</u>	<u>1,923,255</u>	<u>(35,579)</u>	<u>3,539,342</u>
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
<b>Z1 Balance at December 31, 2021</b>	<u>744,172</u>	<u>440,035</u>	<u>465,592</u>	<u>35,579</u>	<u>1,848,483</u>	<u>(42,710)</u>	<u>3,491,151</u>
Appropriation and distribution of retained earnings:							
B1 Legal reserve appropriated	-	-	18,219	-	(18,219)	-	-
B3 Special reserve appropriated	-	-	-	7,131	(7,131)	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(148,834)	-	(148,834)
	-	-	18,219	7,131	(174,184)	-	(148,834)
D1 Profit for the year ended December 31, 2022	-	-	-	-	205,462	-	205,462
D3 Other comprehensive income for the year ended December 31, 2022	-	-	-	-	419	15,594	16,013
D5 Total comprehensive income for the year ended December 31, 2022	-	-	-	-	205,881	15,594	221,475
L1 Purchase of treasury shares	-	-	-	-	-	(31,100)	(31,100)
<b>Z1 Balance at December 31, 2022</b>	<u><u>\$ 744,172</u></u>	<u><u>440,035</u></u>	<u><u>483,811</u></u>	<u><u>42,710</u></u>	<u><u>1,880,180</u></u>	<u><u>(27,116)</u></u>	<u><u>3,532,692</u></u>

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, 2022 and 2021**

**(Expressed in thousands of New Taiwan Dollars)**

		<u>2022</u>	<u>2021</u>
AAAA	<b>Cash flows from (used in) operating activities:</b>		
A10000	<b>Profit before tax</b>	\$ 250,835	231,956
A20000	<b>Adjustments:</b>		
A20010	<b>Adjustments to reconcile profit (loss):</b>		
A20100	Depreciation expense	116,445	130,729
A20200	Amortization expense	4,060	7,185
A20300	Expected credit impairment loss (or reversed)	(7)	18
A20900	Interest expense	11	9
A21200	Interest income	(12,210)	(2,157)
A22400	Share of gain of associates and joint ventures accounted for using equity method	(42,634)	(58,258)
A29900	Others	(48)	-
A20010	<b>Total adjustments to reconcile profit (loss)</b>	<u>65,617</u>	<u>77,526</u>
A30000	<b>Changes in operating assets and liabilities:</b>		
A31000	<b>Changes in operating assets:</b>		
A31150	Decrease in notes and accounts receivable	286,991	341,737
A31190	Decrease (increase) in other receivables from related parties	12,852	(5,030)
A31200	Decrease in inventories	30,301	812
A31240	Decrease in other current assets	161	5,549
A31250	Decrease in other current financial assets	2,626	6,920
A31990	Others	(157)	-
A31000	<b>Total changes in operating assets</b>	<u>332,774</u>	<u>349,988</u>
A32000	<b>Changes in operating liabilities:</b>		
A32125	Increase in contract liabilities	31,060	-
A32150	Decrease in accounts payable	(2,966)	(33,590)
A32180	Decrease in other payables	(9,496)	(23,455)
A32240	Decrease in net defined benefit liabilities	-	(152)
A32000	<b>Total changes in operating liabilities</b>	<u>18,598</u>	<u>(57,197)</u>
A30000	<b>Total changes in operating assets and liabilities</b>	<u>351,372</u>	<u>292,791</u>
A20000	<b>Total adjustments</b>	<u>416,989</u>	<u>370,317</u>
A33000	Cash inflow generated from operations	667,824	602,273
A33100	Interest received	8,068	2,534
A33300	Interest paid	(11)	(9)
A33500	Income taxes paid	(3,404)	(60,769)
AAAA	<b>Net cash flows from (used in) operating activities</b>	<u>672,477</u>	<u>544,029</u>
BBBB	<b>Cash flows from (used in) investing activities:</b>		
B02700	Acquisition of property, plant and equipment	(24,952)	(97,124)
B02800	Proceeds from disposal of property, plant and equipment	181	-
B03700	Increase in guarantee deposits paid	(66)	(5,337)
B04500	Acquisition of intangible assets	(1,053)	(7,862)
B06700	Increase in other non-current assets	(33,625)	-
BBBB	<b>Net cash flows from (used in) investing activities</b>	<u>(59,515)</u>	<u>(110,323)</u>
CCCC	<b>Cash flows from (used in) financing activities:</b>		
C04020	Payment of lease liabilities	(510)	(751)
C04500	Cash dividends paid	(148,834)	(223,252)
C04900	Payments to acquire treasury shares	(31,100)	-
CCCC	<b>Net cash flows from (used in) financing activities</b>	<u>(180,444)</u>	<u>(224,003)</u>
EEEE	<b>Net increase in cash and cash equivalents</b>	432,518	209,703
E00100	<b>Cash and cash equivalents at beginning of period</b>	1,055,975	846,272
E00200	<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,488,493</u>	<u>1,055,975</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

**(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 March 16, 2023.

**(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, 2022:

- 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"

- (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, 2023, would not have a significant impact on its parent-company-only financial statements:

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

- (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:

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

<b>Effective date per IASB</b>	<b>New, Revised or Amended Standards and Interpretations</b>	<b>The Amendment included:</b>
January 1, 2024	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.

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” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1, “Non-current Liabilities with Covenants”
- IFRS 16 “Requirements for Sales and Leaseback Transactions”

**(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

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

value

- 2) The defined benefit liabilities (or assets) 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.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

- (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.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

**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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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) Treasury Shares

When shares recognized as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to cover the deficiency).

4) 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.

5) 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.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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 lessee

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

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

- 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 consequence 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 lessor

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

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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. Prepaid allocations are recognized as an asset to the extent that they will result in a return of cash or a reduction in future payments.

(ii) Defined benefit plans

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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 surtax on the Company's undistributed earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

- (q) Earnings per share



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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**

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash on hand	\$ 120	120
Checking accounts and demand deposits	382,830	492,815
Time deposits	1,105,543	563,040
	<b><u>\$ 1,488,493</u></b>	<b><u>1,055,975</u></b>

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

(b) Notes and accounts receivable

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivable	\$ 296	-
Accounts receivable	255,040	542,327
	255,336	542,327
Less: loss allowance	(26)	(33)
	<b><u>\$ 255,310</u></b>	<b><u>542,294</u></b>
Notes receivable and Accounts receivable, net	<b><u>\$ 41,980</u></b>	<b><u>40,486</u></b>
Accounts receivable due from related parties	<b><u>\$ 213,330</u></b>	<b><u>501,808</u></b>

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:

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-avera ge loss rate</b>	<b>Loss allowance provision</b>
Aging under 120 days	\$ 252,268	0.005%	13
Aging 121~150 days	2,890	0.450%	13
Aging 151~240 days	178	-	-
	<b><u>\$ 255,336</u></b>		<b><u>26</u></b>

  

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-avera ge loss rate</b>	<b>Loss allowance provision</b>
Aging under 120 days	\$ 536,853	0.002%	9
Aging 121~150 days	5,253	0.457%	24
Aging 151~240 days	221	-	-
	<b><u>\$ 542,327</u></b>		<b><u>33</u></b>

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

	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 33	15
Impairment loss recognized (reversed)	(7)	18
Balance on December 31	<b><u>\$ 26</u></b>	<b><u>33</u></b>

As of December 31, 2022 and 2021, the Company did not provide any receivables as collaterals for its loans.

**(c) Inventories**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Raw materials	\$ 184,491	214,134
Work in progress	2,743	1,850
Finished goods	1,051	2,602
	<b><u>\$ 188,285</u></b>	<b><u>218,586</u></b>

The write-down of the inventories to net realizable value amounted to \$8,959 thousand and \$592 thousand which was recorded as cost of sales in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, 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:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Subsidiaries	<b><u>\$ 1,127,522</u></b>	<b><u>1,065,395</u></b>

Please refer to note (4)(c)(ii) of the consolidated financial statement for the year ended December 31, 2022.

As of December 31, 2022 and 2021, 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:

	<b>Land</b>	<b>Buildings and construction</b>	<b>Machinery equipment</b>	<b>Office and other facilities equipment</b>	<b>Unfinished construction and equipment under acceptance</b>	<b>Total</b>
<b>Cost:</b>						
Balance on January 1, 2022	\$ 362,813	223,425	585,508	23,766	8,848	1,204,360
Additions	-	574	7,772	10,182	6,424	24,952
Disposals	-	(33,761)	(213,240)	(6,535)	-	(253,536)
Reclassifications	-	2,296	7,011	3,511	(12,818)	-
Balance on December 31, 2022	<b><u>\$ 362,813</u></b>	<b><u>192,534</u></b>	<b><u>387,051</u></b>	<b><u>30,924</u></b>	<b><u>2,454</u></b>	<b><u>975,776</u></b>
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	<b><u>\$ 362,813</u></b>	<b><u>223,425</u></b>	<b><u>585,508</u></b>	<b><u>23,766</u></b>	<b><u>8,848</u></b>	<b><u>1,204,360</u></b>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

**Depreciation and impairments loss:**

Balance on January 1, 2022	\$	-	83,714	323,651	12,557	-	419,922
Depreciation for the year		-	16,965	91,771	7,199	-	115,935
Disposals		-	(33,761)	(213,240)	(6,402)	-	(253,403)
Balance on December 31, 2022	<b>\$</b>	<b>-</b>	<b>66,918</b>	<b>202,182</b>	<b>13,354</b>	<b>-</b>	<b>282,454</b>
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	<b>\$</b>	<b>-</b>	<b>83,714</b>	<b>323,651</b>	<b>12,557</b>	<b>-</b>	<b>419,922</b>

**Book value:**

Balance on December 31, 2022	<b>\$</b>	<b>362,813</b>	<b>125,616</b>	<b>184,869</b>	<b>17,570</b>	<b>2,454</b>	<b>693,322</b>
Balance on January 1, 2021	<b>\$</b>	<b>362,813</b>	<b>160,126</b>	<b>268,892</b>	<b>15,911</b>	<b>9,554</b>	<b>817,296</b>
Balance on December 31, 2021	<b>\$</b>	<b>362,813</b>	<b>139,711</b>	<b>261,857</b>	<b>11,209</b>	<b>8,848</b>	<b>784,438</b>

As of December 31, 2022 and 2021, 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, 2022 and 2021 were as follows:

	<b>Land</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost:</b>			
Balance on January 1, 2022	\$ 2,583	3,080	5,663
Decrease	-	(3,080)	(3,080)
Balance on December 31, 2022	<b>\$ 2,583</b>	<b>-</b>	<b>2,583</b>
Balance on January 1, 2021	\$ -	3,080	3,080
Additions	2,583	-	2,583
Balance on December 31, 2021	<b>\$ 2,583</b>	<b>3,080</b>	<b>5,663</b>
<b>Accumulated depreciation and impairments:</b>			
Balance on January 1, 2022	\$ 65	2,828	2,893
Depreciation for the period	258	252	510
Decrease	-	(3,080)	(3,080)
Balance on December 31, 2022	<b>\$ 323</b>	<b>-</b>	<b>323</b>
Balance on January 1, 2021	\$ -	2,146	2,146
Depreciation for the period	65	682	747
Balance on December 31, 2021	<b>\$ 65</b>	<b>2,828</b>	<b>2,893</b>
<b>Carry amounts:</b>			
Balance on December 31, 2022	<b>\$ 2,260</b>	<b>-</b>	<b>2,260</b>
Balance on January 1, 2021	<b>\$ -</b>	<b>934</b>	<b>934</b>
Balance on December 31, 2021	<b>\$ 2,518</b>	<b>252</b>	<b>2,770</b>

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

**(g) Other non-current assets**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Prepayment of right-of-use land	\$ 33,625	-
Other	7,291	9,717
<b>Total other non-current assets</b>	<b><u>\$ 40,916</u></b>	<b><u>9,717</u></b>

On November 3, 2022, the Board of Directors approved to invest in a new factory in Vietnam in order to coordinate with the adjustment of the customers' production base. The Company signed a land use-of-right lease agreement with Vietnamese land developers on December 2022, and paid 50% of the advance payment of \$33,625 thousand, which is not yet completed due to the legal procedures related to the establishment of the Vietnam plant investment and the acquisition of the land use-of-right, and is classified as other current assets.

**(h) Short-term borrowings**

	<b>December 31, 2022</b>		
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Amount</b>
Unsecured bank loans	NTD	-	<u>\$ -</u>
Unused short-term credit lines			<u>\$ 40,000</u>

  

	<b>December 31, 2021</b>		
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Amount</b>
Unsecured bank loans	NTD	-	<u>\$ -</u>
Unused short-term credit lines			<u>\$ 40,000</u>

As of December 31, 2022 and 2021, the Company did not provide any assets pledged as collaterals.

**(i) Lease liabilities**

The lease liabilities of the Company were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	<u>\$ 255</u>	<u>510</u>
Non-current	<u>\$ 2,010</u>	<u>2,265</u>

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

The amounts recognized in profits or losses were as follows:

	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	<u>\$ 11</u>	<u>9</u>
Income from sub-leasing of use assets	<u>-</u>	<u>(9)</u>
Expenses relating to short-term leases	<u>\$ 2,065</u>	<u>1,962</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

Expenses relating to leases of low-value assets, (excluding short-term leases of low-value assets)	<u>\$ 181</u>	<u>181</u>
Covid-19-Related Rent Concessions, (recognized in other income)	<u>\$ 33</u>	<u>13</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 2,734</u>	<u>2,890</u>

(i) Leases of vehicles

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(j).

(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.

(j) 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, 2022 and 2021, the income recognized in profit or loss under operating lease were \$135 thousand and \$143 thousand, respectively.

(k) Employee benefits

(i) Defined benefit plans

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of the defined benefit obligations	\$ 2,364	2,675
Fair value of plan assets	<u>(2,945)</u>	<u>(2,575)</u>
Net defined benefit liabilities (assets)	<u>\$ (581)</u>	<u>100</u>

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

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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 \$2,945 thousand 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.

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:

	<b>2022</b>	<b>2021</b>
Defined benefit obligation at January 1	\$ 2,675	2,942
Current service costs and interest	16	18
Remeasurement in net defined benefit liabilities (assets)		
— Actuarial loss (gain) arising from: financial assumptions	(327)	(285)
Defined benefit obligation at December 31	<b>\$ 2,364</b>	<b>2,675</b>

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:

	<b>2022</b>	<b>2021</b>
Fair value of plan assets at January 1	\$ 2,575	2,378
Interest income	16	15
Remeasurement in net defined benefit liabilities (assets)		
— Return on plan assets excluding interest income	197	27
Contributions paid by the employer	157	155
Fair value of plan assets at December 31	<b>\$ 2,945</b>	<b>2,575</b>

4) Movements of the effect of the asset ceiling

As of December 31, 2022 and 2021, 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:

	<b>2022</b>	<b>2021</b>
Net interest of net liabilities for defined benefit obligations	<b>\$ -</b>	<b>3</b>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

Operating cost	\$	-	1
Administration expenses		-	1
Research and development expenses		-	1
	<b>\$</b>	<b>-</b>	<b>3</b>

- 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, 2022 and 2021 was as follows:

	<b>2022</b>	<b>2021</b>
Accumulated amount at January 1	\$ (1,249)	(1,561)
Recognized during the period	524	312
Accumulated amount at December 31	<b>\$ (725)</b>	<b>(1,249)</b>

- 7) Actuarial assumptions

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Discount rate	1.750%	0.625%
Future salary increase rate	3.000%	3.000%

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 \$158 thousand.

The weighted average lifetime of the defined benefits plans is 11.26 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:

	<b>Influences of defined benefit obligations</b>	
	<b>Increased 0.25%</b>	<b>Decreased 0.25%</b>
December 31, 2022		
Discount rate	\$ (59)	62
Future salary increasing rate	60	(58)
December 31, 2021		
Discount rate	(76)	80
Future salary increasing rate	76	(74)

See accompanying notes to financial statements.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(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 \$8,384 thousand and \$8,497 thousand for the years ended December 31, 2022 and 2021, respectively.

(l) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ 34,025	3,676
5% surtax on undistributed earnings	400	3,536
Adjustment for prior periods	<u>(5,290)</u>	<u>9</u>
	<u>29,135</u>	<u>7,221</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>16,238</u>	<u>42,793</u>
	<u>16,238</u>	<u>42,793</u>
Income tax expense	<u><u>\$ 45,373</u></u>	<u><u>50,014</u></u>

2) The amount of income tax recognized in other comprehensive income for 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ 105</u>	<u>62</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ 3,899</u></u>	<u><u>(1,783)</u></u>

3) Reconciliation of income tax and profit before tax for 2022 and 2021 was as follows:

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

	<b>2022</b>	<b>2021</b>
Profit excluding income tax	<u><b>\$ 250,835</b></u>	<u><b>231,956</b></u>
Income tax using the Company's domestic tax rate	\$ 50,167	46,391
Under provision in prior periods	3,800	9
Non-deductible expenses	96	78
Surtax on undistributed earnings	400	3,536
Tax Incentive	<u>(9,090)</u>	<u>-</u>
Income tax expense	<u><b>\$ 45,373</b></u>	<u><b>50,014</b></u>

(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 2022 and 2021 were as follows:

	<b>Investment income recognized under the equity method (overseas)</b>	<b>Exchange difference on translation</b>	<b>Defined benefit plans</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax liabilities:</b>					
Balance on January 1, 2022	\$ 78,865	-	13	-	78,878
Recognized in (profit) or loss	8,527	-	31	2,018	10,576
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>105</u>
Balance on December 31, 2022	<u><b>\$ 87,392</b></u>	<u><b>-</b></u>	<u><b>149</b></u>	<u><b>2,018</b></u>	<u><b>89,559</b></u>
Balance on January 1, 2021	\$ 67,214	-	-	-	67,214
Recognized in (profit) or loss	<u>11,651</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>11,664</u>
Balance on December 31, 2021	<u><b>\$ 78,865</b></u>	<u><b>-</b></u>	<u><b>13</b></u>	<u><b>-</b></u>	<u><b>78,878</b></u>
	<b>Defined benefit plans</b>	<b>Exchange difference on translation</b>	<b>Unrealized gross profit</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax assets:</b>					
Balance on January 1, 2022	\$-	10,482	35,044	8,223	53,749
Recognized in (profit) or loss	-	-	(5,479)	(183)	(5,662)
Recognized in other comprehensive income	<u>-</u>	<u>(3,899)</u>	<u>-</u>	<u>-</u>	<u>(3,899)</u>
Balance on December 31, 2022	<u><b>\$ -</b></u>	<u><b>6,583</b></u>	<u><b>29,565</b></u>	<u><b>8,040</b></u>	<u><b>44,188</b></u>
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)

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

Recognized in other comprehensive income	(62)	1,783	-	-	1,721
Balance on December 31, 2021	\$ -	<u>10,482</u>	<u>35,044</u>	<u>8,223</u>	<u>53,749</u>

(iii) The Company's tax returns for the years through 2020 were assessed by the tax authority.

**(m) Capital and other equities**

As of December 31, 2022 and 2021, 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:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Additional paid in capital	\$ 431,703	431,703
Share-based payment transaction – treasury stock	8,332	8,332
	<u><b>\$ 440,035</b></u>	<u><b>440,035</b></u>

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**

Following by the Company's article of incorporation stipulates that the 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

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

directors present. Such distribution shall be reported to the shareholders' meeting.

The Company will consider the environment, growing level, capital demand in the future, the 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 lower 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

When distributing the distributable surplus, the Company will record the net deduction of other shareholders' equity in the current year. The current after-tax net profit is added to the current after-tax net profit and the items other than the current after-tax net profit are included in the current undistributed surplus and the undistributed surplus in the previous period is added to the special reserve; other shareholders' equity accumulated in the previous period is deducted if the amount is not allocated, the special surplus will not be distributed from the undistributed surplus in the previous period. If the amount of other shareholders' equity deductions is reversed later, it can be rescued and distributed to the later part of the surplus through a resolution of the shareholders' meeting. As of December 31, 2022 and 2021, the special reserve amounted to \$42,710 thousand and \$35,579 thousand respectively.

3) Earnings distribution

Earnings distribution for 2021 and 2020 was decided by the resolution adopted, at the meeting of the Board of Directors held on February 24, 2022 and March 25, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Amount per share</b>	<b>Amount</b>	<b>Amount per share</b>	<b>Amount</b>
Cash dividends distributed to ordinary shareholders	\$ 2.0	<u><u>148,834</u></u>	3.0	<u><u>223,252</u></u>

Amount of cash dividends in the earnings distribution for 2022 was decided by the resolution adopted, by the board of directors on March 16, 2023. The relevant dividend distributions to shareholders were as follows:

	<b>2022</b>	
	<b>Amount per share</b>	<b>Amount</b>
Cash dividends distributed to ordinary shareholders	\$ 1.75	<u><u>128,830</u></u>

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

(iii) Treasury shares

On August 04, 2022, the board of directors of the Company resolved to repurchase 800 thousand ordinary shares, in order to transfer shares to employees, in accordance with Article 28-2 of the Securities and Exchange Act, which had been fully executed in the third quarter of 2022. As of December 31, 2022, no employee has been transferred.

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

(n) Earnings per share

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

	<u>2022</u>	<u>2021</u>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company		
	<u>\$ 205,462</u>	<u>181,942</u>
Weighted average number of outstanding ordinary shares (in thousands)	<u>74,145</u>	<u>74,417</u>
Basic earnings per share(in dollars)	<u>\$ 2.77</u>	<u>2.44</u>
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)		
	<u>\$ 205,462</u>	<u>181,942</u>
Weighted average number of outstanding ordinary shares (in thousands)	74,145	74,417
Effect of potential diluted ordinary shares (in thousands)		
Effect of employee stock compensation	<u>453</u>	<u>422</u>
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u>74,598</u>	<u>74,839</u>
Diluted earnings per share(in dollars)	<u>\$ 2.75</u>	<u>2.43</u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	\$ 35,460	43,406
China	671,961	904,794
Japan	87,880	107,978
Singapore	<u>-</u>	<u>224</u>
	<u>\$ 795,301</u>	<u>1,056,402</u>

Major product:

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

Hinge parts	\$	671,473	904,800
Hinge components		113,356	138,790
Others		10,472	12,812
	<b>\$</b>	<b>795,301</b>	<b>1,056,402</b>

(ii) Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivables and account receivables	\$ 255,336	542,327	884,064
Less: allowance for impairment	(26)	(33)	(15)
Total	<b>\$ 255,310</b>	<b>542,294</b>	<b>884,049</b>
Contract liabilities - Advance sales receipts	<b>\$ 31,060</b>	<b>-</b>	<b>-</b>

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

(p) Employee compensation and directors and supervisors remuneration

After the election of directors at the shareholders' meeting on August 24, 2021, an audit committee established by independent directors will replace the supervisory authority, and the company's articles of association will be amended on June 23, 2022.

According to the pre-amended Company's article provided that 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.

The Company's shareholders' meeting held on June 23, 2022 resolved to amend the Company's article after which no less than 2% of the annual profit shall be appropriated as employees' remuneration and no more than 1% as directors' remuneration. However, if the Company has accumulated losses, the amount of compensation shall be reserved in advance. 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.

The estimated amounts of the Company's 2022 employees' remuneration and directors' remuneration and 2021 employees' remuneration and directors' and supervisors' remuneration are as follows.

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 proposed percentage which was stated under the Company's Management proposal. These remunerations were expensed under operating costs or operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates, and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

There is no difference between the amount of remuneration for employees, directors and supervisors

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

resolved by the Board of Directors and the amount estimated in the Company's 2022 and 2021 consolidated financial statements.

The information is available on the Market Observation Post System website.

	<b>2022</b>	<b>2021</b>
The employees compensation remuneration	\$ 14,739	13,586
The directors and supervisors	2,412	1,482
	<b>\$ 17,151</b>	<b>15,068</b>

(q) Financial instruments

(i) Credit risk

1) Credit risk exposure

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, 2022 and 2021, 89% and 90% 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, 2022 and 2021, there were no impairment provisions.

(ii) Liquidity risk

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

	<b>Carrying Amount</b>	<b>Contractual cash flows</b>	<b>Within a year</b>	<b>1-2 years</b>	<b>Over 2 years</b>
<b>December 31, 2022</b>					
Non-derivative financial liabilities:					
Accounts payable	\$ 8,959	(8,959)	(8,959)	-	-
Accounts payable to related parties	47,435	(47,435)	(47,435)	-	-
Other payables	113,263	(113,263)	(113,263)	-	-

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

Lease liabilities (current and non-current)	2,265	(2,302)	(263)	(263)	(1,776)
	<u>\$ 171,922</u>	<u>(171,959)</u>	<u>(169,920)</u>	<u>(263)</u>	<u>(1,776)</u>

**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)
	<u>\$ 184,894</u>	<u>(184,941)</u>	<u>(182,639)</u>	<u>(263)</u>	<u>(2,039)</u>

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:

		December 31, 2022			December 31, 2021		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets							
Monetary items							
USD	\$ 49,212	USD/NTD	=	1,511,297	46,487	USD/NTD	= 1,286,765
		30.71			27.68		

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, 2022 and 2021 would have affected the net profit before tax by \$75,565 thousand and \$64,338 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Exchange gains and losses of monetary items

The exchange gain and loss information of the Company's monetary items shows that in 2022 and 2021, foreign currency exchange gains and losses (including realized and unrealized) were gains of \$130,375 thousand and losses of \$46,180 thousand, 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.

See accompanying notes to financial statements.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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.

If the interest rate had increased or decreased by 0.25%, the Company's net profit before tax would have increased or decreased by \$957 thousand and \$1,232 thousand for the years ended December 31, 2022 and 2021, 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, 2022				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:						
Cash and cash equivalents	\$	1,488,493	-	-	-	-
Notes receivable and Accounts receivable		41,980	-	-	-	-
Accounts receivable due from related parties		213,330	-	-	-	-
Other receivables due from related parties		2,000	-	-	-	-
Other current financial assets		5,933	-	-	-	-
Guarantee deposits paid		5,456	-	-	-	-
	\$	1,757,192	-	-	-	-
Financial liabilities measured at amortized cost:						
Accounts payable	\$	8,959	-	-	-	-
Accounts payable to related parties		47,435	-	-	-	-
Other payables		113,263	-	-	-	-
Lease liabilities (current and non-current)		2,265	-	-	-	-

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

	\$ 171,922	-	-	-	-
		<b>December 31, 2021</b>			
	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at amortized cost:</b>					
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	-	-	-	-
	<b>\$ 1,622,928</b>	-	-	-	-
<b>Financial liabilities measured at amortized cost:</b>					
Accounts payable \$	17,291	-	-	-	-
Account payable to related parties	42,069	-	-	-	-
Other payables	122,759	-	-	-	-
Lease liabilities (current and non-current)	2,775	-	-	-	-
	<b>\$ 184,894</b>	-	-	-	-

There was no transfer of financial instruments between any levels for the years ended December 31, 2022 and 2021.

- 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.

(r) Financial risk management

(i) Overview

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

1) Credit risk

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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, regionally, industries, aging of receivable, due date and existed financial difficulties previously. The Company's target of accounts

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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, 2022.

**(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)(h) for unused short-term credit lines as of December 31, 2022 and 2021.

**(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.

**(s) Capital management**

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.

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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, 2022 and 2021 is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total liabilities	\$ 325,256	270,856
Total assets	3,857,948	3,762,007
Liability ratio	8%	7%

(t) 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 2022 and 2021, please refer to note (6)(f) for details. Reconciliations of liabilities arising from financing activities were as follows:

	<b>January 1, 2022</b>	<b>Cash flow</b>	<b>Non-cash changes Addition</b>	<b>December 31, 2022</b>
Lease liabilities (Liabilities from financing activities)	<u>\$ 2,775</u>	<u>(510)</u>	<u>-</u>	<u>2,265</u>

  

	<b>January 1, 2021</b>	<b>Cash flow</b>	<b>Non-cash changes Addition</b>	<b>December 31, 2021</b>
Lease liabilities (Liabilities from financing activities)	<u>\$ 943</u>	<u>(751)</u>	<u>2,583</u>	<u>2,775</u>

**(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.

<b>Name of related party</b>	<b>Relationship with the Company</b>
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)	"

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

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:

	<b>2022</b>	<b>2021</b>
Subsidiary—Great Info	\$ -	(51,154)
Subsidiary—Chongqing SNR	325,325	517,356
Subsidiary—Kunshan Wanhe	346,133	438,543
	<b><u>\$ 671,458</u></b>	<b><u>904,745</u></b>

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:

	<b>2022</b>	<b>2021</b>
Subsidiary—Kunshan Wanhe	<b><u>\$ 51,428</u></b>	<b><u>76,999</u></b>

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.

The sales of raw materials to related parties and purchases finished goods from related parties in 2022 and 2021 were eliminated in the preparation of parent-company-only financial statements and were not considered as purchases or sales. The amounts were \$17,189 thousand and \$9,487 thousand, respectively.

**(iii) Receivable due from related parties**

The receivables from related parties were as follows:

<b>December 31,</b>	<b>December 31,</b>
<b>2022</b>	<b>2021</b>

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

Subsidiary — Chongqing SNR	\$	213,330	310,215
Subsidiary — Kunshan Wanhe		-	191,593
	<b>\$</b>	<b>213,330</b>	<b>501,808</b>

(iv) Payables to related parties

The payables to related parties were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Subsidiary — Great Info	\$ 25,342	22,842
Subsidiary — Kunshan Wanhe	22,093	19,227
	<b>\$ 47,435</b>	<b>42,069</b>

(v) Contract liabilities — Advance sales receipts

Advance sales receipts to related parties were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Subsidiary — Kunshan Wanhe	\$ 31,060	-

(vi) Property transactions

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

	<b>2022</b>		<b>2021</b>	
	<b>Disposal price</b>	<b>Gain (loss) from disposal</b>	<b>Disposal price</b>	<b>Gain (loss) from disposal</b>
Subsidiary — Chongqing SNR	\$ 1,453	567	10,988	4,317
Subsidiary — Kunshan Wanhe	744	143	3,961	1,586
	<b>\$ 2,197</b>	<b>710</b>	<b>14,949</b>	<b>5,903</b>

- 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:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Subsidiary — Chongqing SNR	\$ 1,546	13,164
Subsidiary — Kunshan Wanhe	454	1,688
	<b>\$ 2,000</b>	<b>14,852</b>

- 3) For the years ended December 31, 2022 and 2021, the Company purchased some fixtures and consumable material from other related parties — Daher, amounting to \$20,566 thousand and \$28,597 thousand, respectively, and were recognized as operating cost and

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

researching and developing cost, respectively. As of December 31, 2022 and 2021, the outstanding balances amounting to \$6,929 thousand and \$11,006 thousand, respectively, were recognized as other payables.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 15,264	14,374
Post-employment benefits	454	411
	<b><u>\$ 15,718</u></b>	<b><u>14,785</u></b>

**(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, 2022 and 2021, the future payments for the purchase of the Company's significant equipment and constructions amounted to \$6,933 thousand and \$3,382 thousand, 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:

By item \ By function	<b>2022</b>			<b>2021</b>		
	<b>Cost of Sale</b>	<b>Operating Expense</b>	<b>Total</b>	<b>Cost of Sale</b>	<b>Operating Expense</b>	<b>Total</b>
Employee benefits						
Salary	147,712	83,625	231,337	163,415	87,512	250,927
Labor and health insurance	13,469	6,714	20,183	13,726	6,737	20,463
Pension	5,182	3,202	8,384	5,316	3,184	8,500
Remuneration of directors	-	4,420	4,420	-	2,867	2,867
Others	7,800	2,490	10,290	8,514	2,734	11,248
Depreciation	106,107	10,338	116,445	119,336	11,393	130,729
Amortization	1,137	2,923	4,060	583	6,602	7,185

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

See accompanying notes to financial statements.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

	<b>2022</b>	<b>2021</b>
Number of employees	<u><b>339</b></u>	<u><b>352</b></u>
Number of directors who were not employees	<u><b>6</b></u>	<u><b>6</b></u>
The average employee benefit	<u><b>\$ 811</b></u>	<u><b>841</b></u>
The average salaries and wages	<u><b>\$ 695</b></u>	<u><b>725</b></u>
Average salary expense adjustment	<u><b>(4)%</b></u>	
The supervisors remuneration	<u><b>\$ -</b></u>	<u><b>570</b></u>

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

- (a) 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.
- (b) 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, 2022

- (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 (Note 1)	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)	1,059,808	399,230 (US\$13,000)	184,260 (US\$6,000)	-	-	5.22 %	1,766,346	Y	-	Y
0	"	Chongqing SNR	(Note 2)	1,059,808	629,555 (US\$20,500)	414,585 (US\$13,500)	151,565 (US\$3,500 & CNY\$10,000)	-	11.74 %	1,766,346	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

- (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

- (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:

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)	(325,325)	(41) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 213,330	84 %	
"	Kunshan Wanhe	"	(Sales)	(346,133)	(44) %	"	"	"	Note	- %	
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	(Sales)	(120,793)	(10) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 103,459	24 %	
"	The Company	The parent company	Purchases	346,133	55 %	Depending on the demand for funding, OA 120	"	Depending on the demand for funding, OA 120	Note	- %	
Chongqing SNR	Kunshan Wanhe	With the same ultimate parent company	Purchases	120,793	20 %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Payable (103,459)	(29) %	
"	The Company	The parent company	Purchases	325,325	53 %	"	"	"	Accounts Payable (213,330)	(59) %	

Note: The amount of Prepayments to suppliers (advance sales receipts) on December 31, 2022 was \$31,060 thousand.

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

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent (Note)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Chongqing SNR	100% owned sub-subsidiary	213,330	1.24	-	-	Accounts Receivable 72,734	-	
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	103,459	0.77	-	-	Accounts Receivable 20,477	-	

Note: Information as of reporting date.

- (ix) Trading in derivative instruments: None.

- (b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

(In thousands of foreign currency)											
Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profit/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying amount			
The Company	MOI	Samoa	Investment activities	\$ 727,957	727,957	23,800,000	100%	1,100,815	77,598	76,228	Subsidiary
"	Profit	Samoa	"	-	-	-	100%	26,707	(33,594)	(33,594)	"
	Total			<u>\$ 727,957</u>	<u>727,957</u>			<u>1,127,522</u>		<u>42,634</u>	
MOI	Sinher (H.K.) Limited	Hong Kong	Investment activities	\$ 325,579	325,579	10,600,000	100%	882,474	50,587	50,587	A sub-subsidiary company
"	Cingher (H.K.) Limited	Hong Kong	"	402,378	402,378	13,200,000	100%	210,926	27,011	27,011	"
				<u>727,957</u>	<u>727,957</u>			<u>1,093,400</u>		<u>77,598</u>	
Profit	Great Info	Samoa	Sell of hinge components	USD -	USD -	-	100%	26,173 (USD852)	(204)	(204)	"
"	Top Trading	Anguilla	"	USD -	USD -	-	100%	534 (USD17)	(33,390)	(33,390)	"
	Total							<u>26,707</u>	<u>(USD1,120)</u>	<u>(33,594)</u>	

(c) Information on investment in Mainland China:

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

(In thousands of foreign currency)												
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	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value (Note 3)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kunshan Wanhe	Manufacturing and selling hinges components	319,176 (USD10,600)	(Note 1) & (Note 4)	319,176 (USD10,600)	-	-	319,176 (USD10,600)	50,587 (CNY11,440)	100.00%	50,587 (CNY11,440)	882,402	-
Chongqing SNR	Manufacturing and selling hinges components	391,042 (USD13,200)	(Note 1) & (Note 5)	391,042 (USD13,200)	-	-	391,042 (USD13,200)	27,011 (CNY6,109)	100.00%	27,011 (CNY6,109)	210,909	-
Qianquan	Manufacturing and selling hinges components	13,299 (CNY2,700)	(Note 6)	(Note 6)	-	-	(Note 6)	(2,724) (CNY616)	100.00%	(2,724) (CNY616)	(1,839) (CNY417)	-
SYTW	Research, manufacturing and selling fans related productions	88,640 (CNY20,000)	(Note 7)	(Note 7)	-	-	(Note 7)	(22,462) (CNY5,080)	49%	(5,101) (CNY1,154)	38,113 (CNY8,646)	-

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 2022.

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 through 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.

Note 7: Suzhou SenYuan TongWei Technology Co., Ltd. ("SYTW"), an investee company invested by Kunshan Wanhe with its own capital.

(ii) Limitation on investment in Mainland China:

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)	2,119,615

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, for the time ended December 31, 2022, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

See accompanying notes to financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)**  
**SINHER TECHNOLOGY INC.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

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

(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, 2022.

**SINHER TECHNOLOGY INC.**

**Statement of Cash and Cash Equivalents**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash and cash on hand		\$ 120
Demand deposits	New Taiwan Dollars	89,865
Demand deposits	USD 9,540 thousands	292,965
Time deposits	NTD (Maturity date: 2023.01.06 ~ 2023.02.19)	390,000
Time deposits	USD 23,000 thousands (Maturity date: 2023.01.02 ~ 2023.03.29)	715,543
		<u>\$ 1,488,493</u>

Note : The exchange rate is 30.71 New Taiwan Dollars for 1 US Dollar.

**Statement of Notes Accounts Receivable**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
Notes receivable		
Others (Note)	Operating revenue of non-related parties	\$ 296
Accounts receivable due from non-related parties, net:		
17000 Company	Operating revenue of non-related parties	29,138
18101 Company	"	4,353
02600 Company	"	3,431
Others (Note)	"	4,788
		41,710
Less : Loss allowance		(26)
Total		<u>\$ 41,980</u>

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, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Cost</b>	<b>Net realizable value</b>
Finished goods	\$ 1,950	1,255
Work-in process	2,743	2,743
Raw materials	195,683	332,258
Subtotal	200,376	<u><b>336,256</b></u>
Less : Loss allowance	(12,091)	
Total	<u><b>\$ 188,285</b></u>	

**SINHER TECHNOLOGY INC.**

**Statement of Changes in investments Accounted for Using the Equity Method**

**For the year ended December 31, 2022**

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

Name of Investee	Beginning Balance		Increase (Decrease)		Share of Profit (Loss) recognized	Exchange Differences on Translation of Foreign Financial Statements	Ending Balance			December 31, 2021 Net Value	Collaterals or Pledged Assets
	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	Percentage of ownership	Amount		
MOI	23,800	\$ 1,050,673	-	-	76,228	-	23,800	100.00%	1,126,901	1,093,424	None
Profit	-	67,136	-	-	(33,594)	-	-	100.00%	33,542	26,707	"
Exchange differences on translation of foreign financial statements		(52,414)	-	-	-	19,493			(32,921)		
		<u>\$ 1,065,395</u>		<u>-</u>	<u>42,634</u>	<u>19,493</u>			<u>1,127,522</u>		

**SINHER TECHNOLOGY INC.**

**Statement of Changes in Property, Plant and Equipment**

**For the year ended December 31, 2022**

**(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, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
SJ012 Company	Payments to non-related parties	\$ 2,067
SJ001 Company	"	1,375
SG014 Company	"	1,104
SJ027 Company	"	960
SJ032 Company	"	958
SJ009 Company	"	843
Others (Note)	"	<u>1,652</u>
		<b><u>\$ 8,959</u></b>

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, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Accrued payroll and bonuses	Wages and salaries expenses of December 2022 and estimated year-end bonuses of 2022	\$ 49,461
Accrued employee compensation and directors and supervisors remuneration	Employee compensation and directors and supervisors remuneration of year ended December 31, 2022	17,151
Accrued Marketing expenses		10,522
Others (Note)	Accrued shipping expenses, consumables and sample expenses	36,129
		<u>\$ 113,263</u>

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, 2022**

<u>Item</u>	<u>Quantity (thousands)</u>	<u>Amount</u>
Hinge parts		\$ 671,473
Hinge components	2,856	113,356
Others		10,472
Net operating revenues		<u>\$ 795,301</u>

**SINHER TECHNOLOGY INC.**

**Statement of Operating Costs**

**For the year ended December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Raw materials, beginning of the year	\$ 223,498
Add : Purchases	69,144
Transfer-in from work-in process	520,581
Less : Raw materials, end of the year	(195,683)
Segment used	(3,704)
Loss on physical inventory	(1,734)
Sales of costs of raw materials	(414,641)
Raw materials scrapped	<u>(17,798)</u>
Raw materials used for the current period	179,663
Direct labor	107,125
Manufacturing expenses	<u>283,885</u>
Costs of goods manufactured for the current period	570,673
Add : Work-in process, beginning of the year	1,850
Transfer-in from finished good	401
Less : Work-in process, end of the year	(2,743)
Others	(4)
Transfer-out to raw materials	<u>(520,581)</u>
Cost of goods manufactured	49,596
Add : Finished goods, beginning of the year	3,471
Purchase of finished goods	51,410
Less : Finished goods, end of the year	(1,950)
Transfer-out to work-in process	(401)
Segment used	(62)
Finished goods scrapped	<u>(203)</u>
Sales of costs of finished goods	101,861
Add : Sales of costs of raw materials	414,641
Loss on physical inventory	1,734
Allowance for inventory obsolescence	8,959
Revenue from sale of scraps	(2,830)
Inventories Scrapped	18,001
Others	<u>974</u>
Total operating costs	<u><u>\$ 543,340</u></u>

**SINHER TECHNOLOGY INC.**  
**Statement of Operating Expenses**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Selling Expenses</u>	<u>Administrative Expenses</u>	<u>Research and Development Expenses</u>
Payroll expenses	\$ 14,254	45,466	28,325
Import/Export expenses	16,444	-	-
Entertainment expenses	3,111	138	23
Depreciation	177	8,366	1,795
Consumables	-	-	24,331
Professional service expenses	-	5,282	1,580
Others (Note)	<u>14,255</u>	<u>16,541</u>	<u>7,191</u>
Total	<u><b>\$ 48,241</b></u>	<u><b>75,793</b></u>	<u><b>63,245</b></u>

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