

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~28
(7) Related-party transactions	28~29
(8) Pledged assets	29
(9) Commitments and contingencies	29~30
(10) Losses Due to Major Disasters	30
(11) Subsequent Events	30
(12) Other	30~31
(13) Other disclosures	
(a) Information on significant transactions	31~33
(b) Information on investees	33
(c) Information on investment in mainland China	33~34
(d) Information of main shareholders	34
(14) Segment information	34

Independent Auditors' Review Report

To the Board of Directors of SINHER TECHNOLOGY INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of SINHER TECHNOLOGY INC. and its subsidiaries as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of SINHER TECHNOLOGY INC. and its subsidiaries as of June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021 as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
August 4, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with Generally Accepted Auditing Standards as of June 30, 2022 and 2021

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31, 2021, and June 30, 2021

(Expressed in thousands of New Taiwan Dollars)

		<u>June 30, 2022</u>		<u>December 31, 2021</u>		<u>June 30, 2021</u>						<u>June 30, 2022</u>		<u>December 31, 2021</u>		<u>June 30, 2021</u>	
Assets		Amount	%	Amount	%	Amount	%			Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 1,868,493	42	1,359,491	32	1,321,422	29	2100		Short-term borrowings (note (6)(g))	\$	223,439	5	235,416	6	236,611	5
1170	Accounts receivable, net (note (6)(b))	893,064	20	1,143,124	27	1,206,709	27	2170		Accounts payable		239,396	5	228,375	5	355,496	8
1310	Inventories (note (6)(c))	413,495	9	419,691	10	609,656	14	2219		Other payables (note (7))		211,978	5	241,873	6	243,298	5
1476	Other current financial assets (note (8))	25,780	1	52,646	1	61,322	1	2216		Dividends payable (note (6)(l))		148,834	3	-	-	223,252	5
1479	Other current assets	13,439	-	12,622	-	13,893	-	2230		Current tax liabilities		48,767	1	14,984	-	30,803	1
		3,214,271	72	2,987,574	70	3,213,002	71	2280		Current lease liabilities (note (6)(h))		340	-	510	-	458	-
Non-current assets:								2300		Other current liabilities		3,554	-	3,478	-	-	-
1600	Property, plant and equipment (note (6)(d))	1,012,241	23	1,067,324	25	1,132,289	25					876,308	19	724,636	17	1,089,918	24
1755	Right-of-use assets (note (6)(e))	65,866	2	65,698	2	68,599	2			Non-Current liabilities:							
1760	Investment property, net (note (6)(f))	91,165	2	91,461	2	-	-	2570		Deferred tax liabilities		78,878	2	78,878	2	67,214	2
1840	Deferred tax assets	57,415	1	62,510	1	100,475	2	2580		Non-current lease liabilities (note (6)(h))		2,010	-	2,265	-	86	-
1920	Guarantee deposits paid	6,816	-	6,808	-	9,293	-	2640		Net defined benefit liability, non-current		100	-	100	-	564	-
1990	Other non-current assets	14,935	-	16,880	-	12,498	-	2645		Guarantee deposits received		1,429	-	1,225	-	1,335	-
		1,248,438	28	1,310,681	30	1,323,154	29					82,417	2	82,468	2	69,199	2
										Total liabilities		958,725	21	807,104	19	1,159,117	26
										Equity: (note (6)(l))							
								3110		Ordinary share		744,172	17	744,172	17	744,172	16
								3200		Capital surplus		440,035	10	440,035	10	440,035	10
										Retained earnings:							
								3310		Legal reserve		483,811	11	465,592	11	423,519	9
								3320		Special reserve		42,710	1	35,579	1	43,940	1
								3350		Unappropriated retained earnings		1,815,589	41	1,848,483	43	1,774,071	39
												2,342,110	53	2,349,654	55	2,241,530	49
								3410		Exchange differences on translation of foreign financial statements		(22,333)	(1)	(42,710)	(1)	(48,698)	(1)
										Total equity		3,503,984	79	3,491,151	81	3,377,039	74
Total assets		\$ 4,462,709	100	4,298,255	100	4,536,156	100			Total liabilities and equity	\$	4,462,709	100	4,298,255	100	4,536,156	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with Generally Accepted Auditing Standards

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2022 and 2021

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

		For the three months ended June 30				For the six months ended June 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Operating revenues (note (6)(n))	\$ 602,301	100	793,867	100	1,173,502	100	1,530,962	100
5110	Cost of sales (notes (6)(c), (6)(j), (6)(o), (7) and (12))	457,315	76	625,402	79	921,495	79	1,192,239	78
5900	Gross profit	144,986	24	168,465	21	252,007	21	338,723	22
	Operating expenses (notes (6)(j), (6)(o), (7) and (12))								
6100	Selling expenses	32,332	5	29,774	4	62,965	5	60,668	4
6200	Administrative expenses	34,672	6	32,259	4	69,508	6	68,350	4
6300	Research and development expenses	22,660	4	29,381	3	46,082	4	57,199	4
		89,664	15	91,414	11	178,555	15	186,217	12
6900	Net operating income	55,322	9	77,051	10	73,452	6	152,506	10
	Non-operating income and expenses:								
7100	Interest income	2,141	-	720	-	2,835	-	1,461	-
7190	Other income	6,753	1	3,447	-	11,858	1	5,815	-
7230	Foreign exchange gains, net (note (6)(p))	60,182	10	(40,257)	(5)	100,723	9	(42,494)	(2)
7050	Finance costs	(602)	-	(424)	-	(1,014)	-	(542)	-
7590	Miscellaneous disbursements	(623)	-	(555)	-	(896)	-	(1,208)	-
		67,851	11	(37,069)	(5)	113,506	10	(36,968)	(2)
7900	Profit before tax	123,173	20	39,982	5	186,958	16	115,538	8
7950	Less: Tax expenses (note (6)(k))	35,411	6	18,695	2	45,668	4	41,470	3
	Profit	87,762	14	21,287	3	141,290	12	74,068	5
8300	Other comprehensive income:								
8360	Items that will be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation	(13,991)	(2)	(9,326)	(1)	25,472	2	(16,398)	(1)
8399	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (note (6)(k))	(2,798)	-	(1,865)	-	5,095	-	(3,279)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(11,193)	(2)	(7,461)	(1)	20,377	2	(13,119)	(1)
8300	Other comprehensive income	(11,193)	(2)	(7,461)	(1)	20,377	2	(13,119)	(1)
8500	Comprehensive income	<u>\$ 76,569</u>	<u>12</u>	<u>13,826</u>	<u>2</u>	<u>161,667</u>	<u>14</u>	<u>60,949</u>	<u>4</u>
	Earnings per common share (note (6)(m))								
9750	Basic earnings per share (expressed in dollars)	<u>\$ 1.18</u>		<u>0.29</u>		<u>1.90</u>		<u>1.00</u>	
9850	Diluted earnings per share (expressed in dollars)	<u>\$ 1.17</u>		<u>0.29</u>		<u>1.89</u>		<u>0.99</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with Generally Accepted Auditing Standards

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		Retained earnings			Exchange differences on translation of			
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	foreign financial statements	Total equity
1	Balance at January 1, 2021	\$ 744,172	440,035	423,519	43,940	1,923,255	(35,579)	3,539,342
Appropriation and distribution of retained earnings:								
B5	Cash dividends of ordinary share	-	-	-	-	(223,252)	-	(223,252)
		-	-	-	-	(223,252)	-	(223,252)
D1	Profit for the six months ended June 30, 2021	-	-	-	-	74,068	-	74,068
D3	Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	(13,119)	(13,119)
D5	Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	74,068	(13,119)	60,949
Z1	Balance at June 30, 2021	\$ 744,172	440,035	423,519	43,940	1,774,071	(48,698)	3,377,039
A1	Balance at January 1, 2022	\$ 744,172	440,035	465,592	35,579	1,848,483	(42,710)	3,491,151
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 six months ended June 30, 2022	-	-	-	-	141,290	-	141,290
D3	Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	20,377	20,377
D5	Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	141,290	20,377	161,667
Z1	Balance at June 30, 2022	\$ 744,172	440,035	483,811	42,710	1,815,589	(22,333)	3,503,984

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with Generally Accepted Auditing Standards

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		For the six months ended June 30	
		2022	2021
AAAA	Cash flows from (used in) operating activities:		
A10000	Profit before tax	\$ 186,958	115,538
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	84,564	79,369
A20200	Amortization expense	2,854	3,693
A20300	Expected credit loss	1,981	273
A20900	Interest expense	1,014	542
A21200	Interest income	(2,835)	(1,461)
A29900	Other adjustments to reconcile profit (loss):	959	577
A20010	Total adjustments to reconcile profit (loss)	88,537	82,993
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31130	Decrease in notes receivable	-	262
A31150	Decrease in accounts receivable	248,031	178,270
A31200	Decrease (increase) in inventories	6,196	(86,279)
A31240	Decrease (increase) in other current assets	(817)	3,280
A31250	Decrease (increase) in other current financial assets	(5,463)	4,895
A31000	Total changes in operating assets	247,947	100,428
A32000	Changes in operating liabilities:		
A32150	Increase (decrease) in accounts payable	11,021	(52,053)
A32180	Decrease in other payables	(28,434)	(21,932)
A32230	Increase in other current liabilities	76	-
A32000	Total changes in operating liabilities	(17,337)	(73,985)
A30000	Total changes in operating assets and liabilities	230,610	26,443
A20000	Total adjustments	319,147	109,436
A33000	Cash inflow generated from operations	506,105	224,974
A33100	Interest received	2,584	1,767
A33300	Interest paid	(1,014)	(542)
A33500	Income taxes paid	(13,105)	(85,901)
AAAA	Net cash flows from operating activities	494,570	140,298
BBBB	Cash flows from (used in) investing activities:		
B02700	Acquisition of property, plant and equipment	(22,084)	(96,941)
B03700	Increase in guarantee deposits paid	(8)	(5,063)
B04500	Acquisition of intangible assets	(819)	(3,474)
B05400	Acquisition of investment property	(170)	-
B06500	Decrease (increase) in other financial assets	33,199	(28,715)
BBBB	Net cash flows from (used in) investing activities	10,118	(134,193)
CCCC	Cash flows from (used in) financing activities:		
C00100	Increase in short-term borrowings	97,626	183,415
C00200	Decrease in short-term borrowings	(126,429)	-
C03100	Increase (decrease) in guarantee deposits received	204	(197)
C04020	Payment of lease liabilities	(425)	(399)
CCCC	Net cash flows from (used in) financing activities	(29,024)	182,819
DDDD	Effect of exchange rate changes on cash and cash equivalents	33,338	(13,903)
EEEE	Net increase (decrease) in cash and cash equivalents	509,002	175,021
E00100	Cash and cash equivalents at beginning of period	1,359,491	1,146,401
E00200	Cash and cash equivalents at end of period	\$ 1,868,493	1,321,422

See accompanying notes to consolidated financial statements.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 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 consolidated financial statements are comprised of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note (4)(b) for related information. The major business activities of the Group are the research, development, manufacturing and sale of hinges. The Company’s common shares were listed in June, 2013 on the Taiwan Stock Exchange (TWSE).

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements for the six months ended June 30, 2022 and 2021 were authorized for issuance by the Board of Directors on August 4, 2022.

(3) New standards, amendments and interpretations adopted

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

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated 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 IFRSs issued by FSC but not yet effective

The Group 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 consolidated 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 IFRSs 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:

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

Effective date per IASB	New, Revised or Amended Standards and Interpretations	The Amendment included:
January 1, 2023	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirement by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- Amendments to IFRS 17 and IAS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2021.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements include:

Name of investor	Name of subsidiary	Nature of operation	Shareholding		
			June 30, 2022	December 31, 2021	June 30, 2021
The Company	Million On International Co., Ltd. (MOI)	General investing	100%	100%	100%
MOI	Sinher (H.K.) Limited	General investing	100%	100%	100%
MOI	Cingher (H.K.) Limited	General investing	100%	100%	100%
Sinher (H.K.) Limited	Kunshan Wanhe Precision Electron Co., Ltd. (Kunshan Wanhe)	Manufacturing and selling hinges	100%	100%	100%
Cingher (H.K.) Limited	Chongqing SNR Technology Co., Ltd. (Chongqing SNR)	Manufacturing and selling hinges	100%	100%	100%
The Company	Profit Earn International Co., Ltd. (Profit)	General investing	100%	100%	100%
Profit	Great Info International Co., Ltd. (Great Info)	Selling of hinges	100%	100%	100%
Profit	Top Trading Group Limited (Top Trading)	Selling of hinges	100%	100%	100%
Kunshan Wanhe	Kunshan Qianquan Precision Metal Co., Ltd. (Qianquan)	Manufacturing and selling hinges	100%	100%	100%

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, the significant market fluctuation, significant curtailment, settlement and others, subsequent to the reporting date and was adjusted together with.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to note (6) of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2022</u>
Cash on hand	\$ 2,281	926	609
Checking accounts and demand deposits	1,014,152	795,525	598,485
Time deposits	852,060	563,040	722,328
	<u>\$ 1,868,493</u>	<u>1,359,491</u>	<u>1,321,422</u>

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

(b) Notes and accounts receivable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2022</u>
Accounts receivable	\$ 897,101	1,145,132	1,209,030
Less: loss allowance	(4,037)	(2,008)	(2,321)
Accounts receivable, net	<u>\$ 893,064</u>	<u>1,143,124</u>	<u>1,206,709</u>

The Group 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:

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

	June 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	\$ 805,822	0.008%	66
Aging 121~150 days	85,226	0.028%	24
Aging 151~240 days	2,270	7.225%	164
Aging over 241 days	3,783	100%	3,783
	\$ 897,101		4,037

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	\$ 1,018,482	0.011%	109
Aging 121~150 days	121,358	0.041%	50
Aging 151~240 days	3,610	4.262%	167
Aging over 241 days	1,682	100%	1,682
	\$ 1,145,132		2,008

	June 30, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	\$ 1,041,420	0.016%	163
Aging 121~150 days	160,333	0.087%	139
Aging 151~240 days	5,302	0.830%	44
Aging over 241 days	1,975	100%	1,975
	\$ 1,209,030		2,321

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

	For the six months ended June 30,	
	2022	2021
Balance on January 1	\$ 2,008	2,082
Impairment loss recognized (reversed)	1,981	273
Foreign exchange (gains) losses	48	(34)
Balance on June 30	\$ 4,037	2,321

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any receivables as collaterals for its loans.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

(c) Inventories

	June 30, 2022	December 31, 2021	June 30, 2022
Raw materials	\$ 133,044	165,172	186,771
Work in progress	80,106	44,367	92,942
Finished goods	200,345	210,152	329,943
	<u>\$ 413,495</u>	<u>419,691</u>	<u>609,656</u>

The write-down of the inventories to net realizable value amounted to \$24,242 thousand, \$11,389 thousand and \$46,982 thousand which was recorded as cost of sales in the three months ended June 30, 2021 and the six months ended June 30, 2022 and 2021, respectively.

The Group reversal its allowance for inventory valuation loss amounting to \$8,592 thousand, due to the sale and disposal of its obsolete inventories in the three months ended June 30 2022.

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any inventories as collateral for its loans.

(d) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings and construction	Machinery equipment	Office and other facilities equipment	Unfinished construction and equipment under acceptance	Total
Cost:						
Balance on January 1, 2022	\$ 362,813	574,407	820,054	58,926	26,884	1,843,084
Additions	-	1,325	1,817	5,210	12,271	20,623
Disposals	-	(23,725)	(135,290)	(3,363)	-	(162,378)
Effect of movements in exchange rates	-	7,678	5,326	766	388	14,158
Reclassifications	-	2,296	8,644	2,544	(14,178)	(694)
Balance on June 30, 2022	<u>\$ 362,813</u>	<u>561,981</u>	<u>700,551</u>	<u>64,083</u>	<u>25,365</u>	<u>1,714,793</u>
Balance on January 1, 2021	\$ 362,813	519,104	720,503	62,241	108,462	1,773,123
Additions	-	-	14,057	937	78,986	93,980
Disposals	-	(2,048)	(6,745)	(3,413)	-	(12,206)
Effect of movements in exchange rates	-	(4,557)	(3,831)	(553)	(1,890)	(10,831)
Reclassifications	-	-	22,738	361	(23,229)	(130)
Balance on June 30, 2021	<u>\$ 362,813</u>	<u>512,499</u>	<u>746,722</u>	<u>59,573</u>	<u>162,329</u>	<u>1,843,936</u>

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

Accumulated depreciation and impairments:

Balance on January 1, 2022	\$	-	231,238	502,557	41,965	-	775,760
Depreciation for the period		-	17,976	58,834	4,089	-	80,899
Disposals		-	(23,725)	(135,076)	(3,312)	-	(162,113)
Effect of movements in exchange rates		-	3,252	4,112	642	-	8,006
Balance on June 30, 2022	\$	-	228,741	430,427	43,384	-	702,552
Balance on January 1, 2021	\$	-	200,444	409,444	41,154	-	651,042
Depreciation for the period		-	16,923	56,915	4,184	-	78,022
Disposals		-	(2,048)	(6,304)	(3,407)	-	(11,759)
Effect of movements in exchange rates		-	(2,161)	(3,020)	(477)	-	(5,658)
Balance on June 30, 2021	\$	-	213,158	457,035	41,454	-	711,647

Carry amounts:

Balance on January 1, 2022	\$	362,813	343,169	317,497	16,961	26,884	1,067,324
Balance on June 30, 2022	\$	362,813	333,240	270,124	20,699	25,365	1,012,241
Balance on January 1, 2021	\$	362,813	318,660	311,059	21,087	108,462	1,122,081
Balance on June 30, 2021	\$	362,813	299,341	289,687	18,119	162,329	1,132,289

As of June 30, 2022, December 31 and June 30, 2021, the property, plant and equipment of the Group had not been pledged as collateral.

(e) Right-of-use assets

Except for the following disclosure, there was no significant change for Right-of-assets for the six months ended June 30, 2022 and 2021. For the related information, please refer to note (6)(e) of consolidated financial statements for the year ended December 31, 2021.

	Land	Vehicles	Total
Cost:			
Balance on January 1, 2022	\$ 70,859	3,080	73,939
Effect of movements in exchange rates	1,493	-	1,493
Balance on June 30, 2022	\$ 72,352	3,080	75,432
Balance on January 1, 2021	\$ 73,910	3,080	76,990
Effect of movements in exchange rates	(1,147)	-	(1,147)
Balance on June 30, 2021	\$ 72,763	3,080	75,843
Accumulated depreciation and impairments:			
Balance on January 1, 2022	\$ 5,413	2,828	8,241
Depreciation for the period	1,037	168	1,205
Effect of movements in exchange rates	120	-	120

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

Balance on June 30, 2022	\$	<u>6,570</u>	<u>2,996</u>	<u>9,566</u>
Balance on January 1, 2021	\$	3,820	2,146	5,966
Depreciation for the period		950	397	1,347
Effect of movements in exchange rates		(69)	-	(69)
Balance on June 30, 2021	\$	<u>4,701</u>	<u>2,543</u>	<u>7,244</u>
Carry amounts:				
Balance on January 1, 2022	\$	<u>65,446</u>	<u>252</u>	<u>65,698</u>
Balance on June 30, 2022	\$	<u>65,782</u>	<u>84</u>	<u>65,866</u>
Balance on January 1, 2021	\$	<u>70,090</u>	<u>934</u>	<u>71,024</u>
Balance on June 30, 2021	\$	<u>68,062</u>	<u>537</u>	<u>68,599</u>

(f) Investment property

Investment property comprises properties that are owned by the Group, leased to a third party under operating leases and right-of-use assets in recognition of lease rights. The leases of investment properties contain an initial non-cancellable lease term of one year.

For all investment property for leasing, the rental income is fixed under contracts.

Information about investment properties is presented below:

	Buildings and constructions	Land	Total
Cost or deemed cost:			
Balance on January 1, 2022	\$ 87,502	5,078	92,580
Additions	170	-	170
Effect of movements in exchange rates	1,914	111	2,025
Balance on June 30, 2022	<u>\$ 89,586</u>	<u>5,189</u>	<u>94,775</u>
Depreciation and impairments loss:			
Balance on January 1, 2022	\$ 780	339	1,119
Depreciation for the year	2,402	58	2,460
Effect of movements in exchange rates	24	7	31
Balance on June 30, 2022	<u>\$ 3,206</u>	<u>404</u>	<u>3,610</u>
Book Value:			
Balance on January 1, 2022	<u>\$ 86,722</u>	<u>4,739</u>	<u>91,461</u>
Balance on June 30, 2022	<u>\$ 86,380</u>	<u>4,785</u>	<u>91,165</u>

Since the Group no longer uses part of the plant, it decided to lease plants to third parties since October 1, 2021. Each lease contract includes the original non-cancellable lease term, and its subsequent lease term is negotiated with the lessee without charging contingent rent. Please refer to notes (6)(i) for

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

related information.

The fair value of investment properties has no significant changes in the note (6) of the Group's consolidated financial statements for the year ended December 31, 2020.

As of June 30, 2022 and December 31, 2021, the Group did not provide any investment properties as collaterals for its loans.

(g) Short-term borrowings

June 30, 2022			
	Currency	Range of interest rates	Amount
Unsecured bank loans	USD	2.10~2.43%	\$ 223,439
Unused short-term credit lines			\$ 352,060
December 31, 2021			
	Currency	Range of interest rates	Amount
Unsecured bank loans	USD	0.62~0.79%	\$ 207,720
Secured bank loans	USD	0.62%	27,696
			\$ 235,416
Unused short-term credit lines			\$ 441,360
June 30, 2021			
	Currency	Range of interest rates	Amount
Unsecured bank loans	USD	0.69~0.82%	\$ 208,775
Secured bank loans	USD	0.62%	27,836
			\$ 236,611
Unused short-term credit lines			\$ 276,810

- (i) For information on the Group's liquidity risk, please refer to note (6)(p).
- (ii) As of June 30, 2022, December 31 and June 30, 2021, the Company provides endorsements and guarantees for the credit loans and the credit lines of the subsidiaries of the Group, please refer to note (13)(a) for details.
- (iii) As of June 30 and December 31, 2021, the Group provides assets pledged as collaterals for the credit loans and the credit lines of the Group, please refer to note (8) for details.

(h) Lease liabilities

The lease liabilities of the Group were as follows:

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

	June 30, 2022	December 31, 2021	June 30, 2021
Current	<u>\$ 340</u>	<u>\$ 510</u>	<u>\$ 458</u>
Non-current	<u>\$ 2,010</u>	<u>\$ 2,265</u>	<u>\$ 86</u>

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

The amounts recognized in profit or losses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Interest on lease liabilities	<u>\$ -</u>	<u>2</u>	<u>10</u>	<u>4</u>
Income from sub-leasing right-of-use assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(9)</u>
Expenses relating to short-term leases	<u>\$ 1,558</u>	<u>1,633</u>	<u>3,325</u>	<u>4,787</u>
Expenses relating to lease of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 46</u>	<u>46</u>	<u>91</u>	<u>91</u>
Covid-19-Related Rent Concessions, (recognized in other income)	<u>\$ -</u>	<u>-</u>	<u>5</u>	<u>-</u>

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

	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Total cash outflow for leases	<u>\$ 3,846</u>	<u>\$ 5,281</u>

(i) Leases of land and vehicles

The Group leases land and vehicles for a period of 1 to 50 years.

The Group sub-leases to some of its right-of-use assets under operating leases; please refer to note (6) (i).

(ii) Other leases

The Group leases office equipment, employee's dormitory, vehicles and parking spaces with

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

contract terms of one year. These leases are short-term or lower values. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(i) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 2022 and 2021. Please refer to note (6)(i) of the consolidated financial statements for the year ended December 31, 2021 for other related information.

(j) Employee benefits

(i) Defined benefit plans

Given there was no material volatility of the market, or any significant reimbursement, settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

The expenses recognized in profit or losses for the Group were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Cost of sales and operating expenses	\$ 39	38	78	77

(ii) Defined contribution plans

The Group recognized its pension costs under the deferred contribution plans were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Cost of sales and operating expenses	\$ 15,235	17,416	29,951	28,437

(k) Income taxes

The Group entries are subject to income tax rates, according to before tax of the interim reporting period, multiply by the best estimated measurement of the expected effective tax rate by the managers in all the year.

(i) The amount of income tax was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Current tax expense	\$ 35,411	18,695	45,668	41,470

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

- (ii) The amount of income tax (profit) recognized in other comprehensive income was as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translation	\$ (2,798)	(1,865)	5,095	(3,279)

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

(I) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2022 and 2021. For the related information, please refer to note (6)(I) of the consolidated financial statements for the year ended December 31, 2021.

(i) Capital surplus

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

	June 30, 2022	December 31, 2021	June 30, 2021
Additional paid in capital	\$ 431,703	431,703	431,703
Share-based payment transaction – treasury stock	8,332	8,332	8,332
	\$ 440,035	440,035	440,035

(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.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

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

The Company will consider the environment, growing level, capital demand in the future, 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. When distributing the 2020 surplus in 2021, it will make a special reserve from the current profit and loss and the undistributed surplus in the previous period. When distributing 2021 surplus in 2022, 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 June 30, 2022 and 2021, the balance of special reserve is \$42,710 thousand and \$43,940 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:

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

(m) Earnings per share

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 87,762	21,287	141,290	74,068
Weighted average number of outstanding ordinary shares (in thousands)	74,417	74,417	74,417	74,417
Basic earnings per share (in dollars)	\$ 1.18	0.29	1.90	1.00
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ 87,762	21,287	141,290	74,068
Weighted average number of outstanding ordinary shares (in thousands)	74,417	74,417	74,417	74,417
Effect of potential diluted ordinary shares (in thousands)				
Effect of employee stock compensation	278	107	381	291
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	74,695	74,524	74,798	74,708
Diluted earnings per share (in dollars)	\$ 1.17	0.29	1.89	0.99

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Primary geographical markets:				
Taiwan	\$ 21,812	13,322	34,842	26,739

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

China	414,101	570,758	762,835	1,063,623
Singapore	148,904	190,579	337,979	378,907
Japan	17,484	19,208	37,846	61,693
	<u>\$ 602,301</u>	<u>793,867</u>	<u>1,173,502</u>	<u>1,530,962</u>
Major product:				
Hinge components	<u>\$ 602,301</u>	<u>793,867</u>	<u>1,173,502</u>	<u>1,530,962</u>

(ii) Contract balances

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

(o) Employee compensation and directors and supervisors remuneration

According to the original articles of the Company, 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 remunerations to employees amounted to \$6,482 thousand and \$10,093 thousand and the remuneration to directors amounted to \$1,061 thousand, \$1,652 thousand for the three months ended June 30, 2022 and the six months ended June 30, 2022, respectively.

The remunerations to employees amounted to \$1,559 thousand and \$5,424 thousand and the remuneration to directors and supervisors amounted to \$170 thousand, \$592 thousand for the three months ended June 30, 2021 and the six months ended June 30, 2021, respectively.

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.

The remunerations to employees amounted to \$13,586 thousand and \$30,123 thousand and the

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

remuneration to directors and supervisors amounted to \$1,482 thousand and \$3,286 thousand, in 2021 and 2020, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020. The information is available on the Market Observation Post System website.

(p) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note (6)(p) of the 2021 annual consolidated financial statements.

(i) Credit risk

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

(ii) Liquidity risk

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

	Carrying Amount	Contractual cash flows	Within a year	1-2 years	Over 2 years
June 30, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 223,439	(224,776)	(224,776)	-	-
Accounts payable	239,396	(239,396)	(239,396)	-	-
Other payables	211,978	(211,978)	(211,978)	-	-
Dividends payable	148,834	(148,834)	(148,834)	-	-
Lease liabilities (including current and non-current)	2,350	(2,388)	(349)	(263)	(1,776)
Guarantee deposits received	1,429	(1,429)	-	-	(1,429)
	\$ 827,426	(828,801)	(825,333)	(263)	(3,205)
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 235,416	(235,922)	(235,922)	-	-
Accounts payable	228,375	(228,375)	(228,375)	-	-
Other payables	241,873	(241,873)	(241,873)	-	-
Lease liabilities (including current and non-current)	2,775	(2,822)	(520)	(263)	(2,039)
Guarantee deposits received	1,225	(1,225)	-	-	(1,225)
	\$ 709,664	(710,217)	(706,690)	(263)	(3,264)

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

June 30, 2021

Non-derivative financial liabilities:

Short-term borrowings	\$	236,611	(237,591)	(237,591)	-	-
Accounts payable		355,496	(355,496)	(355,496)	-	-
Other payables		243,298	(243,298)	(243,298)	-	-
Dividends payable		223,252	(223,252)	(223,252)	-	-
Lease liabilities (including current and non-current)		544	(547)	(461)	(86)	-
Guarantee deposits received		1,335	(1,335)	-	-	(1,335)
	\$	1,060,536	(1,061,519)	(1,060,098)	(86)	(1,335)

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

		June 30, 2022			December 31, 2021			(In thousands of foreign currency) June 30, 2021		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets										
Monetary items										
USD	\$	47,656 USD/NTD		1,416,333	46,487 USD/NTD		1,286,765	52,757 USD/NTD		1,469,797
		=29.72			=27.68			=27.86		
USD		41,515 USD/CNY		1,236,818	46,357 USD/CNY		1,283,894	52,551 USD/CNY		1,462,842
		=6.7114			=6.3757			=6.4601		
Financial liabilities										
Monetary items										
USD		35,016 USD/CNY		1,043,188	40,793 USD/CNY		1,129,817	49,302 USD/CNY		1,372,410
		=6.7114			=6.3757			=6.4601		

2) Sensitivity analysis

The Group'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, borrowings, 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 six months ended June 30, 2022 and 2021 would have affected the net profit before tax as follows, the analysis is performed on the same basis for both

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

periods.

	For the six months ended June 30,	
	2022	2021
USD (against the NTD)	\$ 70,817	73,490
USD (against the CNY)	9,682	4,522

3) Exchange gains and losses of monetary items

Gains or losses on foreign exchange of the Group's monetary items from the translation of the functional currency, including realized and unrealized portions, and the information about the exchange rate of the translation to NTD, which is the presentation currency of the Company, were as follows:

	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
Functional currency	Exchange gain (loss)	Average rate	Exchange gain (loss)	Average rate
NTD	\$ 87,886	-	(39,733)	-
CNY	CNY2,900	CNY/NTD =4.4265	CNY(634)	CNY/NTD =4.3535

(iv) Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have increased or decreased by \$988 thousand and \$452 thousand for the six months ended June 30, 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 Group's financial assets and liabilities, including

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

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 :

		June 30, 2022				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	1,868,493	-	-	-	-
Accounts receivable		893,064	-	-	-	-
Other current financial assets		25,780	-	-	-	-
Guarantee deposits paid		6,816	-	-	-	-
	\$	2,794,153	-	-	-	-

Financial liabilities measured at amortized cost:						
Short-term borrowings	\$	223,439	-	-	-	-
Accounts payable		239,396	-	-	-	-
Other payables		211,978	-	-	-	-
Dividends payable		148,834	-	-	-	-
Lease liabilities (including current and non-current)		2,350	-	-	-	-
Guarantee deposits received		1,429	-	-	-	-
	\$	827,426	-	-	-	-

		December 31, 2021				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	1,359,491	-	-	-	-
Accounts receivable		1,143,124	-	-	-	-
Other current financial assets		52,646	-	-	-	-
Guarantee deposits paid		6,808	-	-	-	-
	\$	2,562,069	-	-	-	-

Financial liabilities measured at amortized cost:						
Short-term borrowings	\$	235,416	-	-	-	-

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

Accounts payable	228,375				
Other payables	241,873	-	-	-	-
Lease liabilities (including current and non-current)	2,775	-	-	-	-
Guarantee deposits received	1,225	-	-	-	-
	\$ 709,664	-	-	-	-
	June 30, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents \$	1,321,422	-	-	-	-
Accounts receivable	1,206,709	-	-	-	-
Other current financial assets	61,322	-	-	-	-
Guarantee deposits paid	9,293	-	-	-	-
	\$ 2,598,746	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings \$	236,611	-	-	-	-
Accounts payable	355,496	-	-	-	-
Other payables	243,298	-	-	-	-
Dividends payable	223,252	-	-	-	-
Lease liabilities (including current and non-current)	544	-	-	-	-
Guarantee deposits received	1,335	-	-	-	-
	\$ 1,060,536	-	-	-	-

There were no transfers of financial instruments between any levels for the six months ended June, 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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(q) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(q) of the 2021 annual consolidated financial statements.

(r) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in note (6)(r) of the 2021 annual consolidated financial statements. Also, Management believes that there were no significant changes in the Group's capital management information as disclosed in the 2021 annual financial statements.

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

There are no non-cash investing and financing activities for the six months ended June 30, 2022 and 2021. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flow	Non-cash changes Exchange movement	June 30, 2022
Short-term borrowings	\$ 235,416	(28,803)	16,826	223,439
Guarantee deposits received	1,225	204	-	1,429
Lease liabilities	2,775	(425)	-	2,350
Total liabilities from financing activities	\$ 239,416	(29,024)	16,826	227,218

	January 1, 2021	Cash flow	Non-cash changes Exchange movement	June 30, 2021
Short-term borrowings	\$ 57,119	183,415	(3,923)	236,611
Guarantee deposits received	1,532	(197)	-	1,335
Lease liabilities	943	(399)	-	544
Total liabilities from financing activities	\$ 59,594	182,819	(3,923)	238,490

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

Name of related party	Relationship with the Group
Daher Mold Co. (Daher)	Same chairman with the Company

(b) Significant transaction with related parties

For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the Group purchased some fixtures and consumable material from its related parties amounting to \$5,364 thousand, \$6,487 thousand, \$10,500 thousand and \$12,690 thousand, recognized as operating cost and researching and developing cost respectively. As of June 30, 2022, December 31, 2021 and June 30, 2021, the outstanding balance was \$7,484 thousand, \$11,006 thousand and \$8,846 thousand, respectively, were recognized as other payables.

(c) Key management personnel compensation

Key management personnel compensation comprised of:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Short-term employee benefits \$	4,972	3,971	10,530	7,986
Post-employment benefits	113	97	227	189
	<u>\$ 5,085</u>	<u>4,068</u>	<u>10,757</u>	<u>8,175</u>

(8) Pledged assets:

The carry amount of pledged asset of the Group is as follows:

Pledged assets	Pledged to secure	June 30, 2022	December 31, 2021	June 30, 2021
Restricted bank deposits (recorded as #1476 Other current financial assets in Consolidated Balance Sheets)	Reserve Account	\$ -	-	4,223
Time deposits (recorded as #1476 Other current financial assets in Consolidated Balance Sheets)	Bank Loans	-	32,580	32,318
		<u>\$ -</u>	<u>32,580</u>	<u>36,541</u>

(9) Commitments and contingencies:

(a) For the information on the Group's bank credit lines, guarantees and endorsements, please refer to note (13)(a).

(b) Unrecognized contractual commitments:

As of June 30, 2022, December 31 and June 30, 2021, the future payments for the purchase of the

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

Group's significant equipment and construction amounted to \$18,648 thousand, \$9,681 thousand and \$84,019 thousand, respectively.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

According to the resolution of the board of directors on August 4, 2022, the Company intends to buy back its shares in order to transfer to employees. The ceiling on total monetary amount of the repurchase is \$2,658,804 thousand, and 800 thousand shares are scheduled to be repurchased. The repurchase price range is \$ 25 to \$52 per share.

(12) Other:

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

By item \ By function	For the three months ended June 30,					
	2022			2021		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	127,539	35,053	162,592	176,216	31,365	207,581
Labor and health insurance	11,546	2,189	13,735	13,044	2,121	15,165
Pension	13,629	1,645	15,274	15,857	1,597	17,454
Others	8,467	1,618	10,085	10,900	1,802	12,702
Depreciation	34,243	5,521	39,764	35,419	4,496	39,915
Amortization	316	1,025	1,341	114	1,852	1,966

By item \ By function	For the six months ended June 30,					
	2022			2021		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	264,481	67,969	332,450	355,124	70,366	425,490
Labor and health insurance	22,660	4,602	27,262	21,642	4,299	25,941
Pension	26,716	3,313	30,029	25,541	2,973	28,514
Others	16,264	3,916	20,180	20,177	3,247	23,424
Depreciation	73,566	10,998	84,564	70,319	9,050	79,369
Amortization	631	2,223	2,854	159	3,534	3,693

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(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 Group for the six months ended June 30, 2022:

(i) Lending to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of foreign currency)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Kunshan Wanhe	(Note 2)	1,051,195	386,360 (US\$13,000)	148,600 (US\$5,000)	59,440 (US\$2,000)	-	4.24%	1,751,992	Y	-	Y
0	"	Chongqing SNR	(Note 2)	1,051,195	609,260 (US\$20,500)	490,380 (US\$16,500)	163,460 (US\$5,500)	-	13.99%	1,751,992	Y	-	Y

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

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

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

(iii) Information regarding securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF June 30, 2022 and 2021

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase / Sale	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Chongqing SNR	100% owned sub-subsidiary	(Sales)	(157,523)	(38) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 214,158	49 %	Note 1
"	Kunshan Wanhe	"	(Sales)	(200,291)	(48) %	"	"	"	Accounts Receivable 190,170	44 %	"
Kunshan Wanhe	The Company	The parent company	Purchases	200,291	60 %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Payable (190,170)	(55) %	"
Chongqing SNR	The Company	The parent company	Purchases	157,523	48 %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Payable (214,158)	(49) %	"

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

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent (note 1)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Chongqing SNR	100% owned sub-subsidiary	214,158	1.20	-	-	Accounts Receivable 32,379	-	Note 2
The Company	Kunshan Wanhe	100% owned sub-subsidiary	190,170	2.10	-	-	Accounts Receivable 55,107	-	"
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	154,166	0.78	-	-	Accounts Receivable 15,628	-	"

Note 1 : Information as of reporting date.

Note 2 : The transactions have been eliminated in the consolidated financial statement.

(ix) Information regarding trading in derivative financial instruments: None.

(x) Business relationships and significant intercompany transactions:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	Chongqing SNR	1	Sales Revenue	157,523	The price is marked-up based on operating cost. Depending on the funding demand, and the credit term is OA 120 days.	13.42%
0	"	"	1	Accounts Receivable	214,158	"	4.80%
0	"	Kunshan Wanhe	1	Sales Revenue	200,291	"	17.07%
0	"	"	1	Accounts Receivable	190,170	"	4.26%

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF June 30, 2022 and 2021

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

1	Kunshan Wanhe	Chongqing SNR	3	Accounts Receivable	154,166	"	3.45%
---	---------------	---------------	---	---------------------	---------	---	-------

Note 1: The numbers are filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions is labeled as follows:

1. Represents the transactions from the parent company to its subsidiaries.
2. Represents the transactions from the subsidiaries to the parent company.
3. Represents the transactions between the subsidiaries.

Note3: The transactions have been eliminated in the consolidated financial statement.

(b) Information on investments:

The following are the information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Net income (losses) of investee	Share of profit/losses of investee	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying amount			
The Company	MOI	Samoa	General Investing	\$ 727,957	727,957	23,800,000	100%	1,111,191	79,014	79,014	Subsidiary
"	Profit	Samoa	"	-	-	-	100%	39,814	(18,876)	(18,876)	"
	Total			<u>\$ 727,957</u>	<u>727,957</u>			<u>1,151,005</u>		<u>60,138</u>	
MOI	Sinher (H.K.) Limited	Hong Kong	General Investing	\$ 325,579	325,579	10,600,000	100%	888,060	50,043	50,043	A sub-subsidiary company
"	Cingher (H.K.) Limited	Hong Kong	"	402,378	402,378	13,200,000	100%	214,346	28,971	28,971	"
	Total			<u>\$ 727,957</u>	<u>727,957</u>			<u>1,102,406</u>		<u>79,014</u>	
Profit	Great Info	Samoa	Sell of hinge components	USD -	USD -	-	100%	25,484 (USD857)	(47) (USD(2))	(47) (USD(2))	"
"	Top Trading	Anguilla	"	USD -	USD -	-	100%	14,330 (USD482)	(18,829) (USD(656))	(18,829) (USD(656))	"
								<u>39,814</u>		<u>(18,876)</u>	

Note 1: The transaction has been eliminated in the consolidated financial statement.

(c) Information on investment in Mainland China:

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

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, 2022	Investment flows		Accumulated Outflow of investment from Taiwan as of June 30, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	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)	50,043 (CNY11,305)	100.00%	50,043 (CNY11,305)	887,989	-
Chongqing SNR	Manufacturing and selling hinges components	391,042 (USD13,200)	(Note 1) & (Note 5)	391,042 (USD13,200)	-	-	391,042 (USD13,200)	28,971 (CNY6,545)	100.00%	28,971 (CNY6,545)	214,330	-
Qianquan	Manufacturing and selling hinges components	13,299 (CNY2,700)	(Note 6)	(Note 6)	-	-	(Note 6)	(1,441) (CNY(326))	100.00%	(1,441) (CNY(326))	(563) (CNY(127))	-

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 six months ended June 30, 2022.

Note 3: The amounts shown in the table were translated into New Taiwan Dollars at the three months ended June 30, 2022 average exchange rates.

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.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2022 and 2021

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

(ii) Upper limit on investment in Mainland China:

(In thousands of foreign currency)

Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
710,218 (USD23,800)	710,218 (USD23,800)	2,102,390

(iii) Significant transactions:

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

(d) Information of main shareholders:

Major shareholders / 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:

This segment is mainly involved in the manufacturing of hinge components business. Therefore, the Group does not need to disclose segment information.