Stock Code: 4999

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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 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' report and consolidated financial statements, the Chinese version shall prevail.

Contents		Page

Representation Letter

The entities that are required to be included in the combined financial statements of SINHER TECHNOLOGY INC. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with InternationalFinancial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, SINHER TECHNOLOGY INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: SINHER TECHNOLOGY INC.
Chairman: Ting-Hung Su
Date: March 7, 2024

Independent Auditors' Report

To the Board of Directors of SINHER TECHNOLOGY INC.:

Opinion

We have audited the consolidated financial statements of SINHER TECHNOLOGY INC. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International FinancialReporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"),and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 to that should communicate in the audit report are as follows:

1. Valuation of Inventories

   Please refer to note (4)(h) "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 Group 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:

   Our main audit procedures for the aforementioned key audit matter included: assessing whether the policies for the inventory valuation of the Group are in accordance with the related accounting standards; 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 ornet realizable value.

2. Operating Revenue

   Please refer to note (4)(o) "revenue recognition" for the accounting policies of operating revenue recognition (including revenue recognition of external warehouse).

   Description of key audit matter:

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

   How the matter was addressed in our audit:

   Our main audit procedures for the aforementioned key audit matter included: testing the related controls surrounding revenue recognition in the sales and collection cycle and financial reporting; performing the detailed test of sales; aswell as selectively conducting confirmations on accounts receivables and revenue recognition of external warehouse; evaluating whether the timing of the operating revenue recognition of the Group is in accordance with the related accounting standards.

Other Matter

Sinher Technology Inc. has additionally prepared its parent company only financial statements as of andfor the year's ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraudor error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 consolidated financial statements.

As part of an audit in accordance with 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2024

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ 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’ report and consolidated financial statements, the Chinese version shall prevail.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 1,734,159	43	1,847,969	44
1170	Notes receivable and Accounts receivable, net (note (6)(b))	677,623	17	758,655	18
1310	Inventories (note (6)(c))	260,462	7	309,756	8
1476	Other current financial assets	20,706	1	17,551	-
1479	Other current assets	11,847	-	13,952	-
		2,704,797	68	2,947,883	70
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(d))	14,230	-	38,113	1
1600	Property, plant and equipment (note(6)(e) and (8))	946,666	24	957,624	23
1755	Right-of-use assets (note (6)(f)	117,984	3	64,306	2
1760	Investment property, net (note (6)(g) and (8))	101,290	3	88,078	2
1840	Deferred tax assets (note (6)(n))	50,363	1	51,579	1
1920	Guarantee deposits paid	9,038	-	7,016	-
1990	Other non-current assets (note (6)(h))	42,589	1	48,505	1
		1,282,160	32	1,255,221	30
	Total assets	$ 3,986,957	100	4,203,104	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note(6)(i))	$ 101,684	2	151,530	4
2170	Accounts payable	187,258	5	161,684	4
2219	Other payable (note(7))	163,641	4	220,696	5
2230	Current tax liabilities	24,964	1	43,435	1
2280	Current lease liabilities (note (6)(k))	256	-	255	-
2322	Long-term borrowings, current portion (note(6)(j) and (8))	51,924	1	-	-
		529,727	13	577,600	14
	Non-Current liabilities:				
2570	Deferred tax liabilities (note (6)(n))	65,487	2	89,559	2
2580	Non-current lease liabilities (note (6)(k))	1,755	-	2,010	-
2645	Guarantee deposits received	1,220	-	1,243	-
		68,462	2	92,812	2
	Total liabilities	598,189	15	670,412	16
	Equity: (note (6)(o))				
3110	**Ordinary share**	744,172	19	744,172	18
3200	**Capital surplus**	440,035	11	440,035	10
	Retained earnings:				
3310	Legal reserve	504,399	12	483,811	12
3320	Special reserve	27,116	1	42,710	1
3350	Unappropriated retained earnings	1,750,151	44	1,880,180	45
		2,281,666	57	2,406,701	58
3410	**Exchange differences on translation of foreign financial statements**	(46,005)	(1)	(27,116)	(1)
3500	**Treasury shares**	(31,100)	(1)	(31,100)	(1)
	Total equity	3,388,768	85	3,532,692	84
	Total liabilities and equity	$ 3,986,957	100	4,203,104	100

See accompanying notes to consolidated financial statements.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4100	**Operating revenues** (notes (6)(q))	$ 1,908,535	100	2,255,701	100
5110	**Cost of sales** (notes (6)(c), (6)(m), (6)(r), (7) and (12))	1,595,435	84	1,806,425	80
5900	**Gross profit**	313,100	16	449,276	20
	Operating expenses (notes (6)(b), (6)(m) , (6)(r), (7) and (12))				
6100	Selling expenses	100,186	5	118,087	6
6200	Administrative expenses	145,379	7	140,090	6
6300	Research and development expenses	90,167	5	91,581	4
		335,732	17	349,758	16
6900	**Net operating income (loss)**	(22,632)	(1)	99,518	4
	Non-operating income and expenses:				
7100	Interest income	35,423	2	14,050	-
7190	Other income	14,811	1	10,036	-
7110	Rental income (notes (6)(l))	13,292	-	14,296	1
7230	Foreign exchange gain (losses), net (note (6)(s))	25,451	1	151,611	7
7050	Finance costs	(5,382)	-	(3,843)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method(note (6)(d))	(14,192)	(1)	(5,101)	-
7590	Miscellaneous disbursements	(5,762)	-	(1,342)	-
7670	Impairment loss (notes (6)(d))	(9,358)	-	-	-
		54,283	3	179,707	8
7900	**Profit before tax**	31,651	2	279,225	12
7950	Less: Tax expenses (note (6)(n))	27,838	2	73,763	3
	Profit	3,813	-	205,462	9
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on re-measurements of defined benefit plans (notes (6)(m))	(23)	-	524	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (notes (6)(n))	(5)	-	105	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(18)	-	419	-
8360	**Items that will be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	(23,611)	(1)	19,493	1
8399	Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (notes (6)(n))	(4,722)	-	3,899	-
	Components of other comprehensive income that will be reclassified to profit or loss	(18,889)	(1)	15,594	1
8300	**Other comprehensive income**	(18,907)	(1)	16,013	1
8500	**Comprehensive income**	**$ (15,094)**	**(1)**	**221,475**	**10**
	Earnings per common share (note (6)(p))				
9750	**Basic earnings per share (expressed in dollars)**	**$**	**0.05**		**2.77**
9850	**Diluted earnings per share (expressed in dollars)**	**$**	**0.05**		**2.75**

See accompanying notes to consolidated financial statements.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings					
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Ordinary shares	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
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 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)
Z1	**Balance at December 31, 2022**	744,172	440,035	483,811	42,710	1,880,180	(27,116)	(31,100)	3,532,692
	Appropriation and distribution of retained earnings:								
B1	Legal reserve appropriated	-	-	20,588	-	(20,588)	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(128,830)	-	-	(128,830)
B17	Reversal of special reserve	-	-	-	(15,594)	15,594	-	-	-
		-	-	20,588	(15,594)	(133,824)	-	-	(128,830)
D1	Profit for the year ended December 31, 2023	-	-	-	-	3,813	-	-	3,813
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(18)	(18,889)	-	(18,907)
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	3,795	(18,889)	-	(15,094)
Z1	**Balance at December 31, 2023**	**$ 744,172**	**440,035**	**504,399**	**27,116**	**1,750,151**	**(46,005)**	**(31,100)**	**3,388,768**

See accompanying notes to consolidated financial statements.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit before tax**	$ 31,651	279,225
A20000	**Adjustments:**		
A20010	**Adjustments to reconcile profit (loss):**		
A20100	Depreciation expense	134,739	160,291
A20200	Amortization expense	5,383	5,315
A20300	Expected credit loss	351	(440)
A20900	Interest expense	5,382	3,843
A21200	Interest income	(35,423)	(14,050)
A22300	Shares of loss of associates and joint ventures accounted for using equity method	14,192	5,101
A23700	Impairment loss on assets	9,358	-
A29900	Others	(84)	2,916
A20010	**Total adjustments to reconcile profit (loss)**	133,898	162,976
A30000	**Changes in operating assets and liabilities:**		
A31000	**Changes in operating assets:**		
A31150	Decrease in notes receivable and accounts receivable	80,700	384,879
A31200	Decrease in inventories	49,294	109,935
A31240	Decrease (increase) in other current assets	3,022	(1,330)
A31250	Decrease (increase) in other current financial assets	(3,792)	6,657
A31990	Others	(171)	(157)
A31000	**Total changes in operating assets**	129,053	499,984
A32000	**Changes in operating liabilities:**		
A32150	Increase (decrease) in accounts payable	25,574	(66,691)
A32180	Decrease in other payables	(59,649)	(19,184)
A32230	Decrease in other current liabilities	-	(3,478)
A32000	**Total changes in operating liabilities**	(34,075)	(89,353)
A30000	**Total changes in operating assets and liabilities**	94,978	410,631
A20000	**Total adjustments**	228,876	573,607
A33000	Cash inflow generated from operations	260,527	852,832
A33100	Interest received	36,060	9,908
A33300	Interest paid	(4,916)	(3,843)
A33500	Income taxes paid	(65,285)	(27,813)
AAAA	**Net cash flows from (used in) operating activities**	226,386	831,084
BBBB	**Cash flows from (used in) investing activities:**		
B01800	Acquisition of investments accounted for using equity method	-	(43,434)
B02700	Acquisition of property, plant and equipment	(140,743)	(44,243)
B02800	Proceeds from disposal of property, plant and equipment	1,005	220
B03700	Increase in guarantee deposits paid	(2,022)	(208)
B04500	Acquisition of intangible assets	(3,010)	(2,675)
B05350	Acquisition of right-of-use assets	(26,114)	-
B05400	Acquisition of investment properties	-	(170)
B06500	Increase in other non-current financial assets	-	33,164
B06700	Increase in other non-current assets	(30,000)	(33,625)
BBBB	**Net cash flows from (used in) investing activities**	(200,884)	(90,971)
CCCC	**Cash flows from (used in) financing activities:**		
C00100	Increase in short-term borrowings	116,478	187,391
C00200	Decrease in short-term borrowings	(164,336)	(294,461)
C01600	Proceeds from long-term borrowings	57,140	-
C01700	Repayments of long-term borrowings	(4,395)	-
C03100	Increase in guarantee deposits received	(23)	18
C04020	Payment of lease liabilities	(254)	(510)
C04500	Cash dividends paid	(128,830)	(148,834)
C04900	Payments to acquire treasury shares	-	(31,100)
CCCC	**Net cash flows from (used in) financing activities**	(124,220)	(287,496)
DDDD	**Effect of exchange rate changes on cash and cash equivalents**	(15,092)	35,861
EEEE	**Net increase (decrease) in cash and cash equivalents**	(113,810)	488,478
E00100	**Cash and cash equivalents at beginning of period**	1,847,969	1,359,491
E00200	**Cash and cash equivalents at end of period**	**$ 1,734,159**	**1,847,969**

See accompanying notes to consolidated financial statements.

(1) Company history

Sinher Technology Inc. (the "Company") was incorporated in January, 2002 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 27-1, Ln. 169, Kangning St., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.). The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). Please refer to note 4(C) 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 were authorized for issuance by the Board of Directors on March 7, 2024.

(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 consolidated financial statements, from January 1, 2023:

·Amendments to IAS 1 "Disclosure of accounting Policies"

·Amendments to IAS 8 "Definition of Accounting Estimates"

・Annual to IAS 12 "'Deferred Tax related to Assets and Liabilities arising from a Single transaction"

The Company has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

·Amendments to IAS 12 "Amended by International Tax Reform — Pillar Two Model Rules"

(b) The impact of IFRSs 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, 2024, would not have a significant impact on its consolidated financial statements:

·Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

·Amendments to IAS 1 "Non-current Liabilities with Covenants"

·Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

·Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The Company 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"

·IFRS 17 "Insurance Contracts" and amendments to IFRS17 "Insurance Contracts"

・IAS 21 "Lack of exchangeability"

(4) Summary of significant accounting policies

The summary of significant accounting policies adopted in this consolidated financial report is as follows. Unless otherwise specified, the following accounting policies have been consistently applied to all periods of expression in this consolidated financial report.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments measured at fair value through profit or loss is measured at fairvalue;

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include:

Name of investor	Name of subsidiary	Nature of operation	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
The Company	Million On International Co., Ltd. (MOI)	General investing	100%	100%	
The Company	Sinher Technology Vietnam Company Limited (Sinher Vietnam)	Manufacturing and selling hinges	100%	-%	Note
MOI	Sinher (H.K.) Limited	General investing	100%	100%	
MOI	Cingher (H.K.) Limited	General investing	100%	100%	
Sinher (H.K.) Limited	Kunshan Wanhe Precision Electron Co., Ltd. (Kunshan Wanhe)	Manufacturing and selling hinges	100%	100%	
Cingher (H.K.) Limited Ltd.	Chongqing SNR Technology Co., (Chongqing SNR)	Manufacturing and selling hinges	100%	100%	
The Company	Profit Earn International Co., Ltd. (Profit)	General investing	100%	100%	
Profit	Great Info International Co., Ltd. (Great Info)	Selling of hinges	100%	100%	
Profit	Top Trading Group Limited(Top Trading)	Selling of hinges	100%	100%	
Kunshan Wanhe	Kunshan Qianquan Precision Metal Co., Ltd. (Qianquan)	Manufacturing and selling hinges	100%	100%	

Note: Sinher Vietnam is a newly established subsidiary in May 2023.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group 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. Nonmonetary 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 Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of 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 planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

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

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

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

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

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged orused 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 Group 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.

(f) 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.

(g) 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 atfair 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 itsbusiness model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

2) Impairment of financial assets

The Group 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 Group 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.

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

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

The Group 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 Group infull.

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

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

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

The maximum period considered when estimating ECL is the maximum contractual period over which the Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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. Evidence that a financial asset is credit-impaired includes the following observable data:

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

3) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 statement of balance sheet when, and only when, the Group 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.

(h) 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 theestimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or jointly control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method that was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) (as a reclassification adjustment) when the equity method is discontinued.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group’s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid-in capital. If the additional paid-in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment loss. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) 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 Group.

(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 comparativeperiods are as follows:

1) Buildings: 3~30 years

2) Machinery equipment: 3~10 years

3) Office and other equipment: 3~9 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.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Leases

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

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any leaseincentives 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, ifthat rate cannot be reliably determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

1) fixed payments, including in substance fixed payments;

2) 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:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change of its assessment on whether it will exercise an extension or termination option; or

3) 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 Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset

To reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group 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 Group has elected not to recognize right-to-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 Group 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 Group elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

1) the rent concessions occurring as a direct con sequence of the COVID-19 pandemic;

2) 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;

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

4) 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 leasor

When the Group 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 Group 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 isa finance lease; if not, then the lease is an operating lease. As part of this assessment, the Groupconsiders certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group 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 Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

(m) 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 Group 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 Group 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 inprofit 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.

(n) Impairment of non-financial assets

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

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

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

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

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

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

(o) Revenue from contracts with customers

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

(i) Sale of goods

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

The Group 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 beentransferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group 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 Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

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

(p) 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

The Group’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 Group, 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, andaccumulated in retained earnings within equity. The Group 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 Group 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 Group 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.

(q) 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.

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

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

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

(i) Assets or liabilities originally recognized in transactions that are not part of a business combination, and at the time of the transaction.

1) do not affect neither accounting nor taxable profits (losses), and

2) do not generate equal taxable and deductible temporary differences

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group 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 Group has a legally enforceable right to set off current tax assets against current taxliabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the sametaxation 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.

(s) Earnings per share

The Group discloses the Group’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Group 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.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

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

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

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.

The critical judgments in applying the accounting policies that have significant effects on the amounts recognized in the financial statements are as follows:

Determination of whether the investee company has substantial control

The Group holds 49% of the voting shares of SuZhou SenYuan TongWei Technology Co., Ltd (hereinafter referred to as SYTW). However, the Group has obtained the directorship of SYTW, and the Group have different industrial categories from that of SYTW. SYTW is led by its management and technical team in its operations and financial activities. The Group does not send personnel to lead the company's finance, personnel and operations and other relevant activities. Therefore, it is determined that the Group only has significant influence on SYTW.

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:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of theinventory 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.

(b) Evaluation of investment impairment using the equity method

The evaluation process of investment impairment using the equity method relies on the subjective judgment of the merged company, including identifying cash generating units and determining the recoverable amount of relevant cash generating units. Changes in the estimated recoverable amount may cause significant impairment or reversal of recognized impairment losses in the future.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 662	1,665
Checking accounts and demand deposits	635,325	740,761
Time deposits	1,098,172	1,105,543
	$ 1,734,159	1,847,969

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

(b) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 195	296

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

Accounts receivable	678,375	759,957
	678,570	760,253
Less: loss allowance	(947)	(1,598)
	$ 677,623	758,655

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 the incorporated forward looking information, including the reasonable prediction of historical credit loss experience and future economic situation.

The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	$ 609,428	0.019%	118
Aging 121~150 days	57,618	0.059%	34
Aging 151~240 days	11,054	2.940%	325
Aging over 241 days	470	100%	470
	$ 678,570		947

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	$ 679,404	0.010%	65
Aging 121~150 days	70,066	0.026%	18
Aging 151~240 days	9,318	0.537%	50
Aging over 241 days	1,465	100%	1,465
	$ 760,253		1,598

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

	2023	2022
Balance on January 1	$ 1,598	2,008
Impairment loss recognized	351	(440)
Accounts written-off	(983)	-
Foreign exchange (gains) losses	(19)	30
Balance on December 31	$ 947	1,598

As of December 31, 2023 and 2022, the Group did not provide any receivables as collaterals for its loans.

(c) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 105,934	124,666
Work in progress	37,251	26,822

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

Finished goods	117,277	158,268
	$ 260,462	309,756

For the year ended 2023 and 2022, the details of cost of goods sold were as follows:

	December 31, 2023	December 31, 2022
Cost of goods sold	$ 1,563,407	1,774,400
Loss for market price decline and obsolete and slow-moving inventories	22,596	27,876
Loss from inventory scrapped	18,742	18,001
Income from sale of scraps	(13,777)	(15,727)
Unallocated manufacturing overhead	3,036	-
Loss on physical inventory	1,431	1,875
	$ 1,595,435	1,806,425

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(d) Investments accounted for using equity method

(i) The components of investments accounted for using equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Associates	$ 14,230	38,113

(ii) The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows, These financial information is included in the financial statements:

	December 31, 2023	December 31, 2022
The carrying amount of individually insignificant associates' equity	$ 14,230	38,113

	December 31, 2023	December 31, 2022
Attributable to the Group:		
Loss from continuing operations	$ (14,192)	(5,101)

(iii) In August 2022, the Group obtained 49% share subscription rights of SuZhou SenYuan TongWei Technology Co., Ltd. (hereinafter referred to as "SYTW) from non-related parties for free, and invested $43,434 thousand in cash in September 2022, with a shareholding ratio of 49%. The Group has not assigned employees to direct the financial, HR and operation activities of SYTW. Therefore, the Group does not have absolute power and ability to direct the relevant activities and changes in remuneration of SYTW. Based on the above, the Group only has significant influence on SYTW.

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

(iv) The difference between the Group's investment amount in SYTW and its net equity value is included in the book value of the investment. On December 31, 2023, the Group assessed that the recoverable amount of the investment was lower than the book value, so an impairment loss of $9,358 thousand was recognized and recorded under the impairment loss.

(v) Disclosures of contingent liability:
The Group does not have any contingent liabilities with other investors for joint ventures or contingent liabilities arising from individual obligations for liabilities of associates.

(vi) Pledged :
As of December 31, 2023 and 2022, The Group did not provide any investment accounted for using equity method as collateral for its loans.

(e) 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, 2023	$ 362,813	549,654	650,121	66,187	4,425	1,633,200
Additions	-	3,275	17,315	1,829	120,452	142,871
Reclassification to investment property	-	(21,557)	-	-	-	(21,557)
Disposals	-	(10,331)	(98,590)	(8,680)	-	(117,601)
Effect of movements in exchange rates	-	(6,272)	(5,116)	(638)	(2,242)	(14,268)
Reclassifications	-	450	1,963	996	(3,811)	(402)
Balance on December 31, 2023	$ 362,813	515,219	565,693	59,694	118,824	1,622,243
Balance on January 1, 2022	$ 362,813	574,407	820,054	58,926	26,884	1,843,084
Additions	-	1,545	12,697	12,195	15,813	42,250
Disposals	-	(33,761)	(216,181)	(8,964)	-	(258,906)
Effect of movements in exchange rates	-	5,167	3,499	519	317	9,502
Reclassifications	-	2,296	30,052	3,511	(38,589)	(2,730)
Balance on December 31, 2022	362,813	549,654	650,121	66,187	4,425	1,633,200
Depreciation and impairments loss:						
Balance on January 1, 2023	$ -	233,757	399,142	42,677	-	675,576
Depreciation for the year	-	29,334	87,762	9,593	-	126,689
Reclassification to investment property	-	(1,857)	-	-	-	(1,857)
Disposals	-	(10,331)	(98,183)	(8,568)	-	(117,082)
Effect of movements in exchange rates	-	(3,287)	(3,931)	(531)	-	(7,749)
Balance on December 31, 2023	$ -	247,616	384,790	43,171	-	675,577
Balance on January 1, 2022	$ -	231,238	502,557	41,965	-	775,760
Depreciation for the year	-	34,160	109,842	9,050	-	153,052
Disposals	-	(33,761)	(215,967)	(8,772)	-	(258,500)
Effect of movements in exchange	-	2,120	2,710	434	-	5,264

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

rates							
Balance on December 31, 2022	$	-	233,757	399,142	42,677	-	675,576
Book value:							
Balance on December 31, 2023	$	362,813	267,603	180,903	16,523	118,824	946,666
Balance on January 1, 2022	$	362,813	343,169	317,497	16,961	26,884	1,067,324
Balance on December 31, 2022	$	362,813	315,897	250,979	23,510	4,425	957,624

In 2023, subsidiaries Sinher Vietnam and Kunshan Wanhe commissioned non-related parties to build factories due to operational needs, with total contract prices of $131,031 thousand and $138,377 thousand, respectively. As of December 31, 2023, the above-mentioned prices have been paid for $26,206 thousand and $83,026 thousand, respectively.

(i) Pledged as collateral

As of December 31, 2023, the Group provides partial property, plant and equipment pledged as collaterals for long-term borrowings and loan commitments of the Group, please refer to note (8) for details. As of December 31, 2022, the Group did not provide any assets pledged as collaterals.

(ii) Reclassified to investment property

The Group has leased part of its plants to a third party, the use right in recognition of the lease right is reclassified as investment property at its carrying amount, please refer to note (6)(g)

(f) Right-of-use assets

The Group leases many assets including land and vehicles. Information about leases for which the Group as a leasee is presented below:

		Land	Vehicles	Total
Cost:				
Balance on January 1, 2023	$	71,865	-	71,865
Additions		27,759	-	27,759
Reclassified to investment property		(1,040)	-	(1,040)
Transfer-in from other non-current assets		33,625	-	33,625
Decrease		(1,806)	-	(1,806)
Effect of movements in exchange rates		(2,816)	-	(2,816)
Balance on December 31, 2023	$	127,587	-	127,587
Balance on January 1, 2022	$	70,859	3,080	73,939
Decrease		-	(3,080)	(3,080)
Effect of movements in exchange rates		1,006	-	1,006
Balance on December 31, 2022	$	71,865	-	71,865
Accumulated depreciation and impairments:				
Balance on January 1, 2023	$	7,559	-	7,559
Depreciation for the period		2,479	-	2,479
Reclassified to investment property		(104)	-	(104)
Decrease		(161)	-	(161)
Effect of movements in exchange rates		(170)	-	(170)
Balance on December 31, 2023	$	9,603	-	9,603

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

Balance on January 1, 2022	$	5,413	2,828	8,241
Depreciation for the period		2,072	252	2,324
Decrease		-	(3,080)	(3,080)
Effect of movements in exchange rates		74	-	74
Balance on December 31, 2022	$	7,559	-	7,559
Carry amounts:				
Balance on December 31, 2023	$	117,984	-	117,984
Balance on January 1, 2022	$	65,446	252	65,698
Balance on December 31, 2022	$	64,306	-	64,306

(i) Land

1) In June, 2013, Kunshan Wanhe acquired the land leasehold rights in Kuanshan City Jiangsu Province, PRC, to construct plants. The total land leasehold rights during the period from 2013 to 2055 amounted to CNY 13,587 thousand (approximately NTD 54,079 thousand), all the amounts were paid.

2) On March 30, 2011, Chongqing SNR acquired the land leasehold rights with the government Chongqing City, PRC, to construct plants. The total land leasehold rights during the period from 2013 to 2063 amounted to CNY 5,565 thousand (approximately NTD 23,259 thousand), and all the amounts were paid.

3) In August 2023, Sinher Vietnam acquired the land leasehold rights with the Tien Hai County, Thai Binh province, Vietnam, to construct plants. The total land leasehold rights during the period from 2023 to 2067 amounted to VND 47,234,000 thousand (approximately NTD 59,789 thousand), and the entire amount were paid.

4) The Group has leased part of its plants to a third party, so the land use right in recognition of the lease right is reclassified as investment property at its carrying amount, please refer to note (6)(g).

(g) Investment property

Investment property comprises properties that are owned by the Group, right-of-use assets in recognition of lease rights and leased to a third party under operating leases. 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 construction	Land	Total
Cost or deemed cost:				
Balance on January 1, 2023	$	88,960	5,153	94,113
Transfer-in from property, plant and equipment and right-of-use assets		21,557	1,040	22,597
Effect of movements in exchange rates		(1,970)	(111)	(2,081)
Balance on December 31, 2023	$	108,547	6,082	114,629
Balance on January 1, 2022	$	87,502	5,078	92,580
Addition		170	-	170

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

Effect of movements in exchange rates	1,288	75	1,363
Balance on December 31, 2022	$ 88,960	5,153	94,113
Depreciation and impairments loss:			
Balance on January 1, 2023	$ 5,577	458	6,035
Depreciation for the period	5,445	126	5,571
Transfer-in from property, plant and equipment and right-of-use assets	1,857	104	1,961
Effect of movements in exchange rates	(216)	(12)	(228)
Balance on December 31, 2023	$ 12,663	676	13,339
Balance on January 1, 2022	$ 780	339	1,119
Depreciation for the period	4,800	115	4,915
Effect of movements in exchange rates	(3)	4	1
Balance on December 31, 2022	$ 5,577	458	6,035
Carry amounts:			
Balance on December 31, 2023	$ 95,884	5,406	101,290
Balance on January 1, 2022	$ 86,722	4,739	91,461
Balance on December 31, 2022	$ 83,383	4,695	88,078
Fair Value:			
Balance on December 31, 2023			$ 198,516
Balance on January 1, 2022			$ 121,640
Balance on December 31, 2022			$ 176,675

Since the Group no longer uses part of the plant, it decided to lease plants to third parties. Therefore, the Group transferred the plants and the land use right in recognition of the lease right from property, plant and equipment and right-of-use asset to investment properties, respectively. Please refer to notes (6)(e), (6)(f) for related information.

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)(l).

The fair value of investment property is based on the evaluation of independent appraisers (with relevant recognized professional qualifications and recent relevant experience in the location and type of investment real estate being evaluated).

As of December 31, 2023, the Group provides partial investment property pledged as collaterals for long-term borrowings and loan commitments of the Group, please refer to note (8) for details. As of December 31, 2022, the Group did not provide any investment property pledged as collaterals.

(h) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayment of right-of-use land	$ -	33,625
Prepayment for contract signing of factory building	30,000	-
Other	12,589	14,880
Total other non-current assets	$ 42,589	48,505

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

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 Group 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. As of December 31, 2023, the subsidiary Sinher Vietnam has completed its establishment registration, and the prepayment of right-of-use land mentioned above have been transferred to investment accounted for using equity method.

The Group signed a factory purchase and sale contract with a non-related party on August 2023, with a total price of $82,500 thousand. As of December 31, 2023, the cumulative payment was $30,000 thousand. The transfer procedures have not been completed and are listed under other non-current assets.

(i) Short-term borrowings

	December 31, 2023		
	Currency	**Range of interest rates**	**Amount**
Unsecured bank loans	USD	2.37~5.57%	$ 101,684
Unused short-term credit lines			$ 429,596

	December 31, 2022		
	Currency	**Range of interest rates**	**Amount**
Unsecured bank loans	USD	0.79~4.56%	$ 151,530
Unused short-term credit lines			$ 379,795

(i) For information on the Group's liquidity risk, please refer to note (6)(s).

(ii) As of December 31, 2023 and 2022, the Group 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 December 31, 2023 and 2022, the Group did not provide any assets pledged as collaterals.

(j) Ling-term borrowings

	December 31, 2023	**December 31, 2022**
Secured bank loans	$ 51,924	-
Less: current portion	51,924	-
Total	$ -	-
Unused credit lines	$ 121,156	-
Range of interest rate	2.90%	-

(i) The balance of long-term loans as of December 31, 2023, and future repayments are as follows:

Term	**Amounts**
2024/01/01 ~ 2024/12/31	$ 51,924

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

(ii) For information on the Group's liquidity risk, please refer to note (6)(s)

(iii) 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.

(k) Lease liabilities

The lease liabilities of the Group were as follows:

	December 31, 2023	December 31, 2022
Current	$ 256	255
Non-current	$ 1,755	2,010

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

The amounts recognized in profits or losses were as follows:	2023	2022
Interest on lease liabilities	$ 8	11
Expenses relating to short-term leases	$ 5,640	6,740
Expenses relating to leases of low-value assets, (excluding short-term leases of low-value assets)	$ 181	181
Covid-19-Related Rent Concessions, (recognized in other income)	$ -	33

The amounts recognized in the statement of cash flows for the Company was as follows:	2023	2022
Total cash outflow for leases	$ 6,083	7,409

(i) Leases of land and vehicles

The Group leases land and vehicles, with lease terms 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(l).

(ii) Other leases

The Group leases office equipment, dormitories, vehicles and parking space with contract terms of one year. Sine these leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Operating lease - as lessor

The Group subleased several properties, vehicles and parking space. The Group 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, 2023 and 2022, the income recognized in profit or loss under operating lease were $13,292 thousand and $14,296 thousand, respectively.

(m) Employee benefits

(i) Defined benefit plans

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

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

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$	2,438	2,364
Fair value of plan assets		(3,167)	(2,945)
Net defined benefit liabilities (assets)	$	(729)	(581)

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to $3,167 thousandat 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 Group were as follows:

		2023	2022
Defined benefit obligation at January 1	$	2,364	2,675
Current service costs and interest		40	16
Remeasurement in net defined benefit liabilities (assets)			
－Actuarial loss (gain) arising from: financial assumptions		34	(327)
Defined benefit obligation at December 31	$	2,438	2,364

3) Movements of defined benefit plan assets

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

		2023	2022
Fair value of plan assets at January 1	$	2,945	2,575
Interest income		52	16
Remeasurement in net defined benefit liabilities (assets) －Return on plan assets excluding interest income		11	197
Contributions paid by the employer		159	157
Fair value of plan assets at December 31	$	3,167	2,945

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

4) Movements of the effect of the asset ceiling

As of December 31, 2023 and 2022, the Group 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 Group were as follows:

	2023	2022
Net interest of net liabilities for defined benefit obligations	$ (12)	-
Operating cost	(6)	-
Administration expenses	(3)	-
Research and development expenses	(3)	-
	$ (12)	-

6) Re-measurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liabilities (asset) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Accumulated amount at January 1	$ (725)	(1,249)
Recognized during the period	(23)	524
Accumulated amount at December 31	$ (748)	(725)

7) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.625%	1.750%
Future salary increase rate	3.000%	3.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date of 2023 is $168 thousand.

The weighted average lifetime of the defined benefits plans is 10.42 years.

8) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		

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

Discount rate	$	(57)	59
Future salary increasing rate		57	(55)
December 31, 2022			
Discount rate		(59)	62
Future salary increasing rate		60	(58)

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 2023 and 2022.

(ii) Defined contribution plans

The Group 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 $8,138 thousand and $8,384 thousand for the years ended December 31, 2023 and 2022, respectively.The pension expenses recognized by the other subsidiaries included in the consolidated financial statements for the years ended December 31, 2023 and 2022 were amounted to $43,624 thousand and $48,735 thousand, respectively.

(n) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2023 and 2022 was as follows:

		2023	2022
Current tax expense			
Current period	$	41,895	52,983
5% surtax on undistributed earnings		3,603	400
Adjustment for prior periods		469	2,772
		45,967	56,155
Deferred tax expense			
Origination and reversal of temporary differences		(20,344)	16,238
The difference from unrealized gains (losses) taxrates between the trade of companies		2,215	1,370
		(18,129)	17,608
Income tax expense	**$**	**27,838**	**73,763**

2) The amount of income tax recognized in other comprehensive income for 2023 and 2022 was as follows:

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

	2023	2022
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ (5)	105
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (4,722)	3,899

3) Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	2023	2022
Profit excluding income tax	$ 31,651	279,225
Income tax using the Company's domestic tax rate	$ 6,330	55,845
Effect of tax rates in foreign jurisdiction	(2,245)	17,818
Under (over) provision in prior periods	469	2,772
Non-deductible expenses	1,907	96
Surtax on undistributed earnings	3,603	400
Tax Incentive	-	(9,090)
Other	17,774	5,922
Income tax expense	$ 27,838	73,763

(ii) Deferred tax assets and liabilities

The Group has no unrecognized deferred tax assets and liabilities, and then changes in the amount of recognized deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Investment income recognized under the equity method (overseas)	Defined benefit plans	Others	Total
Deferred tax liabilities:				
Balance on January 1, 2023	$ 87,392	149	2,018	89,559
Recognized in (profit) or loss	(22,084)	35	(2,018)	(24,067)
Recognized in other comprehensive income	-	(5)	-	(5)
Balance on December 31, 2023	$ 65,308	179	-	65,487
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	-	105	-	105
Balance on December 31, 2022	$ 87,392	149	2,018	89,559

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

	Exchange difference on translation	Unrealized gross profit	Others	Total
Deferred tax assets:				
Balance on January 1, 2023	$ 6,583	29,565	15,431	51,579
Recognized in (profit) or loss	-	(8,861)	2,923	(5,938)
Recognized in other comprehensive income	$ 4,722	-	-	4,722
Balance on December 31, 2023	**$ 11,305**	**20,704**	**18,354**	**50,363**
Balance on January 1, 2022	$ 10,482	35,044	16,984	62,510
Recognized in (profit) or loss	-	(5,479)	(1,553)	(7,032)
Recognized in other comprehensive income	$ (3,899)	-	-	(3,899)
Balance on December 31, 2022	**$ 6,583**	**29,565**	**15,431**	**51,579**

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

(o) Capital and other equities

As of December 31, 2023 and 2022, the amounts of ordinary shares were $1,000,000 with par value of $10 per share, of which 74,417 thousand shares is issued. All issued shares were paid up upon issuance.

(i) Capital surplus

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

	December 31, 2023	December 31, 2022
Additional paid in capital	$ 431,703	431,703
Share-based payment transaction – treasury stock	8,332	8,332
	$ 440,035	**440,035**

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

(ii) Retained Earnings

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.

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

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

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

The Company will consider the environment, growing level, capital demand in the future, 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 onlythe 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, 2023 and 2022, the special reserve amounted to $27,116 thousand and $42,710 thousand respectively.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the meeting of the Board of Directors held on March 16, 2023 and February 24, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Cash dividends distributed to ordinary shareholders	$ 1.75	122,830	2.00	148,834

Amount of cash dividends in the earnings distribution for 2023 was decided by the resolution adopted, by the board of directors on March 7, 2024. The relevant dividend distributions to shareholders were as follows:

	2023	
	Amount per share	Amount
Cash dividends distributed to ordinary shareholders	$ 1.00	73,617

Regarding the 2023 earnings distribution proposal, relevant information can be inquired at the Market Observation Post System website after the relevant meeting is held.

(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, 2023, 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.

(p) Earnings per share

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

	2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 3,813	205,462
Weighted average number of outstanding ordinary shares (in thousands)	73,617	74,145
Basic earnings per share(in dollars)	$ 0.05	2.77
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	$ 3,813	205,462
Weighted average number of outstanding ordinary shares (in thousands)	73,617	74,145
Effect of potential diluted ordinary shares (in thousands)		
Effect of employee stock compensation	93	453
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	73,710	74,598
Diluted earnings per share(in dollars)	$ 0.05	2.75

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Taiwan	$ 123,211	146,897
China	1,097,634	1,368,239

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

Singapore		575,105	652,685
Japan		103,104	87,880
Others		9,481	-
	$	1,908,535	2,255,701
Major product:			
Hinge components	$	1,891,229	2,245,059
Others		17,306	10,642
Total	$	1,908,535	2,255,701

(ii) Contract balances

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

(r) Employee compensation and directors 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 2023 and 2022 employees' remuneration and directors' remuneration are as follows.The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors 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 and directors resolved by the Board of Directors and the amount estimated in the Company's 2023 and 2022 consolidated financial statements.

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

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

	2023	2022
The employees compensation remuneration	$ 530	14,739
The directors	-	2,412
	$ 530	17,151

(s) 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, 2023 and 2022, 61% and 66% of accounts receivable were three major customers, respectively. Thus, credit risk is significantly centralized.

3) Credit risk of receivables

For credit risk exposure of note 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)(g).) As of December 31, 2023 and 2022, there is no impairment provision.

(ii) Liquidity risk

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

	Carrying Amount	Contractual cash flows	Within a year	1-2 years	Over 2 years
December 31, 2023					
Non-derivative financial liabilities:					
Secured bank loans	$ 51,924	(52,996)	(52,996)	-	-
Unsecured bank loans	101,684	(102,235)	(102,235)	-	-
Accounts payable	187,258	(187,258)	(187,258)	-	-
Other payables	163,641	(163,641)	(163,641)	-	-
Lease liabilities (current and non-current)	2,011	(2,039)	(263)	(263)	(1,513)
Guarantee deposits receive	1,220	(1,220)	-	-	(1,220)
	$ 507,738	(509,389)	(506,393)	(263)	(2,733)

December 31, 2022					
Non-derivative financial liabilities:					
Unsecured bank loans	$ 151,530	(154,241)	(154,241)	-	-
Accounts payable	161,684	(161,684)	(161,684)	-	-
Other payables	220,696	(220,696)	(220,696)	-	-
Lease liabilities (current and non-current)	2,265	(2,302)	(263)	(263)	(1,776)
Guarantee deposits receive	1,243	(1,243)	-	-	(1,243)
	$ 537,418	(540,166)	(536,884)	(263)	(3,019)

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:

(In thousands of foreign currency)

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 20,269	USD/NTD =30.705	622,351	49,212	USD/NTD =30.71	1,511,297
USD	27,308	USD/CNY =7.0827	836,905	30,496	USD/CNY =6.9646	936,226
Financial liabilities						
USD	14,767	USD/CNY =7.0827	452,558	20,839	USD/CNY =6.9646	639,771

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 years ended December 31, 2023 and 2022 would have affected the net profit before tax as follows, the analysis is performed on the same basis for both periods.

	2023	2022
USD (against the NTD)		
Increase 0.25%	$ 31,118	75,565
Decrease 0.25%	(31,118)	(75,565)
USD (against the CNY)		

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

Increase 0.25%	19,217	14,823
Decrease 0.25%	(19,217)	(14,823)

3) Exchange gains and losses of monetary items

Gains or losses on foreign exchange of the Group's monetary items are disclosed through consolidation due to the wide variety of trading currencies used by the Group. The foreign currency exchange gain and loss (including realized and unrealized) in 2023 and 2022 were $25,451 thousand and $151,611 thousand, respectively.

(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 $1,204 and $1,473 thousand for the years ended December 31, 2023 and 2022, respectively, which would be mainly resulted from the bank savings, and borrowingswith 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 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, 2023				
	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Financial assets at ,amortized cost:					
Cash and cash equivalents	$ 1,734,159	-	-	-	-
Notes receivable and Accounts receivable	677,623	-	-	-	-
Other current financial assets	20,706	-	-	-	-
Guarantee deposits paid	9,038	-	-	-	-
	$ 2,441,526	-	-	-	-
Financial liabilities measured at amortized cost:					
Secured bank loans	$ 51,924	-	-	-	-

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

Unsecured bank loans	101,684				
Accounts payable	187,258	-	-	-	-
Other payables	163,641	-	-	-	-
Lease liabilities (current and non-current)	2,011	-	-	-	-
Guarantee deposits received	1,220	-	-	-	-
	$ 507,738	-	-	-	-

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 1,847,969	-	-	-	-
Notes receivable and Accounts receivable	758,655	-	-	-	-
Other current financial assets	17,551	-	-	-	-
Guarantee deposits paid	7,016	-	-	-	-
	$ 2,631,191	-	-	-	-
Financial liabilities measured at amortized cost:					
Unsecured bank loans	$ 151,530	-	-	-	-
Accounts payable	161,684	-	-	-	-
Other payables	220,696	-	-	-	-
Lease liabilities (current and non-current)	2,265	-	-	-	-
Guarantee deposits received	1,243	-	-	-	-
	$ 537,418	-	-	-	-

There was no transfer of financial instruments between any levels for the years ended December 31, 2023 and 2022.

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.

(t) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group 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 Group'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 Group continue with the review of the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. The Group 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

1) Trade and other receivable

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group'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 Group's customers are mainly from the computer industry. In order to mitigate account receivable credit risk, the Group constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Group 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 Group's target of accounts receivables and other receivables are famous companies.

The Group 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 Group's finance department. The Group only deals with banks, other external parties, corporate organization, government agencies and financial institutions with good credit rating. The Group 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 Group'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 Group's financial guarantees provided to its subsidiaries as of December 31, 2023.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group'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 Group. Please refer to note (6)(i) for unused short-term credit lines as of December 31, 2023 and 2022.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group'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 Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (NTD), CH Dollars (CNY) and US Dollars (USD).The currencies used in these transactions are denominated in NTD, USD, and CNY.

2) Interest rate risk

Entities in the Group borrow funds with floating interest rates which results to risks of cash flows.

(u) Capital management

The Group 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 Group to continuing operating, giving feedback to shareholders considering the interest for other related parties and remaining the best capital structure to rise up the value of shareholders.

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

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

The Group monitors the capital by reviewing asset-to-debt ratio periodically. The Group's capital, listed as total equity in balance sheets which is also equal to the amount of total assets less total liabilities. The Group's asset-to-debt ratio at the end of the reporting period as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 598,189	670,412
Total assets	3,986,957	4,203,104
Liability ratio	15%	16%

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

The Group has non-cash investing and financing activities for right-of-use assets from leasing during 2023 and 2022, please refer to note (6)(f) for details. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flow	Non-cash changes Exchange movement	December 31, 2023
Short-term borrowings	$ 151,530	(47,858)	(1,988)	101,684
Long-term borrowings	-	52,745	(821)	51,924
Guarantee deposits received	1,243	(23)	-	1,220
Lease liabilities	2,265	(254)	-	2,011
Lease liabilities (Liabilities from financing activities)	$ 155,038	4,610	(2,809)	156,839

	January 1, 2022	Cash flow	Non-cash changes Exchange movement	December 31, 2022
Short-term borrowings	$ 235,416	(107,070)	23,184	151,530
Guarantee deposits received	1,225	18	-	1,243
Lease liabilities	2,775	(510)	-	2,265
Lease liabilities (Liabilities from financing activities)	$ 239,416	(107,562)	23,184	155,038

(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.

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

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

(b) Significant transaction with related parties

For the years ended December 31, 2023 and 2022, the Group purchased some fixtures and consumable material from its related parties — Daher, amounting to $12,464 thousand and $20,566 thousand, respectively, and were, recognized as operating cost and researching and developing cost, respectively. As of December 31, 2023 and 2022, the outstanding balance amounting to $5,013 thousand and $6,929 thousand, respectively, were recognized as other payables.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 15,213	19,078
Post-employment benefits	456	454
	$ 15,669	19,532

(8) Pledged assets:

The carrying values of pledged assets were as followings:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Property, plant and equipment	Long-term borrowings limit	$ 94,517	-
Investment properties	Long-term borrowings limit	$ 95,884	-
		$ 190,401	-

(9) Commitments and contingencies:

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

(b) Unrecognized contractual commitments:

As of December 31, 2023 and 2022, the future payments for the purchase of the Company's significant equipment and constructions amounted to $225,120 thousand and $44,470 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 function / By item	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						

Salary	457,445	120,535	577,980	500,641	131,777	632,418
Labor and health insurance	38,615	8,393	47,008	43,335	8,888	52,223
Pension	45,141	6,609	51,750	50,543	6,576	57,119
Others	28,279	6,691	34,970	31,982	6,961	38,943
Depreciation	111,368	23,371	134,739	137,618	22,673	160,291
Amortization	1,263	4,120	5,383	1,256	4,059	5,315

(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 nine months ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of foreign currency)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Kunshan Wanhe	(Note 2)	1,016,630	194,550 (US$6,000)	184,230 (US$6,000)	-	-	5.44 %	1,694,384	Y	-	Y
0	〃	Chongqing SNR	(Note 2)	1,016,630	437,738 (US$13,500)	307,050 (US$10,000)	101,685 (CNY$23,500)	-	9.06%	1,694,384	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 makeshall 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 a 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 the primary entity of consolidated balance sheets.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.

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

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower ofNTD $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)	(283,826)	(39) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 173,986	79 %	Note1

〃	Kunshan Wanhe	〃	(Sales)	(298,485)	(41) %	〃	〃	〃	Note 2	- %	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	(Sales)	(109,880)	(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 92,880	25 %	〃
Kunshan Wanhe	The Company	The parent company	Purchases	298,485	50 %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Note 2	- %	〃
Chongqing SNR	Kunshan Wanhe	With the same ultimate parent company	Purchases	109,880	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 (92,880)	(29) %	〃
Chongqing SNR	The Company	The parent company	Purchases	283,826	51 %	〃	〃	〃	Accounts Payable (173,986)	(54) %	〃

Note1: The amount of transaction and the ending balance had been offset in the consolidated financial statement.
Note2: The amount of advance payment for goods received (paid) on December 31, 2023 was $17,140 thousand.

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

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent (Note 1)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Chongqing SNR	100% owned sub-subsidiary	173,986	1.47	88,502	Enhanced collection	Accounts Receivable 33,227	-	Note 2

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

(ix) Trading in derivative instruments: None.

(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			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Chongqing SNR	1	Sales Revenue	283,826	The price is marked-up based on operating cost. Depending on the funding demand, and the credit term is OA 120 days.	14.87%
0	〃	〃	1	Accounts Receivable	173,986	〃	4.36%
0	〃	Kunshan Wanhe	1	Sales Revenue	298,485	〃	15.64%
1	Kunshan Wanhe	Chongqing SNR	3	Sales Revenue	109,880	〃	5.76%
1	〃	〃	3	Accounts Receivable	92,880	〃	2.33%

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 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 investees:

The following are the information on invest mentees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In thousands of foreign currency)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	 December 31, 2022	Balance as of December 31, 2023 Shares	 Percentage of ownership	 Carrying amount	The highest holding in the period Shares	 Percentage of ownership	Net income (losses) of investee	Share of profit/losses of investee	Note
The Company	MOI	Samoa	Investment activities	$ 727,957	727,957	23,800,000	100%	995,315	23,800,000	100%	(84,686)	(86,901)	Subsidiary
	Profit	Samoa		-	-	-	100%	1,257	-	100%	(25,818)	(25,818)	〃
〃	Sinher Vietnam	Vietnam	Manufacturing and selling hinges components	217,077	-	-	100%	211,780	-	100%	83	83	〃
	Total			$ 945,034	727,957			1,208,352				(112,636)	
MOI	Sinher (H.K.) Limited	Hong Kong	Investment activities	$ 325,579	325,579	10,600,000	100%	801,985	10,600,000	100%	(73,062)	(65,468)	A sub-subsidiary company
〃	Cingher (H.K.) Limited	Hong Kong	〃	402,378	402,378	13,200,000	100%	188,131	13,200,000	100%	(19,218)	(19,218)	〃
	Total			727,957	727,957			990,116				(84,686)	
Profit	Great Info	Samoa	Sell of hinge components	USD -	USD -	-	100%	83 (USD3)	-	100%	(26,468) (USD(850))	(26,468) (USD(850))	〃
〃	Top Trading	Anguilla	〃	USD -	USD -	-	100%	1,174 (USD38)	-	100%	650 (USD21)	650 (USD21)	〃
	Total							1,257				(25,818)	

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

(c) Information on investment in Mainland China:

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

(In thousands of foreign currency)

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, 2023	Investment flows Outflow	 Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership during 2022	Investment income (losses)	Book value (Note 3)	Accumulated remittance of earnings in current period
Kunshan Wanhe	Manufacturing and selling hinges components	319,176 (USD10,600)	(Note 1) & (Note 4)	319,176 (USD10,600)	-	-	319,176 (USD10,600)	(73,062) (CNY(16,622))	100.00%	100.00%	(73,062) (CNY(16,622))	794,319	-
Chongqing SNR	Manufacturing and selling hinges components	391,042 (USD13,200)	(Note 1) & (Note 5)	391,042 (USD13,200)	-	-	391,042 (USD13,200)	(19,218) (CNY(4,372))	100.00%	100.00%	(19,218) (CNY(4,372))	188,114	-
Qianquan	Manufacturing and selling hinges components	13,299 (CNY2,700)	(Note 6)	-	-	-	-	1,979 (CNY450)	100.00%	100.00%	1,979 (CNY450)	142 (CNY33)	-
SYTW	Research, manufacturing and selling fans related productions	88,640 (CNY20,000)	(Note 7)	-	-	-	-	(27,099) (CNY(6,165)	49%	49%	(14,192) (CNY(3,229))	14,230 (CNY3,289)	-

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 2023.
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: An investee company established by Kunshan Wanhe with its own capital.
Note 7: An investee company invested by Kunshan Wanhe with its own capital.

(ii) Limitation on investment in Mainland China:

(In thousands of dollars)

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized byInvestment Commission, MOEA	Upper Limit on Investment
710,218 (USD23,800)	710,218 (USD23,800)	2,033,261

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, for the time ended December 31, 2023, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions" and "Business relationships and significant intercompany transactions".

(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%

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:

(a) This segment is mainly involved in the manufacturing hinge components business. Therefore, the Group doesn't need to disclose segment information.

(b) Product information

The Group only sells a single product-hinge component.

(c) Geographic information

In presenting information on the basic of geography, sales revenue is based on the geographical location of customers, and non-current assets are based on the geographical location of the assets.

(i) Revenue from external customers:

	2023	2022
Primary geographical markets:		
Taiwan	$ 123,211	146,897
China	1,097,634	1,368,239
Singapore	575,105	652,685
Japan	103,104	87,880
Other	9,481	-
Total	$ 1,908,535	2,255,701

(ii) Non-current asset:

	2023	2022
Primary geographical markets:		
Taiwan	$ 653,400	741,373
China	475,794	423,575
Vietnam	87,644	-
Total	$ 1,216,838	1,164,948

Non-current assets include property, plant and equipment; right-of uses assets, investment properties, intangible assets and other assets, excluding investments accounted for using equity method, deferred tax assets and the net defined benefit liability.

(d) Information about major customers

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

The details of sales revenue from external customers accounted for more than 10% of sales revenuein the consolidated statement of comprehensive income were as follows:

	2023	2022
16600 Company	$ 575,105	652,685
00107 Company	445,604	461,728
00303 Company	214,496	315,354
	$ 1,235,205	1,429,767