

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of SINHER TECHNOLOGY INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of SINHER TECHNOLOGY INC. and its subsidiaries as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement on Review Engagement 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 6(4) of the consolidated financial statements, the investments accounted of the Group using equity method was \$30,592 thousand as of June 30, 2023, and the shares of loss of associates and joint ventures accounted for using equity method amounted to \$3,500 thousand and \$6,620 thousand for the three months and six months ended June 30, 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of SINHER TECHNOLOGY INC. and its subsidiaries as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022 as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Notes to Readers

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

August 10, 2023

Notes to Readers

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

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022						June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (note (6)(a))	\$ 1,873,667	45	1,847,969	44	1,868,493	42	2100	Short-term borrowings (note (6)(i))	\$ 98,486	3	151,530	4	223,439	5		
1170	Accounts receivable, net (note (6)(b))	759,018	18	758,655	18	893,064	20	2170	Accounts payable	235,920	6	161,684	4	239,396	5		
1310	Inventories (note (6)(c))	297,309	7	309,756	8	413,495	9	2219	Other payables (note (7))	173,391	4	220,696	5	211,978	5		
1476	Other current financial assets	23,230	1	17,551	-	25,780	1	2216	Dividends payable (note (6)(o))	128,830	3	-	-	148,834	3		
1479	Other current assets	15,045	-	13,952	-	13,439	-	2230	Current tax liabilities	8,187	-	43,435	1	48,767	1		
		2,968,269	71	2,947,883	70	3,214,271	72	2280	Current lease liabilities (note (6)(k))	256	-	255	-	340	-		
Non-current assets:								2300	Other current liabilities	-	-	-	-	3,554	-		
1550	Investments accounted for using equity method (note (6)(d))	30,592	1	38,113	1	-	-	2322	Long-term borrowings, current portion (note (6)(j) and (8))	8,564	-	-	-	-	-		
1600	Property, plant and equipment (note (6)(e))	890,961	21	957,624	23	1,012,241	23			653,634	16	577,600	14	876,308	19		
1755	Right-of-use assets (note (6)(f))	60,613	1	64,306	2	65,866	2	Non-Current liabilities:									
1760	Investment property, net (note (6)(g) and (8))	103,197	3	88,078	2	91,165	2	2540	Long-term borrowings (note (6)(j) and (8))	47,102	1	-	-	-	-		
1840	Deferred tax assets	57,496	1	51,579	1	57,415	1	2570	Deferred tax liabilities	89,559	2	89,559	2	78,878	2		
1920	Guarantee deposits paid	6,860	-	7,016	-	6,816	-	2580	Non-current lease liabilities (note (6)(k))	1,755	-	2,010	-	2,010	-		
1990	Other non-current assets (note (6)(h))	76,844	2	48,505	1	14,935	-	2640	Net defined benefit liability, non-current	-	-	-	-	100	-		
		1,226,563	29	1,255,221	30	1,248,438	28	2645	Guarantee deposits received	1,207	-	1,243	-	1,429	-		
										139,623	3	92,812	2	82,417	2		
										793,257	19	670,412	16	958,725	21		
									Total liabilities								
									Equity: (note (6)(o))								
								3110	Ordinary share	744,172	18	744,172	18	744,172	17		
								3200	Capital surplus	440,035	10	440,035	10	440,035	10		
									Retained earnings:								
								3310	Legal reserve	504,399	12	483,811	12	483,811	11		
								3320	Special reserve	27,116	1	42,710	1	42,710	1		
								3350	Unappropriated retained earnings	1,767,739	42	1,880,180	45	1,815,589	41		
										2,299,254	55	2,406,701	58	2,342,110	53		
								3410	Exchange differences on translation of foreign financial statements	(50,786)	(1)	(27,116)	(1)	(22,333)	(1)		
								3500	Treasury shares	(31,100)	(1)	(31,100)	(1)	-	-		
									Total equity	3,401,575	81	3,532,692	84	3,503,984	79		
Total assets		\$ 4,194,832	100	4,203,104	100	4,462,709	100	Total liabilities and equity		\$ 4,194,832	100	4,203,104	100	4,462,709	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 three months and six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Operating revenues (note (6)(q))	\$ 567,123	100	602,301	100	979,173	100	1,173,502	100
5110	Cost of sales (notes (6)(c), (6)(m), (6)(r), (7) and (12))	459,751	81	457,315	76	818,862	84	921,495	79
5900	Gross profit	107,372	19	144,986	24	160,311	16	252,007	21
	Operating expenses (notes (6)(m), (6)(r), (7) and (12))								
6100	Selling expenses	24,324	4	32,332	5	50,193	5	62,965	5
6200	Administrative expenses	40,295	7	34,672	6	75,144	7	69,508	6
6300	Research and development expenses	23,544	4	22,660	4	47,761	5	46,082	4
		88,163	15	89,664	15	173,098	17	178,555	15
6900	Net operating income	19,209	4	55,322	9	(12,787)	(1)	73,452	6
	Non-operating income and expenses:								
7100	Interest income	11,744	2	2,141	-	20,276	2	2,835	-
7190	Other income	6,240	1	3,160	-	7,766	1	4,701	-
7110	Rental income (note (6)(l))	4,387	1	3,593	1	8,865	1	7,157	1
7230	Foreign exchange gains (losses), net (note (6)(s))	47,561	8	60,182	10	28,770	3	100,723	9
7050	Finance costs	(1,426)	-	(602)	-	(3,086)	-	(1,014)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method (note (6)(d))	(3,500)	(1)	-	-	(6,620)	(1)	-	-
7590	Miscellaneous disbursements	(278)	-	(623)	-	(4,848)	(1)	(896)	-
		64,728	11	67,851	11	51,123	5	113,506	10
7900	Profit before tax	83,937	15	123,173	20	38,336	4	186,958	16
7950	Less: Tax expenses (gains) (note (6)(n))	4,072	1	35,411	6	16,953	2	45,668	4
	Profit	79,865	14	87,762	14	21,383	2	141,290	12
8300	Other comprehensive income:								
8360	Items that will be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation	(35,160)	(6)	(13,991)	(2)	(29,587)	(3)	25,472	2
8399	Less: Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (note (6)(n))	(7,032)	(1)	(2,798)	-	(5,917)	(1)	5,095	-
	Components of other comprehensive income that will be reclassified to profit or loss	(28,128)	(5)	(11,193)	(2)	(23,670)	(2)	20,377	2
8300	Other comprehensive income	(28,128)	(5)	(11,193)	(2)	(23,670)	(2)	20,377	2
8500	Comprehensive income	<u>\$ 51,737</u>	<u>9</u>	<u>76,569</u>	<u>12</u>	<u>(2,287)</u>	<u>-</u>	<u>161,667</u>	<u>14</u>
	Earnings per common share (note (6)(p))								
9750	Basic earnings per share (expressed in dollars)	<u>\$ 1.08</u>		<u>1.18</u>		<u>0.29</u>		<u>1.90</u>	
9850	Diluted earnings per share (expressed in dollars)	<u>\$ 1.08</u>		<u>1.17</u>		<u>0.29</u>		<u>1.89</u>	

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 six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity	
		Ordinary shares	Capital surplus	Legal reserve	Special reserve				Unappropriated retained earnings
A1	Balance at January 1, 2022	\$ 744,172	440,035	465,592	35,579	1,848,483	(42,710)	-	3,491,151
Appropriation and distribution of retained earnings:									
B1	Legal reserve appropriated	-	-	18,219	-	(18,219)	-	-	-
B3	Special reserve appropriated	-	-	-	7,131	(7,131)	-	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(148,834)	-	-	(148,834)
		-	-	18,219	7,131	(174,184)	-	-	(148,834)
D1	Profit for the six months ended June 30, 2022	-	-	-	-	141,290	-	-	141,290
D3	Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	20,377	-	20,377
D5	Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	141,290	20,377	-	161,667
Z1	Balance at June 30, 2022	744,172	440,035	483,811	42,710	1,815,589	(22,333)	-	3,503,984
A1	Balance at January 1, 2023	\$ 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 six months ended June, 2023	-	-	-	-	21,383	-	-	21,383
D3	Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	(23,670)	-	(23,670)
D5	Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	21,383	(23,670)	-	(2,287)
Z1	Balance at June 30 , 2023	\$ 744,172	440,035	504,399	27,116	1,767,739	(50,786)	(31,100)	3,401,575

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 six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the six months ended June 30	
		2023	2022
AAAA	Cash flows from (used in) operating activities:		
A10000	Profit before tax	\$ 38,336	186,958
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	70,325	84,564
A20200	Amortization expense	2,760	2,854
A20300	Expected credit loss	138	1,981
A20900	Interest expense	3,086	1,014
A21200	Interest income	(20,276)	(2,835)
A22300	Shares of loss of associates and joint ventures accounted for using equity method	6,620	-
A29900	Other adjustments to reconcile profit (loss):	(293)	959
A20010	Total adjustments to reconcile profit (loss)	<u>62,360</u>	<u>88,537</u>
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31150	Decrease (increase) in notes receivable and accounts receivable	(479)	248,031
A31200	Decrease in inventories	12,447	6,196
A31240	Increase in other current assets	(175)	(817)
A31250	Increase in other current financial assets	(1,480)	(5,463)
A31000	Total changes in operating assets	<u>10,313</u>	<u>247,947</u>
A32000	Changes in operating liabilities:		
A32150	Increase in accounts payable	74,236	11,021
A32180	Decrease in other payables	(45,691)	(28,434)
A32230	Increase in other current liabilities	-	76
A32000	Total changes in operating liabilities	<u>28,545</u>	<u>(17,337)</u>
A30000	Total changes in operating assets and liabilities	<u>38,858</u>	<u>230,610</u>
A20000	Total adjustments	<u>101,218</u>	<u>319,147</u>
A33000	Cash inflow generated from operations	139,554	506,105
A33100	Interest received	16,077	2,584
A33300	Interest paid	(2,694)	(1,014)
A33500	Income taxes paid	(55,621)	(13,105)
AAAA	Net cash flows from operating activities	<u>97,316</u>	<u>494,570</u>
BBBB	Cash flows from (used in) investing activities:		
B02700	Acquisition of property, plant and equipment	(27,160)	(22,084)
B02800	Proceeds from disposal of property, plant and equipment	958	-
B03700	Decrease (increase) in guarantee deposits paid	156	(8)
B04500	Acquisition of intangible assets	(1,629)	(819)
B05400	Acquisition of investment property	-	(170)
B06700	Decrease (increase) in other non-current assets	(29,586)	33,199
BBBB	Net cash flows from (used in) investing activities	<u>(57,261)</u>	<u>10,118</u>
CCCC	Cash flows from (used in) financing activities:		
C00100	Increase in short-term borrowings	57,294	97,626
C00200	Decrease in short-term borrowings	(107,483)	(126,429)
C01600	Proceeds from long-term borrowings	57,294	-
C03100	Increase (decrease) in guarantee deposits received	(36)	204
C04020	Payment of lease liabilities	(254)	(425)
CCCC	Net cash flows from (used in) financing activities	<u>6,815</u>	<u>(29,024)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>(21,172)</u>	<u>33,338</u>
EEEE	Net increase (decrease) in cash and cash equivalents	<u>25,698</u>	<u>509,002</u>
E00100	Cash and cash equivalents at beginning of period	<u>1,847,969</u>	<u>1,359,491</u>
E00200	Cash and cash equivalents at end of period	<u><u>\$ 1,873,667</u></u>	<u><u>1,868,493</u></u>

See accompanying notes to consolidated financial statements.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2023 and 2022

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

(1) Company history

Sinher Technology Inc. (the “Company”) was incorporated in January, 2002 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 27-1, Ln. 169, Kangning St., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.). The consolidated financial statements are comprised of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). Please refer to note (4)(b) for related information. The major business activities of the Group are the research, development, manufacturing and sale of hinges. The Company’s common shares were listed in June, 2013 on the Taiwan Stock Exchange (TWSE).

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

These consolidated financial statements for the six months ended June 30, 2023 was authorized for issuance by the Board of Directors on August 10, 2023.

(3) New standards, amendments and interpretations adopted

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

The Group 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”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single transaction”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- Amendments to IFRS 17 and IAS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2023 and 2022

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

- Amendments to IAS 12 “Amended by International Tax Reform — Pillar Two Model Rules”

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements include:

Name of investor	Name of subsidiary	Nature of operation	Shareholding			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Million On International Co., Ltd. (MOI)	General investing	100%	100%	100%	
The Company	Sinher Technology Vietnam Company Limited (Sinher Vietnam)	Manufacturing and selling hinges	100%	-%	-%	Note 1
MOI	Sinher (H.K.) Limited	General investing	100%	100%	100%	
MOI	Cingher (H.K.) Limited	General investing	100%	100%	100%	
Sinher Limited	(H.K.) Kunshan Wanhe Precision Electron Co., Ltd. (Kunshan Wanhe)	Manufacturing and selling hinges	100%	100%	100%	
Cingher Limited	(H.K.) Chongqing SNR Technology Co., Ltd. (Chongqing SNR)	Manufacturing and selling hinges	100%	100%	100%	
The Company	Profit Earn International Co., Ltd. (Profit)	General investing	100%	100%	100%	
Profit	Great Info International Co., Ltd. (Great Info)	Selling of hinges	100%	100%	100%	
Profit	Top Trading Group Limited (Top Trading)	Selling of hinges	100%	100%	100%	
Kunshan Wanhe	Kunshan Qianquan Precision Metal Co., Ltd. (Qianquan)	Manufacturing and selling hinges	100%	100%	100%	

Note 1: Sinher Vietnam is a newly established subsidiary in May 2023.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2023 and 2022

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to note (6) of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 1,561	1,665	2,281
Checking accounts and demand deposits	653,690	740,761	1,014,152
Time deposits	1,218,416	1,105,543	852,060
	<u>\$ 1,873,667</u>	<u>1,847,969</u>	<u>1,868,493</u>

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

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liabilities of the Group.

(b) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ -	296	-
Accounts receivable	759,746	759,957	897,101
	759,746	760,253	897,101
Less: loss allowance	(728)	(1,598)	(4,037)
	\$ 759,018	758,655	893,064

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

The loss allowance provision was determined as follows:

	June 30, 2023		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Aging under 120 days	\$ 706,902	0.016%	115
Aging 121~150 days	51,288	0.211%	108
Aging 151~240 days	1,091	3.666%	40
Aging over 241 days	465	100%	465
	\$ 759,746		728

	December 31, 2022		
	Gross carrying amount	Weighted-avera ge 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

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

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

	For the six months ended June 30,	
	2023	2022
Balance on January 1	\$ 1,598	2,008
Impairment loss recognized	138	1,981
Amounts written off	(986)	-
Foreign exchange (gains) losses	(22)	48
Balance on June 30	\$ 728	4,037

As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any receivables as collaterals for its loans.

(c) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 116,118	124,666	133,044
Work in progress	41,776	26,822	80,106
Finished goods	139,415	158,268	200,345
	\$ 297,309	309,756	413,495

The write-down of the inventories to net realizable value amounted to \$5,978 thousand and \$11,389 thousand which were recorded as cost of sales in the six months ended June 30, 2023 and 2022, respectively.

The Group reversal its allowance for inventory valuation loss amounting to \$14,484 thousand and \$8,592 thousand, due to the sale and disposal of its obsolete inventories in the three months ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any inventories as collateral for its loans.

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(d) Investments accounted for using equity method

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

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	<u><u>\$ 30,592</u></u>	<u><u>38,113</u></u>	<u><u>-</u></u>

- (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:

	June 30, 2023	December 31, 2022	June 30, 2022
The carrying amount of individually insignificant associates' equity	<u><u>\$ 30,592</u></u>	<u><u>38,113</u></u>	<u><u>-</u></u>

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June, 2022
Attributable to the Group:				
Loss from continuing operations	<u><u>\$ (3,500)</u></u>	<u><u>-</u></u>	<u><u>(6,620)</u></u>	<u><u>-</u></u>

- (iii) There was no significant change for investments accounted for using equity method for the six months ended June 30, 2023 and 2022. For the related information, please refer to note (6)(d) of the consolidated financial statements for the year ended December 31, 2022

- (iv) 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.

- (v) Pledged:

As of June 30, 2023 and December 31, 2022, the Group did not provide any investment accounted for using equity method as collateral for its loans.

- (vi) Unaudited investments accounted for using equity method

As of June 30, 2023, the investments accounted for using equity method and the shares of loss of associates and joint ventures accounted for using the equity method for six months ended June

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30, 2023 are calculated based on financial reports that have not been reviewed by independent auditors

(e) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery equipment</u>	<u>Office and other facilities equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
Cost:						
Balance on January 1, 2023	\$ 362,813	549,654	650,121	66,187	4,425	1,633,200
Additions	-	50	2,173	1,446	23,918	27,587
Reclassification to investment property	-	(21,615)	-	-	-	(21,615)
Disposals	-	-	(89,289)	(5,013)	-	(94,302)
Effect of movements in exchange rates	-	(9,594)	(7,524)	(983)	(602)	(18,703)
Reclassifications	-	450	-	998	(1,595)	(147)
Balance on June 30, 2023	<u>\$ 362,813</u>	<u>518,945</u>	<u>555,481</u>	<u>62,635</u>	<u>26,146</u>	<u>1,526,020</u>
Balance on January 1, 2022	\$ 362,813	574,407	820,054	58,926	26,884	1,843,084
Additions	-	1,325	1,817	5,210	12,271	20,623
Disposals	-	(23,725)	(135,290)	(3,363)	-	(162,378)
Effect of movements in exchange rates	-	7,678	5,326	766	388	14,158
Reclassifications	-	2,296	8,644	2,544	(14,178)	(694)
Balance on June 30, 2022	<u>\$ 362,813</u>	<u>561,981</u>	<u>700,551</u>	<u>64,083</u>	<u>25,365</u>	<u>1,714,793</u>
Accumulated depreciation and impairments:						
Balance on January 1, 2023	\$ -	233,757	399,142	42,677	-	675,576
Depreciation for the period	-	14,690	46,643	4,923	-	66,256
Reclassification to investment property	-	(1,366)	-	-	-	(1,366)
Disposals	-	-	(88,883)	(4,901)	-	(93,784)
Effect of movements in exchange rates	-	(4,949)	(5,876)	(798)	-	(11,623)
Balance on June 30, 2023	<u>\$ -</u>	<u>242,132</u>	<u>351,026</u>	<u>41,901</u>	<u>-</u>	<u>635,059</u>

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Balance on January 1, 2022	\$	-	231,238	502,557	41,965	-	775,760
Depreciation for the period	-	-	17,976	58,834	4,089	-	80,899
Disposals	-	-	(23,725)	(135,076)	(3,312)	-	(162,113)
Effect of movements in exchange rates	-	-	3,252	4,112	642	-	8,006
Balance on June 30, 2022	\$	-	228,741	430,427	43,384	-	702,552

Carry amounts:

Balance on January 1, 2023	\$	362,813	315,897	250,979	23,510	4,425	957,624
Balance on June 30, 2023	\$	362,813	276,813	204,455	20,734	26,146	890,961
Balance on January 1, 2022	\$	362,813	343,169	317,497	16,961	26,884	1,067,324
Balance on June 30, 2022	\$	362,813	333,240	270,124	20,699	25,365	1,012,241

(i) Pledged as collateral

As of June 30, 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 and June 30, 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 since January 1, 2023, so 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

Except for the following disclosure, there was no significant change for Right-of-assets for the six months ended June 30, 2023 and 2022. For the related information, please refer to note (6)(f) of consolidated financial statements for the year ended December 31, 2022.

		Land	Vehicles	Total
Cost:				
Balance on January 1, 2023	\$	71,865	-	71,865
Reclassified to investment property		(1,043)	-	(1,043)
Effect of movements in exchange rates		(1,951)	-	(1,951)
Balance on June 30, 2023	\$	68,871	-	68,871
Balance on January 1, 2022	\$	70,859	3,080	73,939
Effect of movements in exchange rates		1,493	-	1,493
Balance on June 30, 2022	\$	72,352	3,080	75,432
Accumulated depreciation and impairments:				
Balance on January 1, 2023	\$	7,559	-	7,559
Depreciation for the period		1,022	-	1,022
Reclassified to investment property		(93)	-	(93)
Effect of movements in exchange rates		(230)	-	(230)
Balance on June 30, 2023	\$	8,258	-	8,258

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Balance on January 1, 2022	\$	5,413	2,828	8,241
Depreciation for the period		1,037	168	1,205
Effect of movements in exchange rates		120	-	120
Balance on June 30, 2022	\$	6,570	2,996	9,566
Carry amounts:				
Balance on January 1, 2023	\$	64,306	-	64,306
Balance on June 30, 2023	\$	60,613	-	60,613
Balance on January 1, 2022	\$	65,446	252	65,698
Balance on June 30, 2022	\$	65,782	84	65,866

(g) Investment property

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

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

Information about investment properties is presented below:

	Buildings and constructions	Land	Total
Cost or deemed cost:			
Balance on January 1, 2023	\$ 88,960	5,153	94,113
Transfer-in from property, plant and equipment	21,615	-	21,615
Transfer-in from right-of-use asset	-	1,043	1,043
Effect of movements in exchange rates	(3,157)	(177)	(3,334)
Balance on June 30, 2023	\$ 107,418	6,019	113,437
Balance on January 1, 2022	\$ 87,502	5,078	92,580
Additions	170	-	170
Effect of movements in exchange rates	1,914	111	2,025
Balance on June 30, 2022	\$ 89,586	5,189	94,775
Depreciation and impairments loss:			
Balance on January 1, 2023	\$ 5,577	458	6,035
Depreciation for the year	2,978	69	3,047
Transfer-in from property, plant and equipment	1,366	-	1,366
Transfer-in from right-of-use asset	-	93	93
Effect of movements in exchange rates	(283)	(18)	(301)
Balance on June 30, 2023	\$ 9,638	602	10,240

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Balance on January 1, 2022	\$	780	339	1,119
Depreciation for the year		2,402	58	2,460
Effect of movements in exchange rates		24	7	31
Balance on June 30, 2022	\$	<u>3,206</u>	<u>404</u>	<u>3,610</u>
Carry Amount:				
Balance on January 1, 2023	\$	<u>83,383</u>	<u>4,695</u>	<u>88,078</u>
Balance on June 30, 2023	\$	<u>97,780</u>	<u>5,417</u>	<u>103,197</u>
Balance on January 1, 2022	\$	<u>86,722</u>	<u>4,739</u>	<u>91,461</u>
Balance on June 30, 2022	\$	<u>86,380</u>	<u>4,785</u>	<u>91,165</u>
Fair Value:				
Balance on June 30, 2023				<u>218,095</u>
Balance on January 1, 2023				<u>176,675</u>
Balance on June 30, 2022				<u>121,640</u>
Balance on January 1, 2022				<u>121,640</u>

Since the Group no longer uses parts of the plants, it decided to lease them to third parties. Therefore, the Group transferred the plants and the land use rights in recognition of the lease rights of property, plant and equipment and right-of-use assets 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).

As of June 30, 2023, the Group provides partial investment properties pledged as collateral for long-term borrowings and loan commitments of the Group, please refer to note (8) for details. As of December 31 and June 30, 2022, the Group did not pledge any assets as collateral.

(h) Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayment of right-of-use land	\$ 62,349	33,625	-
Other	14,495	14,880	14,935
Total other non-current assets	<u>\$ 76,844</u>	<u>48,505</u>	<u>14,935</u>

On November 3, 2022, the Board of Directors approved investing 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. The Group paid 45% of the advance payment of \$28,724 thousand in January, 2023 and 50% of the advance payment of \$33,625 thousand in December, 2022, respectively, 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.

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(i) Short-term borrowings

June 30, 2023		
	Range of	
Currency	interest rates	Amount
Unsecured bank loans	USD 2.37~5.57%	<u>\$ 98,486</u>
Unused short-term credit lines		<u>\$ 439,754</u>
December 31, 2022		
	Range of	
Currency	interest rates	Amount
Unsecured bank loans	USD 0.79~4.56%	<u>\$ 151,530</u>
Unused short-term credit lines		<u>\$ 379,795</u>
June 30, 2022		
	Range of	
Currency	interest rates	Amount
Unsecured bank loans	USD 2.10~2.43%	<u>\$ 223,439</u>
Unused short-term credit lines		<u>\$ 352,060</u>

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

(ii) As of June 30, 2023, December 31 and June 30, 2022, the Company provides endorsements and guarantees for the credit loans and the credit lines of the subsidiaries of the Group, please refer to note (13)(a) for details.

(iii) As of June 30, 2023, December 31 and June 30, 2022, the Group did not pledge any assets as collateral.

(j) Long-term borrowings

The details of long-term borrowings were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Secured bank loans	\$ 55,666	-	-
Less: current portion	8,564	-	-
Total	<u>\$ 47,102</u>	-	-
Unused credit lines	<u>\$ 115,614</u>	-	-
Range of interest rate	<u>\$ 2.90%</u>	-	-

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- (i) The balance of long-term loans as of 2023/06/30, and future repayments are as follows:

Term	Amounts
2023/07/01~2024/06/30	\$ 8,564
2004/07/01 ~ 2024/10/02	47,102
	<u><u>\$ 55,666</u></u>

- (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:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	<u><u>\$ 256</u></u>	<u><u>255</u></u>	<u><u>340</u></u>
Non-current	<u><u>\$ 1,755</u></u>	<u><u>2,010</u></u>	<u><u>2,010</u></u>

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

The amounts recognized in profit or losses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest on lease liabilities	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>9</u></u>	<u><u>10</u></u>
Expenses relating to short-term leases	<u><u>\$ 1,122</u></u>	<u><u>1,558</u></u>	<u><u>2,581</u></u>	<u><u>3,325</u></u>
Expenses relating to lease of low-value assets (excluding short-term leases of low-value assets)	<u><u>\$ 46</u></u>	<u><u>46</u></u>	<u><u>91</u></u>	<u><u>91</u></u>
Covid-19-Related Rent Concessions, (recognized in other income)	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5</u></u>

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

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Total cash outflow for leases	<u>\$ 2,935</u>	<u>\$ 3,846</u>

(i) Leases of land and vehicles

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

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

(ii) Other leases

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

(l) Operating lease

The Group subleased several properties, vehicles and parking spaces. The Group has classified these leases as operating leases, because they do 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 three months ended June 30, 2023 and 2022 and for six months ended June 30, 2023 and 2022, the income recognized in profit or loss under the operating lease were \$4,387 thousand, \$3,593 thousand, \$8,865 thousand and \$7,157 thousand, respectively.

(m) Employee benefits

(i) Defined benefit plans

Given there was no material volatility of the market, or any significant reimbursement, settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

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

	For the three months ended June 30,	For the six months ended June 30,
	2023	2022
Cost of sales and operating expenses	<u>\$ 40</u>	<u>39</u>
	<u>79</u>	<u>78</u>

(ii) Defined contribution plans

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

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	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cost of sales and operating expenses	\$ 13,351	15,235	26,318	29,951
(n) Income taxes				

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current tax expense	\$ 4,072	35,411	16,953	45,668

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translation	\$ (7,032)	(2,798)	(5,917)	5,095

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

(o) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2023 and 2022. For the related information, please refer to note (6)(n) of the consolidated financial statements for the year ended December 31, 2022.

(i) Capital surplus

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

	June 30, 2023	December 31, 2022	June 30, 2022
Additional paid in capital	\$ 431,703	431,703	431,703
Share-based payment transaction – treasury stock	8,332	8,332	8,332
	\$ 440,035	440,035	440,035

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(ii) Retained Earnings

Following by the Company's article of incorporation stipulates that the Company's profits should be distributed in order of priority as follows:

- A. Offset the prior years' deficits.
- B. Of the remaining balance, 10% is to be appropriated as legal reserve until such retention equals the amount of total capital.
- C. Special reserves are supposed to be set aside or are reversed in accordance with the relevant regulations or depending on the Company's operation.
- D. After the above appropriation, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide this matter. The total distribution shall not be less than 10% of the remaining earnings calculated by the above items.

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

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

1) Legal reserve

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

2) Special reserve

When distributing the distributable surplus, the Company will record the net deduction of other shareholders' equity in the current year. The current after-tax net profit is added to the current after-tax net profit and the items other than the current after-tax net profit are included in the current undistributed surplus and the undistributed surplus in the previous period is added to the special reserve; other shareholders' equity accumulated in the previous period is deducted if the amount is not allocated, the special surplus will not be distributed from the undistributed surplus in the previous period. If the amount of other shareholders' equity deductions is reversed later, it can be rescued and distributed to the later part of the surplus through a resolution of the shareholders' meeting. As of June 30, 2023 and 2022, the special reserve amounted to \$27,116 thousand and \$42,710 thousand respectively.

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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	<u>128,830</u>	2.0	<u>148,834</u>

(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 June 30, 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:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 79,865</u>	<u>87,762</u>	<u>21,383</u>	<u>141,290</u>
Weighted average number of outstanding ordinary shares (in thousands)	<u>73,617</u>	<u>74,417</u>	<u>73,617</u>	<u>74,417</u>
Basic earnings per share (in dollars)	<u>\$ 1.08</u>	<u>1.18</u>	<u>0.29</u>	<u>1.90</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>\$ 79,865</u>	<u>87,762</u>	<u>21,383</u>	<u>141,290</u>
Weighted average number of outstanding ordinary shares (in thousands)	73,617	74,417	73,617	74,417

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Effect of potential diluted ordinary shares (in thousands)				
Effect of employee stock compensation	49	278	207	381
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u>73,666</u>	<u>74,695</u>	<u>73,824</u>	<u>74,798</u>
Diluted earnings per share (in dollars)	<u>\$ 1.08</u>	<u>1.17</u>	<u>0.29</u>	<u>1.89</u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Primary geographical markets:				
Taiwan	\$ 49,165	21,812	67,922	34,842
China	347,501	414,101	553,844	762,835
Singapore	143,742	148,904	307,067	337,979
Japan	26,715	17,484	50,048	37,846
Other	-	-	292	-
	<u>\$ 567,123</u>	<u>602,301</u>	<u>979,173</u>	<u>1,173,502</u>
Major product:				
Hinge components	\$ 562,349	601,335	973,517	1,171,819
Other	4,774	966	5,656	1,683
Total	<u>\$ 567,123</u>	<u>602,301</u>	<u>979,173</u>	<u>1,173,502</u>

(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 and supervisors remuneration

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

According to the pre-amended Company's article provided that Company should contribute no less than 2% of the profit as employee compensation and a maximum of 1% as directors and supervisors remuneration when there is profit for the year. However, if the Company has accumulated deficits, the

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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 remuneration to employees amounted to \$1,817 thousand and the remuneration to directors amounted to \$297 thousand for both the three months ended and for six months ended June 30, 2023, respectively.

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

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

The remunerations to employees amounted to \$14,739 thousand and \$13,586 thousand and the remuneration to directors and supervisors amounted to \$2,412 thousand and \$1,482 thousand, respectively. The amounts are identical to those of the actual distributions for 2022 and 2021. The information is available on the Market Observation Post System website.

(s) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note (6)(r) of the 2022 annual consolidated financial statements.

(i) Credit risk

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

(ii) Liquidity risk

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

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	Carrying Amount	Contractual cash flows	Within a year	1-2 years	Over 2 years
June 30, 2023					
Non-derivative financial liabilities:					
Secured bank loan	\$ 55,666	(57,505)	(8,682)	(48,823)	-
Unsecured bank loan	98,486	(99,158)	(99,158)	-	-
Accounts payable	235,920	(235,920)	(235,920)	-	-
Other payables	173,391	(173,391)	(173,391)	-	-
Dividends payable	128,830	(128,830)	(128,830)	-	-
Lease liabilities (including current and non-current)	2,011	(2,039)	(263)	(263)	(1,513)
Guarantee deposits received	1,207	(1,207)	-	-	(1,207)
	\$ 695,511	(698,050)	(646,244)	(49,086)	(2,720)
December 31, 2022					
Non-derivative financial liabilities:					
Unsecured bank loan	\$ 151,530	(154,241)	(154,241)	-	-
Accounts payable	161,684	(161,684)	(161,684)	-	-
Other payables	220,696	(220,696)	(220,696)	-	-
Lease liabilities (including current and non-current)	2,265	(2,302)	(263)	(263)	(1,776)
Guarantee deposits received	1,243	(1,243)	-	-	(1,243)
	\$ 537,418	(540,166)	(536,884)	(263)	(3,019)
June 30, 2022					
Non-derivative financial liabilities:					
Unsecured bank loan	\$ 223,439	(224,776)	(224,776)	-	-
Accounts payable	239,396	(239,396)	(239,396)	-	-
Other payables	211,978	(211,978)	(211,978)	-	-
Dividends payable	148,834	(148,834)	(148,834)	-	-
Lease liabilities (including current and non-current)	2,350	(2,388)	(349)	(263)	(1,776)
Guarantee deposits received	1,429	(1,429)	-	-	(1,429)
	\$ 827,426	(828,801)	(825,333)	(263)	(3,205)

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

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(iii) Market risk

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

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

		June 30, 2023			December 31, 2022			(In thousands of foreign currency)	
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate
Financial assets									
Monetary items									
USD	\$	32,778 USD/NTD		1,020,695	49,212 USD/NTD		1,511,297	47,656 USD/NTD	
		=31.14			=30.71			=29.72	
USD		29,466 USD/CNY		911,708	30,496 USD/CNY		936,226	41,515 USD/CNY	
		=7.2258			=6.9646			=6.7114	
Financial liabilities									
Monetary items									
USD		17,203 USD/CNY		532,274	20,839 USD/CNY		639,771	35,016 USD/CNY	
		=7.2258			=6.9646			=6.7114	

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) 5% of each foreign currency against the functional currency for the six months ended June 30, 2023 and 2022 would have affected the net profit before tax as follows, the analysis is performed on the same basis for both periods.

		For the six months ended June 30,	
		2023	2022
USD (against the NTD)			
5% of appreciation	\$	51,035	70,817
5% of depreciation		(51,035)	(70,817)
USD (against the CNY)			
5% of appreciation		18,972	9,682
5% of depreciation		(18,972)	(9,682)

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3) Exchange gains and losses of monetary items

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

Functional currency	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Exchange gain (loss)	Average rate	Exchange gain (loss)	Average rate
NTD	\$ 18,457	-	87,886	-
CNY	CNY2,340	CNY/NTD =4.4072	CNY2,900	CNY/NTD =4.4265

(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 \$624 thousand and \$988 thousand for the six months ended June 30, 2023 and 2022 respectively, which would be mainly resulted from the bank savings, and borrowings with variable interest rates.

(v) Fair value

1) Categories and the fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including 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 :

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		June 30, 2023				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	1,873,667	-	-	-	-
Notes receivable and accounts receivable		759,018	-	-	-	-
Other current financial assets		23,230	-	-	-	-
Guarantee deposits paid		6,860	-	-	-	-
		<u>\$ 2,662,775</u>	-	-	-	-
Financial liabilities measured at amortized cost:						
Secured bank loan	\$	55,666	-	-	-	-
Unsecured bank loan		98,486	-	-	-	-
Accounts payable		235,920	-	-	-	-
Other payables		173,391	-	-	-	-
Dividends payable		128,830	-	-	-	-
Lease liabilities (including current and non-current)		2,011	-	-	-	-
Guarantee deposits received		1,207	-	-	-	-
		<u>\$ 695,511</u>	-	-	-	-
		December 31, 2022				
		Carrying amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets measured 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	-	-	-	-
		<u>\$ 2,631,191</u>	-	-	-	-

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Financial liabilities						
measured at amortized cost:						
Unsecured bank loan	\$	151,530	-	-	-	-
Accounts payable		161,684				
Other payables		220,696	-	-	-	-
Lease liabilities (including current and non-current)		2,265	-	-	-	-
Guarantee deposits received		1,243	-	-	-	-
	\$	537,418	-	-	-	-
June 30, 2022						
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	1,868,493	-	-	-	-
Notes receivable and accounts receivable		893,064	-	-	-	-
Other current financial assets		25,780	-	-	-	-
Guarantee deposits paid		6,816	-	-	-	-
	\$	2,794,153	-	-	-	-
Financial liabilities measured at amortized cost:						
Unsecured bank loan	\$	223,439	-	-	-	-
Accounts payable		239,396	-	-	-	-
Other payables		211,978	-	-	-	-
Dividends payable		148,834	-	-	-	-
Lease liabilities (including current and non-current)		2,350	-	-	-	-
Guarantee deposits received		1,429	-	-	-	-
	\$	827,426	-	-	-	-

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

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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

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(s) of the 2022 annual consolidated financial statements.

(u) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in note (6)(t) of the 2022 annual consolidated financial statements. Also, Management believes that there were no significant changes in the Group's capital management information as disclosed in the 2022 annual financial statements.

(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	June 30, 2023
Short-term borrowings	\$ 151,530	(50,189)	(2,855)	98,486
Long-term borrowings	-	57,294	(1,628)	55,666
Guarantee deposits received	1,243	(36)	-	1,207
Lease liabilities	2,265	(254)	-	2,011
Total liabilities from financing activities	\$ 155,038	6,815	(4,483)	157,370

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

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(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.

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

(b) Significant transaction with related parties

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the Group purchased some fixtures and consumable material from its related parties amounting to \$4,289 thousand, \$5,364 thousand, \$8,616 thousand and \$10,500 thousand, recognized as operating cost and researching and developing cost respectively. As of June 30, 2023, December 31, 2022 and June 30, 2022, the outstanding balance was \$5,763 thousand, \$6,929 thousand and \$7,484 thousand, respectively, were recognized as other payables.

(c) Key management personnel compensation

Key management personnel compensation comprised of:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Short-term employee benefits \$	4,304	4,972	8,329	10,530
Post-employment benefits	114	113	228	227
	\$ 4,418	5,085	8,557	10,757

(8) Pledged assets:

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

Pledged assets	Pledged to secure	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	Long-term borrowings limit	\$ 94,788	-	-
Investment properties	Long-term borrowings limit	97,780	-	-
		\$ 192,568	-	-

(9) Commitments and contingencies:

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

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(b) Unrecognized contractual commitments:

As of June 30, 2023, December 31 and June 30, 2022, the future payments for the purchase of the Group's significant equipment and construction amounted to \$137,781 thousand, \$10,845 thousand and \$18,648 thousand, respectively.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By item \ By function	For the three months ended June 30,					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	127,846	32,184	160,030	127,539	35,053	162,592
Labor and health insurance	10,286	2,391	12,677	11,546	2,189	13,735
Pension	11,717	1,674	13,391	13,629	1,645	15,274
Others	7,774	1,732	9,506	8,467	1,618	10,085
Depreciation	28,694	5,844	34,538	34,243	5,521	39,764
Amortization	327	1,090	1,417	316	1,025	1,341

By item \ By function	For the six months ended June 30,					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	244,015	65,394	309,409	264,481	67,969	332,450
Labor and health insurance	20,080	4,558	24,638	22,660	4,602	27,262
Pension	23,035	3,362	26,397	26,716	3,313	30,029
Others	14,303	3,392	17,695	16,264	3,916	20,180
Depreciation	58,607	11,718	70,325	73,566	10,998	84,564
Amortization	624	2,136	2,760	631	2,223	2,854

(b) Seasonality of operations

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

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2023:

(i) Lending to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of foreign currency)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Kunshan Wanhe	(Note 2)	1,020,473	186,840 (US\$6,000)	186,840 (US\$6,000)	-	-	5.49%	1,700,788	Y	-	Y
0	"	Chongqing SNR	(Note 2)	1,020,473	420,390 (US\$13,500)	311,400 (US\$10,000)	98,486 (US\$23,000)	-	9.15%	1,700,788	Y	-	Y

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

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

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

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

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

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

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

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

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

June 30, 2023 and 2022

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

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase / Sale	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Chongqing SNR	100% owned sub-subsidiary	(Sales)	(135,816)	(36) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 186,979	80 %	Note 1
"	Kunshan Wanhe	"	(Sales)	(179,738)	(47) %	"	"	"	Accounts Receivable 4,740	2 %	"
Kunshan Wanhe	The Company	The parent company	Purchases	179,738	51 %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Payable (4,740)	(3) %	"
Chongqing SNR	The Company	The parent company	Purchases	135,816	49 %	"	"	"	Accounts Payable (186,979)	(54) %	"

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

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

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent (note 1)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Chongqing SNR	100% owned sub-subsidiary	168,979	1.36	90,756	Enhanced Collection	Accounts Receivable 31,016	-	Note 2

Note 1 : Information as of reporting date.

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

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

(x) Business relationships and significant intercompany transactions:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of Relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Chongqing SNR	1	Sales Revenue	135,816	The price is marked-up based on operating cost. Depending on the funding demand, and the credit term is OA 120 days.	13.87%
0	"	"	1	Accounts Receivable	186,979	"	4.46%
0	"	Kunshan Wanhe	1	Sales Revenue	179,738	"	18.36%
1	Kunshan Wanhe	Chongqing SNR	3	Accounts Receivable	89,212	"	2.13%

Note 1: The numbers are filled in as follows:

1.0 represents the Company.

2. Subsidiaries are sorted in a numerical order starting from 1.

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

1. Represents the transactions from the parent company to its subsidiaries.

2. Represents the transactions from the subsidiaries to the parent company.

3. Represents the transactions between the subsidiaries.

Note 3: The transactions have been eliminated in the consolidated financial statement.

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(b) Information on investments:

The following are the information on investees for the six months ended June 30, 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		Balance as of June 30, 2023			Net income (losses) of investee	Share of profit/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying amount			
The Company	MOI	Samoa	General Investing	\$ 727,957	727,957	23,800,000	100%	1,041,363	(29,115)	(29,115)	Subsidiary
"	Profit	Samoa	"	-	-	-	100%	15,658	(11,206)	(11,206)	"
"	Sinher Vietnam	Vietnam	Manufacturing and selling hinges components	92,518	-	-	100%	93,098	(13)	(13)	"
	Total			<u>\$ 820,475</u>	<u>727,957</u>			<u>1,150,119</u>		<u>(40,334)</u>	
MOI	Sinher (H.K.) Limited	Hong Kong	General Investing	\$ 325,579	325,579	10,600,000	100%	837,005	(20,929)	(20,929)	A sub-subsidiary company
"	Cingher (H.K.) Limited	Hong Kong	"	402,378	402,378	13,200,000	100%	196,943	(8,186)	(8,186)	"
	Total			<u>\$ 727,957</u>	<u>727,957</u>			<u>1,033,948</u>		<u>(29,115)</u>	
Profit	Great Info	Samoa	Sell of hinge components	USD -	USD -	-	100%	13,543 (USD435)	(12,750) (USD417)	(12,750) (USD417)	"
"	Top Trading	Anguilla	"	USD -	USD -	-	100%	2,115 (USD68)	1,544 (USD51)	1,544 (USD51)	"
								<u>15,658</u>		<u>(11,206)</u>	

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

(c) Information on investment in Mainland China:

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

(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		Accumulated Outflow of investment from Taiwan as of June 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kunshan Wanhe	Manufacturing and selling hinges components	319,176 (USD10,600)	(Note 1) & (Note 4)	319,176 (USD10,600)	-	-	319,176 (USD10,600)	(20,929) (CNY(4,749))	100%	(20,929) (CNY(4,749))	836,932	-
Chongqing SNR	Manufacturing and selling hinges components	391,042 (USD13,200)	(Note 1) & (Note 5)	391,042 (USD13,200)	-	-	391,042 (USD13,200)	(8,186) (CNY(1,857))	100%	(8,186) (CNY(1,857))	196,927	-
Qianquan	Manufacturing and selling hinges components	13,299 (CNY2,700)	(Note 6)	-	-	-	-	1,549 (CNY351)	100%	1,549 (CNY351)	(282) (CNY(66))	-
SYTW	Research, manufacturing and selling fans related productions	88,640 (CNY20,000)	(Note 7)	-	-	-	-	(12,579) (CNY(2,854))	49%	(6,620) (CNY(1,502))	30,592 (CNY7,144)	-

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, except that SYTW is based on the financial quarterly report of the investee company that was self-settled during the same period and not reviewed by independent auditors. The amounts shown in the table were translated into New Taiwan Dollars at the average rate of the six months ended June 30, 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: Qianquan is established by Kunshan Wanhe with its own capital.

Note 7: SYTW, an investee company invested by Kunshan Wanhe with its own capital.

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(ii) Upper limit on investment in Mainland China:

(In thousands of foreign currency)		
Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
710,218 (USD23,800)	710,218 (USD23,800)	2,040,945

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, for the time ended June 30, 2023, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” and “Business relationships and significant inter-Company transactions”.

(d) Information of main shareholders:

Major shareholders	Shares	Total Shares Owned	Ownership Percentage
Su, Ting Hung		6,028,359	8.10%
Catcher Technology Co., Ltd		4,794,917	6.44%

Note:

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

(14) Segment information:

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