Stock Code:4999

Sinher Technology Inc.

2021 Annual Report

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http://www.sinher.com.tw

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   Manager, Finance Department
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   2. Branch: Not Applicable

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   Address: 1F, No. 95, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
   Website: http://www.emega.com.tw
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4. Auditors and Audit Agency:
   Certified auditors: Kuan-Ying Kuo、Hsing-Fu Yen
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   Address: 68F, No. 7, Section 5, Xinyi Rd., Taipei City 110, Taiwan (R.O.C.)
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5. GDR and Related Information: Not Applicable
6. Company website: http://www.sinher.com.tw

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1. Letter to Shareholders

Sinher Technology Inc.

Business Report of 2021

Looking back at the global situation in 2021, with the popularization of vaccines and the coexistence of European and American countries with the virus, the global demand for notebook computers gradually tends to grow steadily. Although it is not as explosive as in 2020, Sinher still has a place in the notebook market by using vertical integration ability and making good use of capacity allocation.

According to the data of the *DigiTimes*, the global shipment of notebook computers (excluding detachable models) in 2021 is 240 million units, an increase of 19% from 201 million units in 2020. In 2021, the demand is mainly due to the change of work mode and the change of education and learning mode caused by the epidemic. In addition, the previous shortage of materials has gradually eased and the gap will continue to be made up. Therefore, the overall demand will continue to increase.

Facing the challenge of the changing environment, Sinher adheres to the consistent positive and innovative spirit, based on the core value of advanced technology and pursuit of excellence, with the goal of creating better products and brighter operating results.

Hereafter briefly report the business performances of 2021 and our operational plan for year 2022.

1.1 Business Performance of 2021

(1) Operational and Financial Performance

The consolidated revenue of Year 2021 is NTD 3,045.850 million, with an increase of 3.57% compared to that of NTD 2,940.744 million in 2020. On the other hand, the net profit of Year 2021 is NTD 181.942 million, with a decrease of 56.77% compared to that of NTD 420.879 million in 2020. The consolidated gross margin for Year 2021 was 23%, while the net profit margin for the current period was 6%, and the earnings per share after tax were NTD$2.44.

The profit in 2021 is significantly lower than that in 2020, mainly due to the increase in international steel prices since the end of 2020. Due to the increase in cost, the gross profit margin will drop from 33% in 2020 to 23% in 2021; the exchange rate rises in 2021, resulting in a large exchange loss. Although the consolidated revenue in 2021 is slightly higher than that in 2020, the profit has declined due to the above factors.

(2) Research and Development Progress

Sinher has been working in the field of notebook computers for 20 years. Whether it is a general NB hinge, a 360-degree flip hinge, or a 2-in-1 notebook hinge, it has continued to maintain its leading market position.

In addition to long-term commitment to conventional notebook computer spindles, the company has developed special structures, such as folding and other specially designed spindles, in response to market trends, and applied them to laptop and mobile phone products. Sinher actively strengthens research and development, cooperates with terminal brands to develop innovative technologies, challenges new processes, and aims to create higher profit value.

In addition to the intensive development of new technologies, the company has also made a great leap forward in the progress of automated manufacturing process. After a large amount of R&D and research results, automated equipment has been gradually applied to a broader level of production and inspection, with the goal of replacing and reducing human demand. Moreover, the precision and accuracy are higher than those of manual inspection and operation, which further improves the level of production quality.

1.2 Abstract of 2022 Business Plan

(1) Operation Strategy

1.Innovative design, breaking through the traditional framework, and developing high value-added products.
2.Diversified operation and expansion of market layout.
3.Strengthen strategic partnership and promote the development of industrial cooperation system.

(2) Important Production and Marketing Policy

1.Stabilize existing customers, find new markets and develop new products.
2. Popularize automated production and dynamically adjust production capacity at any time in response to customer needs.
3. Streamline the supply chain, improve competitiveness and strengthen cost review.
4. Expand MIM product line and develop new high-value customers.

(3) Impacts from External Competitive, Legal, and Overall Business Environment

1. he competition in the market is full of challenges and changes. Only by constantly seeking innovation and change can we lead the competitiveness in technology and price.
2. To build a sustainable environment, social participation and safeguard the rights and interests of employees is the company's goal and vision; the current domestic and foreign laws and regulations that must be followed for operations, and the implementation of the company's sustainable development concept.
3. The COVID-19 epidemic would not end in the short term, and the impact on the globa

1.3 The company's future operating prospects and goals.

The epidemic situation in the past two years has brought sudden and fundamental demand growth to the global laptop market. During the closure of the city, urgent orders from home office and distance teaching have gradually decreased with the gradual slowdown of the epidemic and the popularization of vaccination.

Looking forward to 2022, the epidemic situation has promoted the pattern of distance work and learning, which has gradually made governments, enterprises and education circles rethink and realize the importance of digital transformation. The portability of notebook computers has also changed the fundamental needs and usage habits, thus expanding the overall consumption, education and commercial market. Before the epidemic, the global notebook market averaged 150 million units per year, but after the epidemic, it grew to more than 200 million units. With the coexistence of viruses in European and American countries, it is expected that the future notebook market may be slightly revised.

It is Sinher's goal to achieve an important position in the innovation field. Only by continuously developing high-value innovative products can we create the maximum value for customers, employees and shareholders. Sinher wants to stabilize the existing mature market and simultaneously open up new fields. We will adhere to a steady pace, move forward towards the established long-term development strategy and continue to grow.

Here, we deeply thank all of our shareholders' support. Sinher will work harder to strive for the company's revenue and profitability, continuing to create higher performance. Thank you, our shareholders, for your long-term support and care.

Board Chairman: Ting-Hung Su　　Manager: Ting-Hung Su　　Accountant: Chen-Jung Chen

2. Company Profile

2.1 Date of Incorporation: January 18th, 2002

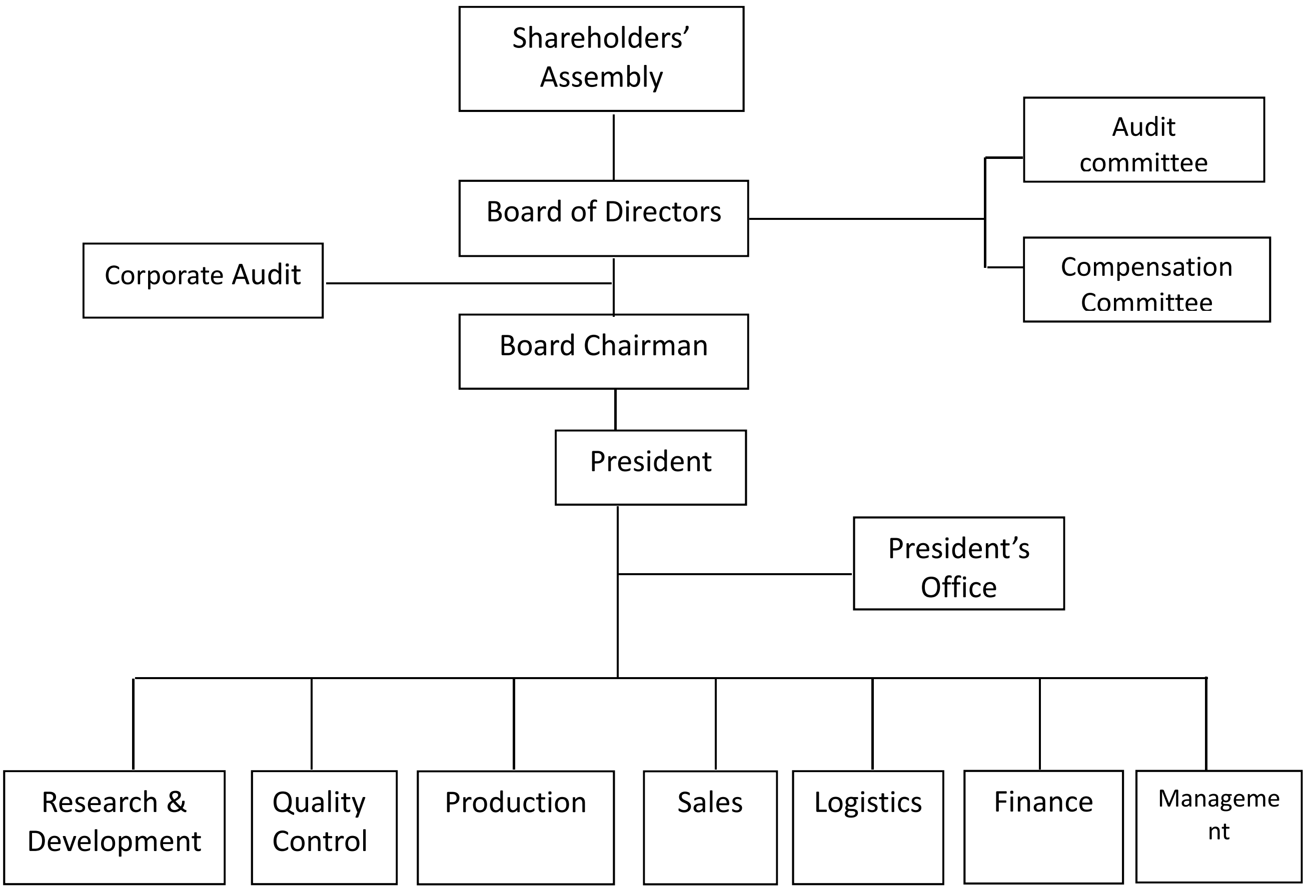
2.2 Company History

Year/Month	Milestones
2002/1	Received company establishment approval with a capital of NTD$10 million.
2004/1	Acquired ISO-9001 certificate.
2007/8	Cash capital increased to NTD$23,000,000.
2007/9	Cash capital increased to NTD$100,000,000.
2007/10	Cash capital increased to NTD$200,000,000.
2008/1	Approved by Investment Commission, MOEA to invest in Kunshan Wanhe Precision Electron co., Ltd. via third party.
2008/11	Capital increased NTD$210,680,000 to by surplus transformation and employee dividend.
2009/12	Capital increased to NTD$233,788,000 by employee stock options, surplus transformation, and employee dividend.
2010/4	Capital increased to NTD$284,025,600 by surplus transformation and employee dividend.
2010/8	Capital increased to NTD$290,025,600 by employee stock options.
2010/11	Cash capital increased to NTD$306,025,000.
2010/12	Approved by Executive Yuan Financial Supervisory Commission to publicly offer securities.
2011/2	Approved by Investment Commission, MOEA to invest in Chongqing SNR Technology co., Ltd via third party.
2011/5	Approved by TPEx to be listed for emerging stock trading.
2011/9	Capital increased to NTD$369,500,720 by surplus and employee bonuses.
2012/9	Capital increased to NTD$611,516,180 by capital reserve, employee bonuses, and surplus transformation.
2013/2	Approved by TWSE to be listed for share trading on Taiwan Stock Exchange.
2013/6	Stock IPO cash increased capital to NTD$676,520,000.
2013/9	Capital increased to NTD$744,172,000 by surplus.

3. Corporate Governance

3.1 Company organization

3.1.1 Organization Structure



3.1.2 Major Corporate Functions

Departments	Responsibilities and Functions
Compensation Committee	Establish and regularly review the policies, systems, standards, and structures of directors; Supervisors and Management’s performance appraisals and compensation; Regularly evaluate and determine the remuneration of directors, supervisors and managers; Review the policies and procedures from time to time and make suggestions for amendments
Corporate Audit	Business activities, routine audit of the operating process and internal control system implementation and improvement; provide management-related analysis and reporting
President’s Office	Business strategy, business plan, business objectives, policy formulation and management of business performance
Finance	Financial and tax accounting statement reporting, analysis and management; accounting, capital use planning, and cost analysis control with related stock operations; contract, document, and file review and management
Logistics	Adjust the quantity, price, and delivery agreement of the raw material purchase with strategy planning; supplier management; material planning and stock/inventory management
Sales	Market assessment and reporting; sales planning and execution; purchase order quoting and processing; business development; customer relationship maintenance and customer complaint handling
Production	Production and manufacturing schedule planning; delivery management; factory plant equipment, machinery, and equipment management; manufacturing technology improvement and productivity enhancement
Quality Control (QC)	The establishment of quality system and the promotion of quality management plan; Product quality and safety with related testing; business management of safety specification certification
Research and Development (R&D)	The implementation of core technology development into product design; Patent application and management
Management	Personnel management; planning and implementation of payroll and employee benefits; human resources planning; establishment and implementation of the talent development system; maintenance, planning, and management of general administrative services Network system architectural design and maintenance; software system implementation; electronic forms and web page design and maintenance

3.2. Information of Board Members and Management Team - Board of Directors, Supervisors, President, Vice-President, Associate Directors, and Department and Branch Managers

3.2.1 Board of Directors and Supervisors:

1. Name, experience and education, shareholding, and other information:

04/25/2022

Title (Note 1)	Nationality	Name	Gender	Date of appointment (office)	Tenure (year)	Date of initial appointment (Note 2)	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education) (Note 3)	Other positions of the company or other companies	Has a spouse or relative within two degrees of consanguinity serving as a manager, director, or supervisors at Sinher			Comment (Note 4)
							Quantity	%	Quantity	%	Quantity	%	Quantity	%			Title	Name	Relationship	
Board Chairman	R.O.C.	Ting-Hung Su	Male 65-60 Year old	2021/08/24	3	2001/12/31	6,028,359	8.10%	6,028,359	8.10%	1,521,000	2.04%	0	0	National Pei-Kang Agricultural & Industrial vocational High School Board Chairman, Daher Mold Co.	President, Sinher Technology Inc. Board Chairman, Daher Mold Co. Legal representative and executive director, Kunshan Wanhe Precision Electronics Co., Ltd. Legal representative and executive director, Chongqing Shuanghe Technology Co., Ltd. Legal representative, Million On International Co., Ltd Legal representative, Profit Earn International Co., Ltd Legal representative, Great Info International Co., Ltd. Legal representative, Sinher (HK) Limited Legal representative, Cingher(HK) Limited Legal representative, Top Trading group LTD.	NA	NA	NA	Sinher's Board Chairman and President are of the same personnel mainly for the increase in operation efficiency and execution capacity. Yet to strengthen the independence of the board, Sinher has added the number of independent directors. With more than half of them are not employees or managers at Sinher, the board of director shall have enhanced professions and strong ability to monitor.

Title (Note 1)	ationality	Name	Gender	Date of appointment (office)	Tenure (year)	Date of initial appointment (Note 2)	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage		Proportion of shareholding under the title of a third party		Important experience (education) (Note 3)	Other positions of the company or other companies	Has a spouse or relative within two degrees of consanguinity serving as a manager, director, or supervisors at			Comment (Note 4)
							Quantity	%	Quantity	%	Quantity	%	Quantity	%			Title	Name	Relationship	
Director	R.O.C.	King-Tung Huang	Male 65-60 Year old	2021/08/24	3	2009/06/30	3,232,029 (Note 5)	4.34%	3,040,029 (Note 5)	4.09%	1,455,884 (Note 5)	1.96%	0	0	National Taipei University of Technology Hon Hai Precision Industry RD assistant manager	Vice-President, Sinher Technology Inc. Vice-President, Kunshan Wanhe Precision Electronics Co., Ltd. Legal representative, Kunshen QianQuan	NA	NA	NA	NA
Director	R.O.C.	Yung-Chang Chiang	Male 60-55 Year old	2021/08/24	3	2001/12/31	901,007	1.21%	901,007	1.21%	754,676	1.01%	0	0	National Formosa University Materials Engineering and Science Formosa Optical RD Manager	Vice-President, Sinher Technology Inc. Vice-President, Kunshan Wanhe Precision Electronics Co., Ltd. Vice-President, Chongqing Shuanghe Technology Co., Ltd.	NA	NA	NA	NA
Director	R.O.C.	San-Lu Su	Male 65-60 Year old	2021/08/24	3	2009/06/30	1,387,398	1.86%	1,387,398	1.86%	0	0	0	0	Lunghwa University of Science and Technology, Chemical Engineering Department	President, Daher Mold Co.	NA	NA	NA	NA
Director	R.O.C.	Han-Pin Cheng	Male 70-65 Year old	2021/08/24	3	2010/03/15	1,988,456	2.67%	1,988,456	2.67%	0	0	0	0	EMBA, National Taipei University of Technology President, PENDEC ENTERPRISE CO., LTD.	President and director, PENDEC ENTERPRISE CO., LTD. Board Chairman, legal representative, and president, PAL ACOUSTICS TECHNOLOGY LTD. Supervisors, AURAS Technology.	NA	NA	NA	NA

Title (Note 1)	ationali ty	Name	Gen der	Date of appoint ment (office)	Tenure (year)	Date of initial appointme nt (Note 2)	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage		Proportion of shareholding under the title of a third party		Important experience (education) (Note 3)	Other positions of the company or other companies	Has a spouse or relative within two degrees of consanguinity serving as a manager, director, or supervisors at			Comment (Note 4)
							Quantity	%	Quantity	%	Quantity	%	Quantity	%			Title	Name	Relatio nship	
Indepen dent Director	R.O.C.	Eliza Wang	Fema le 60-55 Year old	2021/08/24	3	2011/06/30	0	0	0	0	0	0	0	0	PhD, University of Leeds, U.K. Business School Finance Manager, Kuang-Hwa Investment Holding Co., Ltd. Assistant professor, Chien Hsin University of Science and Technology, Department of Finance.	Assistant professor, National Taipei University of Business, College of Business	NA	NA	NA	NA
Indepen dent Director	R.O.C.	Yong-Ren Lin	Male 70-65 Year old	2021/08/24	3	2021/08/24	0	0	0	0	0	0	0	0	MBA, National Yang Ming Chiao Tung University Vice-President of supply-chain, Wistron Corp. Vice-President of NB BG, Wistron Corp. President of Computer BG, Acer Inc.	Consultant & chief strategy officer, ELAN Microelectronics Corp Supervisor, Bruckewell Technology Co., Ltd Director, Eminent Electronic Technology,CO,LTD Supervisor, Avisonic Technology Corporation Supervisor, PiXORD Corporation	NA	NA	NA	NA
Indepen dent Director	R.O.C.	Zhi-Feng Lin	Male 55-50 Year old	2021/08/24	3	2021/08/24	0	0	0	0	0	0	0	0	Master of Marketing, University of Westminster Doctor of Business Administration, Macau University of Science and Technology Purchasing Department Associate Director, Siemens Taiwan President, Sintronic Technology Inc.	Chairman, Ko JA(Cayman)Co., LTD. Chairman, Jia Jing Investment Co., Ltd. Director, Luumii Co Ltd. Director, GODA VIETNAN Director, CODIA INTERNATIONAL (H.K) LIMITED Director, PanVisopn Technology Corp.	NA	NA	NA	NA

Title (Note 1)	ationality	Name	Gender	Date of appointment (office)	Tenure (year)	Date of initial appointment (Note 2)	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage		Proportion of shareholding under the title of a third party		Important experience (education) (Note 3)	Other positions of the company or other companies	Has a spouse or relative within two degrees of consanguinity serving as a manager, director, or supervisors at			Comment (Note 4)
							Quantity	%	Quantity	%	Quantity	%	Quantity	%			Title	Name	Relationship	
Independent Director	R.O.C.	Jie-Shou Su	Male 65-60 Year old	2021/08/24	3	2021/08/24	0	0	0	0	0	0	0	0	Dept. of Electronic Engineering, Fu-Hsin Trade and Arts School Executive Director and Director, Taiwan Audio Association Board Chairman, Winkey Audio	Board Chairman, Winkey Audio Chairman, Taiwan Audio Association	NA	NA	NA	NA

Note 1:Juridical persons shareholders should separately be listed with the title of juridical persons shareholders and legal representatives by definitions, while completing the table.
Note 2:Fill in the time of any first term as a director or supervisor of the Company, and note such case clearly if there is an interruption of terms.
Note 3:Experiences related to the current position, such as previous appointments with accounting firms or related enterprises during the previous revelation period, shall indicate and explain the title and the position of the responsibility.
Note 4:Where the Board Chairman and President or person of an equivalent position (the highest level manager) of a company is the same person, or is a spouse or relative within the first degree of kinship of each other, an explanation shall be given to clarify the reason, reasonableness, necessity thereof, and measures adopted in response thereto (e.g. increasing the number of independent directors provided that there shall be a majority of the members of the board of directors who are not employees or managers).
Note 5: Includes shares under Trust with Discretion Reserved

2. Major shareholders of the Institutional shareholders: Not Applicable.

3. Major shareholders of the company’s major institutional shareholders: Not Applicable.

4. Directors' Professional Qualifications and Independent Directors' Independence

(1) Directors' Professional Qualifications and Independent Directors' Independence

Criteria / Name	Professional Qualification and Experience (Note1)	Independence Analysis (Note2)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Ting-Hung Su	1. Currently the chairman of the company, with more than five years of work experience required for business and corporate business, committed to the NB hinge industry for more than 20 years, with professional leadership, marketing, operation management and strategic planning capabilities, and has an international market view, and can lead the company towards industrial leadership technology and towards sustainable operation. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".	Not Applicable	0
King-Tung Huang	1. He worked in large system factories such as Hon Hai and Acer, and has practical and professional skills in the R&D and production technology of the NB hinge industry. He is currently the vice president of Kunshan Wanhe Precision Electronics Co., Ltd., responsible for the company's operations and production management. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".	Not Applicable	0
Yung-Chang Chiang	1.Currently, he is the vice president of R&D of the company. He has been in the NB hinge industry for more than 20 years. He has led the company's R&D team to not only meet the quality requirements of customers, but also strive to find the application of new materials and construction methods, so that the company has a certain competitiveness. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".	Not Applicable	0
Han-Pin Cheng	1.Currently, he is the President and director of PENDEC ENTERPRISE CO., LTD., is familiar with the NB industry, has more than five years of working experience required by the company's business, and can provide professional advice to the board of directors. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".	Not Applicable	0
San-Lu Su	1. Currently, He is the president of Daher Mold Co, focusing on the model of the NB industry, and has more than five years of work experience required by the company's business, and can provide professional advice to the board of directors. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".	Not Applicable	0
Eliza Wang	1. Member of the audit committee, currently an assistant professor of the Department of Finance of the National Taipei University of Business, can assist the company with professional financial advice and diversified perspectives. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".	The independent directors of the company did not have any of the conditions specified in Article 3, paragraph 1, subparagraphs 1 to 8 of the "“Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies”" in the two years before and during their tenure.	0
Yong-Ren Lin	1. Member of the Audit Committee, former vice president of Wistron NB BU and president of Computer BG of Acer, has rich experience in the NB industry, is sensitive to the market artery trend, can provide the company's professional technical experience and the company's business strategy diversity View. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".		0
Zhi-Feng Lin	1. Member of the audit committee, currently serving as the chairman of Ko JA(Cayman)Co., LTD, and has more than five years of work experience required by the company's business, and can provide company management and strategic planning suggestions. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".		0
Jie-Shou Su	1. Member of the audit committee, currently serving as the chairman of Winkey Audio, and can provide experience in company operation and management. 2. Not been a person of any conditions defined in Article 30 of the "Company Act".		0

(2).Board of Directors Diversity Policy and Independence

A.Board of Directors Diversity Policy: The company has formulated corporate governance guidelines and director selection procedures, clearly defined the policy of diversification of board members, and has implemented it so that the composition of practical experts in various fields can meet the needs of operational development.

(A) Implementation of the Board Diversification Policy

Diversified core items / Board members	Gender	Operating judgment	Accounting & finance	Operating management	Crisis management	Industry knowledge	Global market knowledge	Leadership	Decision making ability
Ting-Hung Su	Male	✓		✓	✓	✓	✓	✓	✓
King-Tung Huang	Male	✓		✓	✓	✓	✓	✓	✓
Yung-Chang Chiang	Male	✓		✓	✓	✓	✓	✓	✓
Han-Pin Cheng	Male	✓		✓	✓	✓	✓	✓	✓
San-Lu Su	Male	✓		✓	✓	✓	✓	✓	✓
Eliza Wang	Female		✓			✓	✓		
Yong-Ren Lin	Male	✓		✓	✓	✓	✓	✓	✓
Zhi-Feng Lin	Male	✓		✓	✓	✓	✓	✓	✓
Jie-Shou Su	Male	✓		✓	✓	✓	✓	✓	✓

(B) The proportion of directors with employee status is 33%; 2 directors are 65-70 years old, 4 directors are 60-65 years old, 2 directors are 55-60 years old, and 1 director is 50-60 years old 55 years old. In addition, the company also pays attention to the diversity of the gender composition of directors, with female directors occupying one seat.

B. Independence

(A) The company has four independent directors on the board of directors, accounting for 44%. Except for one independent director who has served for more than 3 terms, the remaining 3 independent directors have served within 3 years.

(B) The board of directors of the company does not fall under the provisions of article 26-3 of the “Securities and Exchange Act”, and all are independent.

NOTE 1：Professional qualifications and experience: State the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, state their accounting or financial background and work experience, and also state whether they do not have any circumstances under Article 30 of the “Company Act”.

NOTE 2：Independent directors shall state their independence, including but not limited to whether they, their spouse, or relatives within the second degree are the directors, supervisors or employees of the company or its affiliated companies; The number and proportion of shares in the company held by the person, spouse, second degree relatives (or in the name of others); Whether to serve as a director, supervisor or employee of a company with a specific relationship with the company (refer to Article 3, paragraph 1, subparagraphs 5 to 8 of the “Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies” to be followed). The amount of remuneration received for providing the company or its affiliated enterprises with business, legal, financial, accounting and other services in the last two years.

NOTE 3：:For the disclosure method, please refer to the best practice reference example on the website of the Corporate Governance Center of TWSE.

3.2.2 President, Vice-President, Associate Director, and Department and Branch Managers:

04/25/2022

Title (Note 1)	Nationality	Name	Gender	Date of appointment (office)	Proportion of shareholding		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Major background information (Note 2)	Other positions of other companies	Manager who is the spouse or kin within the 2nd tier of the Civil Code			Comment (Note 3)
					shares	%	shares	%	shares	%			Title	Name	Relationship	
President	R.O.C.	Ting-Hung Su	Male	2002/01/18	6,028,35	8.10%	1,521,000	2.04%	0	0	National Pei-Kang Agricultural & Industrial vocational High School Board Chairman, Daher Mold Co.	President, Sinher Technology Inc. Board Chairman, Daher Mold Co. Legal representative and executive director, Kunshan Wanhe Precision Electronics Co., Ltd. Legal representative and executive director, Chongqing Shuanghe Technology Co., Ltd. Legal representative, Million On International. Legal representative, Profit Earn International. Legal representative, Great Info International. Legal representative, Sinher (HK) Limited Legal representative, Cingher(HK) Limited Legal representative, Top Trading group LTD.	NA	NA	NA	Sinher's Board Chairman and President are of the same personnel mainly for the increase in operation efficiency and execution capacity. Yet to strengthen the independence of the board, Sinher has added the number of independent directors. With more than half of them are not employees or managers at Sinher, the board of director shall have enhanced professions and strong ability to monitor.
Vice-President	R.O.C.	King-Tung Huang	Male	2007/07/23	3,040,029 (Note4)	4.09%	1,455,884	1.96%	0	0	National Taipei University of Technology Hon Hai Precision Industry RD assistant manager	Vice-President, Sinher Technology Inc. Vice-President, Kunshan Wanhe Precision Electronics Co., Ltd. Legal representative, Kunshen QianQuan	NA	NA	NA	NA

Title (Note 1)	Nationality	Name	Gender	Date of appointment (office)	Proportion of shareholding		Proportion of shareholding		Proportion of shareholding under the title of		Major background information (Note 2)	Other positions of other companies	Manager who is the spouse or kin within			Comment (Note 3)
					shares	%	shares	%	shares	%			Title	Name	Relationship	
Vice-President	R.O.C.	Yung-Chang Chiang	Male	2002/01/18	901,007	1.21%	754,676	1.01%	0	0	National Formosa University Materials Engineering and Science Formosa Optical RD Manager	Vice-President, Sinher Technology Inc. Vice-President, Kunshan Wanhe Precision Electronics Co., Ltd. Vice-President, Chongqing Shuanghe Technology Co., Ltd.	NA	NA	NA	NA
Vice-President	R.O.C.	Chien-Liang Lin	Male	2005/10/01	1,071,229	1.44%	24,330	0.03%	0	0	San-Chung Junior College of Technology, Accounting Operation Associate Director, PENDEC ENTERPRISE CO., LTD.	Vice President, Kunshan Wanhe Precision Electronics Co., Ltd.	NA	NA	NA	NA
Vice-President	R.O.C.	Shi-Jie Hung	Male	2021/6/3	2,170	0	0	0	0	0	Engineering, St. John's University Dept. of International Business and Trade, Aletheia University Deputy Manager of Business Department, SUPERMAX CO., LTD	Vice-President, Chongqing Shuanghe Technology Co., Ltd.	NA	NA	NA	NA
Associate Director	R.O.C.	Chen-Chia Chang	Male	2021/5/21	355,009	0.48%	0	0	0	0	China Junior College of Technology, Mechanical Accounting Operation Associate Director, PENDEC ENTERPRISE CO., LTD.	NA	NA	NA	NA	NA
Associate Director	R.O.C.	Xiao- Jun CHEN	Male	2020/10/5	0	0	0	0	0	0	ational Taiwan University of Arts. Manager of Lighting Equipment Design Department,V-Tech Lighting Corp. Director, Industrial Design Department, Giessdorf.	NA	NA	NA	NA	NA
Finance Department General Manager	R.O.C.	Chen-Jung Chen	Female	2007/07/01	80,161	0.11%	0	0	0	0	Tamkang University, Accounting Finance Department Manager, LINSHIUNG ENTERPRISE CO., LTD.	NA	NA	NA	NA	NA
Audit General Manager	R.O.C.	Ching-Hsiang Yeh	Male	2015/3/20	1,000	0%	0	0	0	0	Southern New Hampshire University, Manchester, NH UAS Senior Auditor, Asia Pacific Telecom	NA	NA	NA	NA	NA

Note 1:Disclosure should include President, Vice-President, Associate Director, Managers from all departments and branches as well as any positions that are equivalent to President, Vice-President, or Associate Director, regardless of the title of the position.

Note 2:Experiences related to the current position, such as a previous appointment with an accredited accounting firm or a related enterprise during the previous period, shall disclosed the title and the position of responsibility.

Note 3:When the President or equivalent (the highest Manager) is the same person as the chairman, is a spouse or a relative of each other, an explanation shall be given to clarify the reason, reasonableness, necessity thereof, and measures adopted in response thereto (e.g. increasing the number of independent directors provided that there shall be a majority of the members of the board of directors who are not employees or managers).

Note 4: Includes shares under Trust with discretion reserved

3.3 Remuneration Paid to Board Members and Management Team during the Most Recent Fiscal Year

3.3.1 Remuneration of Directors and Independent Directors:

Unit:NTD$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Relevant Remuneration received by directors who are also employees								Ratio of Total Compensation (A+B+C+D+ E+F+G) to Net Income (%)		Compensation paid to directors from an invested company other than the company's subsidiary or from the parent company (Note 11)
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The company	From all consolidated entities	The company	From all consolidated entities (Note 7)	The company	From all consolidated entities (Note 7)	The company	From all consolidated entities (Note 7)	The company	From all consolidated entities	The company	From all consolidated entities (Note 7)	The company	From all consolidated entities	The company		From all consolidated entities (Note 7)		The company	From all consolidated entities	
																Cash	Stock	Cash	Stock			
Director	Ting-Hung Su King-Tung Huang Yung-Chang Guang-Jiu Gao (note a) Han-Pin Cheng (note b) San-Lu Su (note b)	0	0	0	0	1,164	1,164	26	26	0.65%	0.65%	8,858	10,987	239	239	1,255	0	1,255	0	6.34%	7.51%	NA
Independent Director	Eliza Wang Tung-Shan Lin (note a) Yueh-Hsuan Chiang(note a) Yong-Ren Lin (note b) Zhi-Feng Lin (note b) Jie-Shou Su (note b)	1,610	1610	0	0	0	0	66	66	0.92%	0.92%	0	0	0	0	0	0	0	0	0.92%	0.92%	NA

1.Please describe the policy, system, standard, and structure of independent director remuneration as well as the factors, including responsibilities. Please describe the policy, system, standard, and structure of independent director remuneration, and describe the factors, including responsibilities, risks, and time invested, and their links to amounts of remuneration.

The remuneration of the company's independent directors shall be determined in accordance with Article 19 of the Articles of Association of the Company, and shall be determined by the independent directors' contribution values and level of engagement to the success of the company's operation as well as the industry agreed remuneration.

2.Remuneration paid to directors for their services to all consolidated entities except the above-mentioned figures: None.

Noteb a：Mr. Guang-Jiu Gao, Mr. Tung-Shan Lin and Mr. Yueh-Hsuan Chiang were dismissed the directors at the expiration of the term of office of the shareholders' meeting on August 24, 2021.

Note b：Mr. Han-Pin Cheng, Mr. San-Lu Su, Mr. Yong-Ren Lin, Mr. Zhi-Feng Lin and Mr. Jie-Shou Su were elected as directors at the shareholders' meeting on August 24, 2021.

ange of Remuneration to directors

Range of Remuneration (NTD)	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	From all consolidated entities (Note 9) H	The Company (Note 8)	From all consolidated entities and Invested Companies (Note 9) I
Lower than $1,000,000	Ting-Hung Su, Yung-Chang Chiang, King-Tung Huang Guang-Jiu Gao, San-Lu Su, Han-Pin Cheng , Eliza Wang, Tung-Shan Lin, Yueh-Hsuan Chiang, Yong-Ren Lin, Zhi-Feng Lin Jie-Shou Su	Ting-Hung Su, Yung-Chang Chiang, King-Tung Huang Guang-Jiu Gao, San-Lu Su, Han-Pin Cheng , Eliza Wang, Tung-Shan Lin, Yueh-Hsuan Chiang, Yong-Ren Lin, Zhi-Feng Lin Jie-Shou Su	Guang-Jiu Gao, San-Lu Su, Han-Pin Cheng , Eliza Wang, Tung-Shan Lin, Yueh-Hsuan Chiang, Yong-Ren Lin, Zhi-Feng Lin Jie-Shou Su	Guang-Jiu Gao, San-Lu Su, Han-Pin Cheng , Eliza Wang, Tung-Shan Lin, Yueh-Hsuan Chiang, Yong-Ren Lin, Zhi-Feng Lin Jie-Shou Su ,
$1,000,000 (included)～$2,000,000 (excluded)				
$2,000,000 (included)～3,500,000 (excluded)			Yung-Chang Chiang ,King-Tung Huang	Yung-Chang Chiang
$3,500,000 (included)～5,000,000 (excluded)				King-Tung Huang
$5,000,000 (included)～10,000,000 (excluded)			Ting-Hung Su	Ting-Hung Su
$10,000,000 (included)～15,000,000 (excluded)				
$15,000,000 (included)～30,000,000 (excluded)				
$30,000,000 (included)～50,000,000 (excluded)				
$50,000,000 (included)～100,000,000 (excluded)				
Equal to or Over $100,000,000				
Total	12	12	12	12

Note 1:The names of the directors shall be listed separately (the names and representatives of the juridical person shareholders shall be listed separately) and the general directors and independent directors shall be listed separately to disclose the total amounts paid. If the director is also a president or vice-president, please fill in this form and the form (3-1), or the form (3-2-1) and (3-2-2).

Note 2:Refers to the remuneration of directors in the most recent year (including director's salary, job bonus, severance payment, various bonuses, awards, etc.).

Note 3:Refers to the amount of assigned directors' remuneration approved by the Board of Directors during the most recent year.

Note 4:Refersto the relevant business execution expenses of directors in the most recent year (including transportation fees, special disbursement, various allowances, dormitories, company car, etc.). When providing housing, motor vehicles and other means of transport or exclusive personal expenses, disclosure would require the nature and cost of the assets provided, actual or fair market value of rent, oil and other payments. In the case of a driver service, please note that the company pays the driver the relevant remuneration, but does not include the fee.

Note 5:Refers to the directors of current fiscal year who are also employees (including president, vice-president, manager, and employees) and who received salary, job bonuses, severance payment, various bonuses, incentives, transportation fees, special disbursement, various allowances, dormitories, car and other in-kind provision, etc. When providing housing, motor vehicles and other means of transport or exclusive personal expenses, disclosure would require the nature and cost of the assets provided, actual or fair market value of rent, oil and other payments. In the case of a driver service, please note that the company pays the driver the relevant remuneration, but does not include the fee. Recognized salary expenses are also payable based on IFRS 2 "Share-based Payment" (including obtaining employees' right certificates, restricting employees' right to new shares, and participating in cash capital increases to subscribe for shares) shall also be included in the remuneration.

Note 6:If the directors of the current fiscal year who are also employees (including president, vice-president, manager, and employees) obtains employee remuneration (including stocks and cash), it shall be revealed that the amount of employee remuneration is approved by the Board of Directors in the most recent year. If it is not possible to estimate the proportion of the actual amount of the transfer made last year, the proposed amount of this year's transfer shall be calculated in proportion to the actual amount of the previous year, and shall be included in Annex 1.3.

Note 7:Should reveal the total amount of remuneration paid to directors of all companies listed in the consolidated report (including Sinher Technology Inc.).

Note 8:The Company pays each director the total amount of each assigned remuneration, with the names of the director disclosed in the range table.

Note 9:Should reveal the total amount of remuneration paid to directors of all companies listed in the consolidated report (including Sinher Technology Inc.) , with the names of the director disclosed in the range table.

Note 10:Net benefit after tax means net benefit after tax for the most recent year's individual or stand-alone financial reports

Note 11:a. This column should clearly indicate the amount of remuneration received by the Directors of the Company from the transfer of investments outside the subsidiary or from the parent company (if not, please fill in "None").

b. If a director of a company receives a fee from a transfer investment business outside a subsidiary or from a parent company, he shall include the remuneration received by the director of the company for the transfer of investment business or the parent company outside the subsidiary (under column I in the Range table), and change the field name to "parent company and all transfer investment business".

c. A compensation shall mean remuneration and reward (including remuneration of employees, directors and supervisors) and business execution expenses received by a director of a company as a director, supervisor or manager of a transfer investment business or parent company outside a subsidiary.

3.3.2 Remuneration of Supervisors

Unit: NTD$ thousand

Title	Name	Supervisors' Remuneration						Total Compensation (A+B+C) as a % of Net Income		Compensation Received from Non-consolidated Affiliates
		Payment (A)		Reward (B)		Business Fee (C)				
		Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	
Supervisors (note)	San-Lu Su Han-Pin Cheng Sheng-Ming Pu	232	232	318	318	21	21	0.31%	0.31%	0

note：The company comprehensively re-elected directors and established an audit committee at the shareholders' meeting on August 24, 2021, and the supervisor was dismissed on August 24, 2021

Range of compensation to management executives

Range of compensation to supervisors (NTD)	Supervisors' name	
	Total Compensation (A+B+C)	
	Stand-alone (Note 6)	Consolidated (Note 7) (D)
Lower than $1,000,000	San-Lu Su,Han-Pin Cheng, Sheng-Ming Pu	San-Lu Su,Han-Pin Cheng, Sheng-Ming Pu
$1,000,000 (included)～$2,000,000 (excluded)		
$2,000,000 (included)～$3,500,000 (excluded)		
$3,500,000 (included)～$5,000,000 (excluded)		
$5,000,000 (included)～$10,000,000 (excluded)		
$10,000,000 (included)～$15,000,000 (excluded)		
$15,000,000 (included)～$30,000,000 (excluded)		
$30,000,000 (included)～$50,000,000 (excluded)		
$50,000,000 (included)～$100,000,000 (excluded)		
Equal to and over $100,000,000		
Total	3	3

Note 1:The names of the supervisors shall be listed separately (the names and representatives of the juridical person shareholders shall be listed separately) and to disclose the total amounts paid.

Note 2:Refers to the remuneration of supervisors in the most recent year (including director's salary, job bonus, severance payment, various bonuses, awards, etc.).

Note 3:Refers to the amount of assigned supervisors' remuneration approved by the Board of Directors during the most recent year.

Note 4:Refersto the relevant business execution expenses of supervisors in the most recent year (including transportation fees, special disbursement, various allowances, dormitories, company car, etc.). When providing housing, motor vehicles and other means of transport or exclusive personal expenses, disclosure would require the nature and cost of the assets provided, actual or fair market value of rent, oil and other payments. In the case of a driver service, please note that the company pays the driver the relevant remuneration, but does not include the fee.

Note 5:Should reveal the total amount of remuneration paid to supervisors of all companies listed in the consolidated report (including Sinher Technology Inc.).

Note 6:The Company pays each supervisor the total amount of each assigned remuneration, with the names of the supervisor disclosed in the range table.

Note 7:Should reveal the total amount of remuneration paid to supervisors of all companies listed in the consolidated report (including Sinher Technology Inc.) , with the names of the supervisors disclosed in the range table.

Note 8:Net benefit after tax means net benefit after tax for the most recent year's individual or stand-alone financial reports.

Note 9:a. This column should clearly indicate the amount of remuneration received by the supervisors of the Company from the transfer of investments outside the subsidiary or from the parent company (if not, please fill in "None").

b. If a supervisor of a company receives a fee from a transfer investment business outside a subsidiary or from a parent company, he shall include the remuneration received by the director of the company for the transfer of investment business or the parent company outside the subsidiary (under column D in the Range table), and change the field name to "parent company and all transfer investment business".

c. A compensation shall mean remuneration and reward (including remuneration of employees, directors and supervisors) and business execution expenses received by a supervisor of a company as a director, supervisor or manager of a transfer investment business or parent company outside a subsidiary.

3.3.3 Compensation paid to President and Vice-President

Unit: NTD$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowance (C) (Note 3)		Employees' Profit-Sharing Bonus(D) (Note 4)				Total Compensation (A+B+C+D) as a % of Net Income (Note 8)		Compensation Received from Non-consolidated Affiliates (Note 9)
		Stand-alone	Consolidated (note 5)	Stand-alone	Consolidated (note 5)	Stand-alone	Consolidated (note 5)	Stand-alone		Consolidated		Stand-alone	Consolidated	
								Cash	Stock	Cash	Stock			
President	Ting-Hung Su	8,940	11,706	411	411	3,486	4,169	1,947	0	1,947	0	8.13%	10.02%	NA
Vice-President	King-Tung Huang													
Vice-President	Yung-Chang Chiang													
Vice-President	Chien-Liang Lin													
Vice-President	Shi-Jie Hung													

Range of Compensation

Range of compensation to President and Vice-President	President and Vice-President President	
	Standalone (Note 6)	Consolidated (Note 7) (E)
Lower than $1,000,000		
$1,000,000 (included)～$2,000,000 (excluded)	Shi-Jie Hung	
$2,000,000 (included)～$3,500,000 (excluded)	Yung-Chang Chiang,Chien-Liang Lin,King-Tung Huang	Yung-Chang Chiang、Shi-Jie Hung
$3,500,000 (included)～$5,000,000 (excluded)		Chien-Liang Lin, King-Tung Huang
$5,000,000 (included)～$10,000,000 (excluded)	Ting-Hung Su	Ting-Hung Su
$10,000,000 (included)～$15,000,000 (excluded)		
$15,000,000 (included)～$30,000,000 (excluded)		
$30,000,000 (included)～$50,000,000 (excluded)		
$50,000,000 (included)～$100,000,000 (excluded)		
Equal to and over $100,000,000		
Total	5	5

Note 1:The names of the Presidents and Vice-Presidents shall be listed separately to disclose the total amounts paid. If the director is also a president or vice-president, please fill in this form and the form (1-1), or the form (1-2-1) and (1-2-2).

Note 2:Refers to the remuneration of Presidents and Vice-Presidents in the most recent year (including director's salary, job bonus, severance payment, various bonuses, awards, etc.).

Note 3:Refers to the Presidents and Vice-Presidents of current fiscal year who received salary, job bonuses, severance payment, various bonuses, incentives, transportation fees, special disbursement, various allowances, dormitories, car and other in-kind provision, etc. When providing housing, motor vehicles and other means of transport or exclusive personal expenses, disclosure would require the nature and cost of the assets provided, actual or fair market value of rent, oil and other payments. In the case of a driver service, please note that the company pays the driver the relevant remuneration, but does not include the fee. Recognized salary expenses are also payable based on IFRS 2 "Share-based Payment" (including obtaining employees' right certificates, restricting employees' right to new shares, and participating in cash capital increases to subscribe for shares) shall also be included in the remuneration.

Note 4:Refers to the amount of assigned Presidents and Vice-Presidents' remuneration (include stock and cash) approved by the Board of Directors during the most recent year. If it is not possible to estimate the proportion of the actual amount of the transfer made last year, the proposed amount of this year's transfer shall be calculated in proportion to the actual amount of the previous year, and shall be included in Annex 1.3.

Note 5:Should reveal the total amount of remuneration paid to Presidents and Vice-Presidents of all companies listed in the consolidated report (including Sinher Technology Inc.).

Note 6:The Company pays each President and Vice-President the total amount of each assigned remuneration, with the names of the Presidents and Vice-Presidents disclosed in the range table.

Note 7:Should reveal the total amount of remuneration paid to Presidents and Vice-Presidents of all companies listed in the consolidated report (including Sinher Technology Inc.) , with the names of the Presidents and Vice-Presidents disclosed in the range table.

Note 8:Net benefit after tax means net benefit after tax for the most recent year's individual or stand-alone financial reports

Note 9:a. This column should clearly indicate the amount of remuneration received by the Presidents and Vice-Presidents of the Company from the transfer of investments outside the subsidiary or from the parent company (if not, please fill in "None").

b. If a President and Vice-President of a company receives a fee from a transfer investment business outside a subsidiary or from a parent company, he shall include the remuneration received by the director of the company for the transfer of investment business or the parent company outside the subsidiary (under column E in the Range table), and change the field name to "parent company and all transfer investment business".

c. A compensation shall mean remuneration and reward (including remuneration of employees, directors and supervisors) and business execution expenses received by a President and Vice-President of a company as a director, supervisor or manager of a transfer investment business or parent company outside a subsidiary.

＊The definition of remuneration disclosed in this table is not identical to that of income under the Income Tax Act. Hence, this table is intended for disclosure purpose only, and should not be used for tax returns.

3.3.4 The name and circumstances of the managers who are assigned with the employee's remuneration

Date: 2/24/2022；Unit: NTD$ Thousand

	Title	name	Stock value	Cash Value	Total (Note)	Total as a percentage of after-tax net benefits (%)
Managers	President	Ting-Hung Su	-	2,936	2,936	1.61%
	Vice president	Yung-Chang Chiang				
	Vice president	King-Tung Huang				
	Vice president	Chien-Liang Lin				
	Vice president	Shi-Jie Hung				
	Associate Director	Chen-Chia Chang				
	Associate Director	Xiao- Jun Chen				
	Manager	Chen-Jung Chen				
	Manager	Ching-Hsiang Yeh				

Note：This is an approximate number, as approved by the Board of Directors on February 24th, 2022.

3.3.5 Compare the analysis of the total after-tax net benefit of the total remuneration paid by the Company's directors, supervisors, presidents, and vice-presidents in the last two years of the Company as well as explain the policy, criteria and combination of payments, the procedures for setting fees, the correlation with operating performance and future risks.

1. The total amount of after-tax net profit ratio paid to the company's directors, supervisors, presidents, and vice-presidents in the last two years by the company and all companies listed in the consolidated report.

Year / Position	2020		2021 (Note)	
	Total remuneration as a percentage of net benefits after tax (%)		Total remuneration as a percentage of net benefits after tax (%)	
	Stand-alone	Consolidated	Stand-alone	Consolidated
Directors,Supervisors, President, and Vice-President	4.93%	5.65%	10.01%	11.73%

Note: Employee and supervisor's compensation were approved by the Board of Directors on February 24th, 2022.

2. The remuneration of the directors and supervisors of the Company shall be handled within the proportion of the surplus as stipulated in the Articles of Association. The remuneration portion of directors and supervisors is paid with surplus distribution of 2020, and the remuneration of directors in Year 2021 was approved by the Board of Directors on February 24th, 2022. As for the president and vice-presidents’ remuneration, it includes salary and employee remuneration, wherein the salary is based on the content of the position held and reference to the benchmark industry, while the remuneration of employees is handled in accordance with the provisions of the policies of our company.

3.4 Implementation of Corporate Governance

3.4.1 The operation of the board of directors

The board of directors meet 10 times in the most recent year, and the directors' attendance records were listed below:

Title	name	Attendance (in person)	Attendance (by proxy)	In person attendance rate (%)	Date of appointment
Board Chairman	Ting-Hung Su	10	0	100.00%	Renewal of office on August 24, 2021
Director	King-Tung Huang	10	0	100.00%	Renewal of office on August 24, 2021
Director	Yung-Chang Chiang	10	0	100.00%	Renewal of office on August 24, 2021
Director	Guang-Jiu Gao	4	0	80.00%	Dismissed on August 24, 2021
Director	Han-Pin Cheng	5	0	100.00%	New office assumed on August 24, 2021
Director	San-Lu Su	5	0	100.00%	New office assumed on August 24, 2021
Independent Director	Eliza Wang	10	0	100.00%	Renewal of office on August 24, 2021
Independent Director	Yueh-Hsuan Chiang	5	0	100.00%	Dismissed on August 24, 2021
Independent Director	Tung-Shan Lin	5	0	100.00%	Dismissed on August 24, 2021
Independent Director	Yong-Ren Lin	5	0	100.00%	New office assumed on August 24, 2021
Independent Director	Zhi-Feng Lin	4	0	80.00%	New office assumed on August 24, 2021
Independent Director	Jie-Shou Su	5	0	100.00%	New office assumed on August 24, 2021

Other documentation:

(1) According to Article 14-3 of the SEC Law, any decisions or opinions expressed by independent directors (objection or abstention) during the board meeting are recorded or written. Such documentation shall state the date, duration, content of the motion, the opinions of all independent directors, and the company's handling of the opinions of independent directors:

Board meeting date	Agenda and subsequent actions	Listed in SEC 14-3	Independent directors' objection or abstention
Year 6: the 22th Board meeting 2021/02/04	1.To approve managerial officers' year-end bonuses. 2.To approve the change in CPA. 3.To approve the evaluation report for independence and the total remuneration for external auditor in year.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 23th Board meeting 2021/02/25	1.To approve 2020 remuneration of board of directors, supervisors and employees. 2. To approve the loan credit extension of Citibank bank (Taiwan) and Endorsements /Guarantees for subsidiary companies.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		

Year 6: the 24th Board meeting 2021/03/25	1. To approve the amendment of "Regulations Governing the Acquisition and Disposal of Assets". 2. To approve the amendment of "Regulations Governing Loaning of Funds to Other Parties". 3. To approve the amendment of "Regulations Governing Making of Endorsements/Guarantees". 4.To approve the loan credit extension of Chinatrust bank and Endorsements /Guarantees for subsidiary companies.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 26th Board meeting 2021/08/04	1.To approve the loan credit of Shin Kong bank and Endorsements /Guarantees for subsidiary companies	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 7: the 3rd Board meeting 2021/09/30	1.To approve the distribution of independent directors' fixed remuneration. 2.To approve the remuneration for Remuneration Committee. 3.To approve the adjustment of managerial officers' salary. 4.To approve the performance bonus for managerial officers. 5.To approve remuneration of board of directors, supervisors.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		

(2) The situation of the directors' avoidance of certain stakeholders' motion shall be stated with the name of the directors, the contents of the motion, the reasons for the avoidance of interests, and the circumstances in which they participate in the voting:

A.The proposals of annual bonus, annual salary adjustment, dividend distruburion, remuneration for managerial officers and remuneration for directors and supervisors: To avoid interest conflicts, Director Ting-Hung Su, Director Yung-Chang Chiang and Director King-Tung Huang recused themselves from this item.

B. The independent directors' remuneration and Remuneration Committee's remuneration: To avoid interest conflicts, Independent Director Eliza Wang, Independent Director Yong-Ren Lin, Independent Director Zhi-Feng Lin and Independent Director Jie-Shou Su recused themselves from this item.

(3) A TWSE/TPEx listed company should disclose information such as the evaluation cycle and period, evaluation scope, methodology, and content of the board's self (or peer) evaluation, and complete the implementation of the board's evaluation

Evaluation cycles	Evaluation periods	Scope of evaluation	Method of evaluation	Content of evaluation
Once a year	2021.01.01-2021.12.31	Board of Directors, individual directors	Internal self-evaluation of Board of Directors and Self-evaluation of individual directors	Criteria for evaluating the performance of the Board of Directors, which should cover the following six aspects: 1.Participation in the operation of the Company; 2.Improvement of the quality of the Board of Directors' decision making; 3.Composition and structure of the Board of Directors; 4.Election

				5.Continuing education of the Directorss; and 6.Internal control. Criteria for evaluating the performance of individual directors, which should cover the following six aspects: 1.Alignment of the goals and missions of the Company; 2.Awareness of the duties of a Director; 3.Participation in the operation of the Company; 4.Management of internal relationship and communication; 5.The Director's professionalism and continuing education; and 6. Internal control.

(4) Objectives of strengthening the functions of the Board of Directors in the current and recent years (e.g. setting up audit committees, enhancing transparency of information, etc.) and performance assessment:
The Company has established “Ethical Behavior Regulations” for directors, supervisors and managers to enhance the functions of the Board of Directors and enhance the transparency of information.

3.4.2 The operation of the audit committee or the participation of the supervisors in the Board meetings

The Company established an audit committee at the shareholders' meeting on August 24, 2021.
Information on the participation of supervisors (Audit Committee) in the operation of the board of directors:
The board of directors held 10 meetings in the recent year, and the attendance is as follows

Title	name	Attendance (in person)	In person attendance rate (%)	Date of appointment
Supervisors	Han-Pin Cheng	5	100%	Dismissed on August 24, 2021
Supervisors	San-Lu Su	5	100%	Dismissed on August 24, 2021
Supervisors	Sheng-Ming Pu	4	80%	Dismissed on August 24, 2021
Audit Committee	Eliza Wang	5	100%	New office assumed on August 24, 2021
Audit Committee	Yong-Ren Lin	4	80%	New office assumed on August 24, 2021
Audit Committee	Zhi-Feng Lin	5	100%	New office assumed on August 24, 2021
Audit Committee	Jie-Shou Su	5	100%	New office assumed on August 24, 2021

Other documentation:
(1) The composition and duties of the supervisor
1. The communication situation between supervisors and employees or stakeholders of the company: With his responsibilities, supervisors can contact the employees and stakeholders at any time. The communication has been smooth so far.
2.The communication situation between supervisors and the head of internal audit or accountants:
A. The head of internal audit regularly reports to the supervisors after the completion of the audit. The supervisors had no objection.
B. The head of internal audit presents the audit reports quarterly at the Board meetings and the supervisors had no objection.
(2) If the supervisor presents his opinions during the board meetings, the documentation shall state the date of the board meetings, the duration, the contents of the motion, the results of the resolution of the board of directors, and the handling of the company's opinions on the supervisors’ opinions: None.

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”：

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	V		The Company has established a Corporate Governance Regulations in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and disclosed it on the Company's website as public information for investors to review.	In Compliance
2. Shareholding Structure & Shareholders’ Rights (1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V V V V		The Company assigned responsible personnel to accept shareholders’ suggestions, doubts and disputes in order to properly maintain investor relations. The company assigned responsible personnel to deal with the stock affairs and the commission authorized by Mega Securities, for regularly manage the situation of the company's major shareholders, and publicly disclose monthly information required by government authorities on the website. The Company formulates “Measures for supervising the operation of the subsidiary company” and assigned responsible personnel to monitor the relevant measures of the related enterprises. The Company sets the “Code of Ethical Conduct for Directors, Supervisors, and Managers” and the “Integrity of Management Regulations.” Both are published on the Company's website.	In Compliance In Compliance In Compliance In Compliance
3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly? (2) Does the company voluntarily establish other functional committees in addition to the	V V		In appointing directors, the Company will take into account the professional background of the directors themselves and strive to promote gender equality among its members. The Company has set a target of at least 12% female directors, 1 out of 7 directors of the Company is a female director (14%); The professional background of the board members covers management, science and engineering, finance and other diverse backgrounds. The company's 7 directors include a university assistant professor and an accountant, so professional advice can be given from different angles. The implementation of the diversity of directors of the Company can be referred to in our evaluation (Note1). The Company does not set up any other functional committees besides the	In Compliance In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
Compensation Committee and the Audit Committee? (3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis and submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term?	V		remuneration committees. The Company had completed the performance evaluation of Board of Directors for the period from January 1, 2020 to December 31, 2020.	In Compliance
(4) Does the Company regularly evaluate its external auditors' independence?	V		The Company regularly evaluates the independence of accountants on an annual basis. In the most recent year as in 2021/2/4, the Board of Directors had assessed the independence of accountants. Assessment included 7 aspects in legality: the qualification of accountants and whether or not the accountants were restricted by the government authorities or disqualified from the financial assurance agency. Other 12 aspects about their interests were also assessed, including business justification, ethics, and whether or not the accountants hold relationship as spouses, direct blood relatives, or others with the Executives or managers of the Company.	In Compliance
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)?		V	The Company has not set up a corporate governance director, so the General Manager's Office is responsible for corporate governance-related matters. Meanwhile, the Finance Department is responsible for formulating the meeting agenda for the board meetings, providing adequate meeting information, handling the shareholders' meeting, managing company registration, and producing the meeting minutes for the board meetings and shareholders' meetings.	In Compliance
5. Has the Company established a means of communicating with its Stakeholders (including but	V		The Company has set up designated webpage for stakeholders to provide interested parties to submit their appeals via email. The Company also has	In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
not limited to shareholders, employees, customers, suppliers, etc.) and created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate social responsibilities?			responsible personnel to provide stakeholders any point of contact for follow-up communication.	
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company authorizes Mega Securities' Stock Agency Department to handle the regular meetings of shareholders and relevant related matters.	In Compliance
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		The Company sets a designated webpage for investors, providing financial business information as well as setting corporate governance webpages specifically for investors to search for relevant information.	In Compliance
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		The Company assigned a person to be responsible for the collection of company information and the disclosure of relevant information to implement the company spokesperson system.	In Compliance
(3) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating statements for each month before the specified deadline?	V		After the end of the fiscal year of 2019, the Company announced the annual financial report on 2020/2/26. The Company also announced the financial reports of first, second and third quarters as well as monthly operating conditions before the deadlines.	In Compliance
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		Employee rights and interests: The Company formulates work policies and regulations to protect the rights and interests of both employers and employees, specifically the Company provides staff opinion boxes for employees to submit advice. Investor Relations: The Company treats all shareholders equally, and the Company's website has an investor's designated webpage for investors to inquire about the Company's financial business information. Interests of stakeholders: The Company's website has an interested party's special webpage section to provide a platform for stakeholders to complain or to safeguard the rights and interests of interested parties.	In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
			The attendance situations of board of directors and supervisors: The board of directors of the Company meet at least 6 times a year, with such attendance disclosed as public information on Market Observation Post System. The insurance of board of directors and supervisors: The company has purchased the relevant liability insurance for all the directors and supervisors. The situation of further education of the Board of directors and supervisors: The Company arranges annual education programs for the Directors and Supervisors. Each further education is disclosed on Market Observation Post System (Note 2).	

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.

Improved matters in 2021:

1. Announcement of the English version of “Meeting Notice for 2021 Annual Shareholders’ Meeting”.
2. Announce the annual report of the shareholders meeting in English.
3. Whether the company has at least two independent directors whose consecutive term of office does not exceed three terms.

Priorities of 2022:

1. The company's website and annual report disclose the protection measures and implementation of employees' personal safety and working environment.
2. Formulate and disclose in detail on the company's website the reporting system of illegal (including corruption) and unethical behaviors of internal and external personnel of the company.

Note 1: Diversity of Board Members:

Diversity indicators / Board members	Gender	Operational judgment	Accounting and financial analysis	Business Management	Crisis management	Industry knowledge	International Market Perspective	Leadership	Decision-making
Ting-Hung Su	Male	✓		✓	✓	✓	✓	✓	✓
King-Tung Huang	Male	✓		✓	✓	✓	✓	✓	✓
Yung-Chang Chiang	Male	✓		✓	✓	✓	✓	✓	✓
Han-Pin Cheng	Male	✓		✓	✓	✓	✓	✓	✓

San-Lu Su	Male	✓		✓	✓	✓	✓	✓	✓
Eliza Wang	Female		✓			✓	✓		
Yong-Ren Lin	Male	✓		✓	✓	✓	✓	✓	✓
Zhi-Feng Lin	Male	✓		✓	✓	✓	✓	✓	✓
Jie-Shou Su	Male	✓		✓	✓	✓	✓	✓	✓

Note 2: The directors and supervisors of the Company have participated further education courses conducted by various professional institutions:See below for the further education list of 2021:

<table>
<tr><th rowspan="2">Name</th><th rowspan="2">Title</th><th colspan="2">Duration of Education</th><th rowspan="2">Education Organizer</th><th rowspan="2">Course name</th><th rowspan="2">Education hours</th></tr>
<tr><th>Start date</th><th>End date</th></tr>
<tr><td>Ting-Hung Su</td><td>Board Chairman</td><td rowspan="9">2021/11/04

2021/12/23</td><td rowspan="9">2021/11/04

2021/12/23</td><td rowspan="9">Taiwan Institute of Directors</td><td rowspan="9">New Opportunities for Enterprise Green Electricity-Legal Strategy Layout Due to the Application of Major Electricity Household Clauses

Global Trends and Business Opportunities of Low-Carbon Economy and Low-Carbon Innovation of Enterprises</td><td rowspan="9">3

3</td></tr>
<tr><td>King-Tung Huang</td><td>Director</td></tr>
<tr><td>Yung-Chang Chiang</td><td>Director</td></tr>
<tr><td>San-Lu Su</td><td>Director</td></tr>
<tr><td>Han-Pin Cheng</td><td>Director</td></tr>
<tr><td>Eliza Wang</td><td>independent Director</td></tr>
<tr><td>Yong-Ren Lin</td><td>independent Director</td></tr>
<tr><td>Zhi-Feng Lin</td><td>independent Director</td></tr>
<tr><td>Jie-Shou Su</td><td>independent Director</td></tr>
</table>

3.4.4 Operation of Remuneration Committee

1. Profile of Remuneration Committee Members

Title(Note 1)	Name	Professional Qualification and Work Experiences (Note 2)	Criteria for Independence (Note 3)	Number of Other Public Companies in which the Individual is Concurrently Serving as Remuneration Committee Member
Independent Director (Chairman)	Eliza Wang	Please see page 8 "Disclosure of Directors Professional Qualifications and Independence".	(1) Not an employee of the Company or any of its affiliates; (2) Not a director or supervisor of the Company or any of its affiliates; (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders; (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managerial officers in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act; (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company; (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent); (8) Not a director, supervisor, managerial officers, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company; (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total remuneration within the recent two years exceeds NT$500,000". (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company; (11) Not been a person of any conditions defined in Article 30 of the “Company Act”.	0
Independent Director	Yong-Ren Lin			0
Independent Director	Zhi-Feng Lin			0
Independent Director	Jie-Shou Su			0

Note 1: Please specify in the form the relevant working years, professional qualifications, experience and independence of the members of each Remuneration Committee. If they are independent directors, please note that refer to page 8 "Disclosure of Directors Professional Qualifications and Independence". Please indicate whether this person is an independent director or others (if the person is chairman, please note).

Note 2: Professional Qualification and Work Experiences: State the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Criteria for Independence: State that the members of the remuneration committee meet the conditions of independence, including but not limited to the self, spouse, relatives within the second degree serve as director or supervisor of the company or its affiliated companies; the number and proportion of company shares held by the self, spouse, relatives within the second degree (or in the name of others); serving as a director, supervisor or employee of a company that has a specific relationship with the company (refer to Article 6, Paragraph 1, Subparagraphs 5 to 8 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”); the amount of remuneration for providing business, legal, financial, accounting and other services to the company or its related companies in the last two years.

Note 4: For the disclosure method, please refer to the best practice reference example on the website of the Corporate Governance Center of TWSE.

2. Remuneration Committee Operation

(1) The Remuneration Committee is currently comprised of 4 members.

(2) Current Remuneration Committee Member Terms: Sept. 9, 2021, through June 4, 2024; the committee convened 3 meetings (A) in 2021, of which attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remarks
Committee Member/Chairman	Tung-Shan Lin	2	0	100%	Dismissed on June 24, 2021
Committee Member/Chairman	Eliza Wang	3	0	100%	Renewal of office on September 9, 2021
Committee Member	Yueh-Hsuan Chiang	2	0	100%	Dismissed on June 24, 2021
Committee Member	Yong-Ren Lin	1	0	100%	New office assumed on September 9, 2021
Committee Member	Zhi-Feng Lin	1	0	100%	New office assumed on September 9, 2021
Committee Member	Jie-Shou Su	1	0	100%	New office assumed on September 9, 2021

Other documentation:

1. If the Board of Directors do not adopt or amend the recommendations of the Remuneration Committee, it shall state the date of the Board of Directors, the period, the contents of the motion, the results of the resolutions of the Board of Directors and the company's handling of the opinions of the Remuneration Committee (e.g. the recommendations adopted by the Board of Directors about remuneration are better than those of the Remuneration Committee, the circumstances and reasons for their differences shall be specified): None.
2. If a member has objections or reservations and has a record or written statement, the date, part of the remuneration committee, the contents of the motion, the views of all members ,and the handling of the views of the members shall be specified: None.
3. The composition and responsibilities of the Remuneration Committee:
   (1) All the members of the Remuneration Committee are in conformity with the professional qualifications and work experience stipulated in Article 5 of the “Measures of Competence of the Remuneration Committee”, and compliant with Article 6 of the “Measures of Competence of the Remuneration Committee”.
   (2)Responsibilities:
      A.To establish and regularly review the policies, systems, standards, and structures of performance evaluation and remuneration of directors, supervisors and managers.
      B. Regularly assess and determine the remuneration of directors, supervisors and managers.
      C. Review the Company's procedures and make recommendations for amendments from time to time.

Note：(1) If any member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the Remuneration Committee and the actual number of attendance during the term of office.

(2) Before the end of the year, if there is a re-election of the Remuneration Committee, the new and old members of the Remuneration Committee shall be filled in, and the remarks column shall indicate whether the member is the old, new or renewal and the date of re-election. The actual attendance rate (%) shall be calculated based on the number of meetings of the Remuneration Committee and the actual number of attendance during the term of office.

3.Remuneration Committee discussions and resolutions:

Meeting date	Agenda and subsequent actions	Results Communicated	Company reaction base on the opinion of Remuneration Committee
Year 3: the 9th Committee meeting 2021/02/04	1.The proposals for year-end bonus payments for managerial officers.	Approved by all members in attendance	The board of directors supported and approved all the items proposed by Remuneration Committee
Year 3: the 10th Committee meeting 2021/02/25	1.Allocation of the remuneration of the directors and supervisors serving during year 2020 in accordance with the articles of regulations of the Company.	Approved by all members in attendance	The board of directors supported and approved all the items proposed by Remuneration Committee
Year 4: the 1st Committee meeting 2021/09/30	1. The proposal of distribution of independent directors' fixed remuneration. 2. The proposal of remuneration for Remuneration Committee. 3. The proposal of the adjustment of managerial officers' salary for year 2021. 4. Review the details of dividends for managers and employees.. 5. Review the details of the remuneration paidto the Board of Supervisors.	Approved by all members in attendance	The board of directors supported and approved all the items proposed by Remuneration Committee

3.4.5 Fulfillment of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
1.Has the Company established a Sustainable Development unit (full- or part-time), with a senior manager authorized by the Board of Directors to handle and report related activities to the Board of Directors?		V	At present, the company plans to promote sustainable development by the general manager office. It is expected to establish an organizational structure by the end of 2022 and report the operation status to the board of directors every year.	None
2.Does the company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies?	V		1. Environment: (1) The company has listed environmental management, greenhouse gases, energy conservation and carbon reduction as the company's continuous improvement targets, and strives for continuous improvement through increasing resources and cutting costs, so as to ensure sustainable production and assume more social and environmental responsibilities. (2)The company also actively introduces and develops more environmentally friendly operating processes and products in the manufacturing process, products, services and concepts to meet various green requirements of customers and sales countries on energy resource management, climate change, RoHS and toxic chemical substances, as a guideline for continuous improvement and sustainable operation, with the goal of achieving the ultimate green industry. (3)The internal management is also committed to maintaining environmental control inside and outside the plant,	None

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
			reducing environmental impact, and continuously implementing 5S management campaign to optimize the plant environment and work efficiency. 2. Product safety: A. Quality is the core responsibility and principle of every employee. By establishing a good corporate quality culture, the company continues to improve the quality management of innovative products and services with innovation and rigorous design and development capabilities. B. In recent years, through the introduction of ISO9001 and other quality management systems, the company has constructed complete and rigorous key processes such as "design and development", "supplier management", "process control", "quality control" and "efficiency service". Analysis technology, continuous proposal and improvement, in order to ensure the quality of the company's products, maintain the company's competitive advantage and achieve the win-win goal of customer satisfaction. 3.Corporate Governance: Through the establishment of governance organization and the implementation of an internal control mechanism, to ensure that all personnel and operations of the company truly comply with relevant laws and regulations.	

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
3.Environment (1)Does the Company establish proper environmental management systems in line with its industry characteristics?		V	The company will implement the introduction of the Environmental. Management Systems, EMS (ISO 14001) in 2022, and plans to obtain a third-party certification. The management department of the company is responsible for the maintenance and implementation of the management system, the promotion of environmental protection concepts and internal and external education.	Although there is no relevant system, in practice, the company's management department is gradually implementing it
(2)Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with a low environmental footprint?	V		In order to improve the utilization efficiency of raw materials and reduce the environmental impact, the company's treatment is as follows: 1.Waste Management and Resource Recycling: In order to achieve the maximum benefits of effective waste management and resource recovery and sustainable utilization, the company first focus on waste reduction, effectively and surely classify, recycle, reuse and properly dispose of, and continue to improve waste. Storage, Shipping and Handling and Environmental Impact. 2.In order to accurately grasp the flow of waste, in addition to carefully selecting qualified waste disposal and recycling manufacturers, the management department regularly checks the legality of the waste disposal process, so as to take responsibility for the supervision of waste management. 3.The oil used for cutting machines in the factory is recycled as much as possible, and the waste gas collection and recovery system is adopted to reduce the exhaust gas discharged to the	None

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
			outside and reduce the impact on the environment.	
(3)Does the Company evaluate the impact of climate change on the Company's current and future potential risks and opportunities, and adopt measures to respond to climate-related issues?	V		In response to the possible impact of climate change, the company actively identifies the risks brought by climate change (such as water shortage, power shortage, typhoon, earthquake, etc.), and continuously controls the operation impact and damage caused by extreme climate. In response to various disaster risks that may affect operations, the company has formulated relevant continuous operation plans and has appropriate countermeasures to reduce the impact on operations after disasters occur, and to resume operations quickly.	None
(4)Does the company collect information on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies on greenhouse gas reduction, water usage reduction, or other waste management policies?		V	The company has not actually counted the greenhouse gas emissions in the past two years. In recent years, the management department has counted the total power consumption, water consumption and total weight of waste, and continued to implement specific measures of energy conservation and carbon reduction to implement the reduction, use, recycling and reuse of resources and energy. The company's greenhouse gas inventory issue has been included in the board of directors' agenda on May 5, 2022, and the planning of greenhouse gas inventory and reduction targets has been included in the company's management and operation plan to reduce greenhouse gas emissions.	Not yet implemented. Included in the operation plan to meet the sustainable development goals.

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
4.Social Responsibilities				None
(1)Does the Company formulate appropriate management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		The company does abide by the labor base law and relevant laws and regulations, as well as international human rights conventions, such as gender equality, the right to work and the prohibition of discrimination, and has set up an employee welfare committee to supervise and protect the welfare of employees.	
(2)Does the company formulate and implement reasonable employee benefits (including remuneration, vacation, and other benefits), and appropriately reflect operating performance or results in employee remuneration?	V		The company provides employee benefits including three holidays (Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival) bonus, Labor Day bonus, patent bonus, year-end party and lottery activities, group insurance (accident insurance and occupational disaster) , business travel insurance, wedding and funeral subsidies, child care allowances for employees under the age of six to attend kindergartens and other related benefits. In additional, the employee welfare committee provides employees with domestic and foreign travel, birthday gifts, maternity subsidies, and employee discounts in various special stores.	None
(3)Does the Company provide a safe and healthy working environment, and provide training on safety and health for its employees on a regular basis?	V		The company is committed to providing a safe and healthy working environment for employees, promoting health promotion, providing sound physical and mental programs, and regularly implementing safety and health education for employees. The company has an occupational safety office to coordinate the handling of occupational safety and health related businesses. In	None

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
			the future, it plans to introduce ISO 45001 occupational safety management system certification. There was no major occupational disaster in this report year, and the health examination activities for employees were held regularly every year to ensure the physical and mental health and safety of employees.	
(4).Does the Company establish effective career development programs for its employees?	V		The company provides professional education and training according to the work in charge, arranges internal or external training courses, and improves the functions of employees.	None
(5).With respect to customer health and safety of products and services, customer privacy, marketing, and labeling, does the Company comply with relevant regulations and international standards, and formulate related consumer protection policies and appeal procedures?	V		The company attaches importance to customers' opinions. In addition to daily visits, it also provides a product contact window and email on the company's website, and sets up a special area for interested parties to provide channels for complaints or suggestions. The company also adheres to the principle of good faith to properly handle and give feedback to protect customers' rights.	None
(6).Does the Company have a supplier management policy that requires suppliers to comply with and implement relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	V		Tantalum, tin, tungsten and gold contained in the company's products do not use "conflict minerals" mined from African regions / countries. The supplier shall conduct a detailed review of the origin and regulation of these minerals and shall provide the client, upon request, with the specifications for its review.	None

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
4. Social Issues				
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		The Company does comply with the Labor Standard Law and related regulations as well as international human rights conventions (e.g. gender equality, the right to work, and the prohibition of discrimination). The Company has a Staff Welfare Committee to monitor and safeguard the welfare of employees.	None
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		The Company provides gift certificates on the three special holidays, May first Labor Day gifts, patent bonuses, annual end-of-year party with lottery activities, group insurance (accident insurance, occupational disaster), subsidies for business travel, birthdays, maternity leaves, kindergarten babysitting, and all other kinds of special stores to enjoy employee discounts.	None
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		The Company regularly conducts employee health check-ups and special health check-ups (e.g. noise).	None
(4) Has the Company established effective career development training plans?	V		The Company provides professional education and training in accordance with the work of each person in charge, arranges internal or external training courses, and enhances the functions of its employees.	None
(5) Does the company comply with the relevant laws and international standards with regards to	V		The Company values customer opinions. In addition to daily visits, the company's website provides contact information	None

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies? (6) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation?	 V		(email) under the designated stakeholder webpage. The Company set ups complaints or discussion channels. The Company also upholds the principle of integrity to properly handle the complaints and provide feedback to protect customer rights. The tantalum, tin, tungsten and gold contained in the Company's products do not use conflict minerals mined from African regions or countries. Suppliers should conduct detailed reviews of the sources and regulations of these minerals and should provide customers with the specifications for their reviews at their request.	 None
5.Does the company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?		V	Relevant information about corporate social responsibility is revealed in the Company's annual report and website. The Company will consider preparing the corporate social responsibility report in line with the international guidelines.	The Company has not yet prepared a corporate responsibility report, but the Company's implementation is consistent with the same ideal without significant differences in the good will to the society and the environment..
6. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: No deviations - The Company has not yet established a corporate responsibility principles, but the Company's implementation is consistent with the same ideal without significant differences in the good will to the society and the environment				

Evaluation Criteria	Implementation Status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Explanation (Note2)	
7.Other important information to facilitate a better understanding of the company’s implementation of corporate social responsibility: (1) The Company's recruitment and appointment do not discriminate due to gender or race. The Company actively provides job opportunities to disadvantaged groups. For the rights and interests of employees, our Company is in accordance with the provisions of the regulations, while providing employees with a good working environment. (2) In terms of environmental protection, the company is in accordance with the relevant provisions of the Environmental Protection Act. In order to avoid environmental pollution caused by production, for the rights and interests of employees, the Company is in accordance with the provisions of the regulations, while providing employees with a good working environment. (3) The investors’ rights and interests: The Company always maintains the channels of communication, and upholds the principle of integrity to disclose information in real-time in order to safeguard the rights and interests of investors.				

Note 1: If checked "Yes", please indicate the important policies, strategies, measures and implementations adopted; Yet if checked "No", please explain the reasons and explain the plans for the future implementation of relevant policies, strategies and measures.

Note 2: The companies that have prepared a CSR report, the operation of the situation should indicate the reference to the CSR report and substitute with relevant index page.

Note 3: The principle of materiality refers to those who have a significant impact on corporate investors and other stakeholders on environmental, social and corporate governance issues.

3.4.6 The State of the Company's Performance in the Area of Ethical Corporate Management, Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance:

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
1.Establishment of ethical corporate management policies and programs (1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		The Company has established "Integrity of Management Regulations" and publicized on the company's website. The President's Office is responsible for developing and implementing the ethical management policies and preventive measures.	In Compliance
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		The Company discloses the Integrity of Management Regulations on the company's website and annual report as well as carries out relevant education and training for employees.	In Compliance
(3) Does the company clearly set out the operating procedures, behavior guidelines, punishment and appeal system for violations in the plan to prevent unethical conduct, implement it, and regularly review and revise the plan?	V		The Company makes various precautionary measures in "Integrity of Management Regulations," such as prohibiting from providing, promising, demanding or receiving any form of improper benefit, directly or indirectly.	In Compliance
2.Ethic Management Practice (1) Does the company assess the ethics records of whom it has business relationship with and include business	V		When the Company signs contracts with others, we fully understand the other parties' state of business	In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
conduct and ethics related clauses in the business contracts?			integrity. To implement the Company's integrity business policy, if we ever find that our business transactions or partners have dishonest behaviors, we will immediately stop such business dealings.	
(2) Does the company set up a dedicated unit to promote ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors on its ethical corporate management policy and plans to prevent unethical conduct and monitor implementation?	V		The Presidents' Office is responsible for the integrity management. The Company has not set up regular report to the Board of Directors on its implementation of integrity management.	The regular reports to the directors have been under consideration for future integrity evaluation.
(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		The Company provides dedicated e-mail that is set up as a channel for reporting.	In Compliance
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits?	V		The Audit Office of the Company is responsible for providing regular and irregular audits of the Company's operating results. The Audit Office also inspects and evaluates organizational activities. The relevant audit reports are sent to independent directors and supervisors for review.	In Compliance
(5)Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		The Company arranges external integrity management related education courses for directors and supervisors to attend annually. We also disclose relevant regulations on the Company's website, while educating our internal staff about	In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
			our ethical code of conducts from time to time.	
3.Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		The Company provides employee opinion boxes and has a designated webpage on the company's website for complaints submissions. The submitted complaints is accepted by responsible personnel. The reporting channels shall not be hindered by the location and time, so this reporting channels shall always be open.	In Compliance
(2) Does the company establish standard operation procedures for investigating the complaints received, follow-up measures taken after investigating and ensuring such complaints are handled in a confidential manner?	V		The Company assigns responsible personnel to process the submitted complaints to prevent whistleblowers' identities from exposing, so the investigation always is carried out confidentially.	In Compliance
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		The Company provides employee the advice boxes and designated webpage for complaints submission. We protect the identities and privacy of the whistleblowers, and the non-prosecutors are not subject to any unfair treatment of the matter of reporting.	In Compliance
4.Strengthening Information Disclosure Does the company disclose its ethical corporate management policies as well as the results of its implementation on its website and Market Observation Post System ("MOPS")?	V		The Company has a website to publish company-related events, and has been disclosing relevant information on the Market Observation Post System in accordance with the provisions of the law.	In Compliance
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for				

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation:
The Company has established our Integrity of Management Regulations and disclosed this policy on the company website. Our current operation has no deviation to our policy.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g. review and amend its policies):
(1) The Company’s “Board of director meeting regulations” has set up a system to avoid the interests of directors. If the directors for board meeting matters, and their own or their representatives of the juridical persons have an interest in the risk of harming the interests of the company, the directors may state their views and answers. However, the directors may not join the discussion and voting. The directors also have to avoid the discussion and voting, and may not act on behalf of other directors to exercise their voting rights
(2) The Company has set up “Insider trading prevention management,” which states that directors, supervisors, managers and employees shall not disclose material information to others, nor inquire into and collect material information that is not relevant to the personal functions of the Company. They also shall not disclose material information internally to companies that are not related to their personal functions, nor may they disclose material information internally that is not disclosed by the Company as a result of the execution of their business</td></tr>
</table>

3.4.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

The Company has established the ethical code of conduct for our Director, Supervisors, and Managers. We also have the meeting regulations for our shareholders and Board of director. We have standard operation procedures to handle Directors’ request and our Integrity of Management Regulations. All aforementioned principles are disclosed on our company’s website and Market Observation Post System for our investors to understand how we implement and practice our Corporate Governance.

3.4.8 Other Important Information Regarding Corporate Governance: None.

3.4.9 Internal Control System Execution Status

1. Statement of Internal Control System: Please refer to p. 92 of this report.
2. If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

3.4.10 Reprimands on the Company and its Staff: In the most recent year and as of the date of publication of the annual report, the Company and its internal personnel are punished according to law, or the Company punishes its internal personnel for violating the provisions of the internal control system. The result of such punishments may have a significant impact on the shareholders' rights and interests or the price of the securities. Please specify the contents of the punishment, the main deficiencies, and the improvements: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings in the most recent year and as of the date of publication of the annual report

Date of major resolutions	Major Resolutions
Year 6: the 22nd Board meeting 2021/02/04	(1) To approve managerial officers' year-end bonuses (2) To Approve the change in CPA (3) To Approve the evaluation report for independence and the total remuneration for external auditor in year 2021
Year 6: the 23rd Board meeting 2021/02/25	(1) To approve 2020 remuneration of board of directors, supervisors. (2) To approve 2020 remuneration of employees. (3) To approve 2020 Financial Statements. (4) To approve the loan credit extension of Citibank bank (Taiwan) and Endorsements /Guarantees for subsidiary companies. (5)To approve the Internal Control System Statement of year 2020.
Year 6: the 24th Board meeting 2021/03/25	(1) To approve the 2020 business report. (2) To approve the amendment of "Rules of Procedure for Shareholders Meetings". (3) To approve the amendment of "Rules of Procedure for Election of directors and supervisors." (4) To approve the amendment of "Regulations Governing the Acquisition and Disposal of Assets". (5) To approve the amendment of "Regulations Governing Loaning of Funds to Other Parties". (6) To approve the amendment of "Regulations Governing Making of Endorsements/Guarantees". (7) To approve the earning distribution of year 2020 (8) To approve the full election of directors. (9) To approve the nominations for director candidates.

	(10) To approve the proposal of non-competition for newly directors. (11) To approve the regulation of "The Shareholders' Proposal Right and Its Remedies”. (12) To approve the scheduling of 2021 Annual Shareholders’ Meeting. (13)To approve the loan credit extension of Chinatrust bank and Endorsements /Guarantees for subsidiary companies.
Year 6: the 25th Board meeting 2021/05/04	(1)To approve the consolidated financial statements of 2021 Q1. (2) To approve the nomination and review of the list of director candidates.
Year 6: the 26th Board meeting 2021/08/04	(1) To approve modification of regular shareholders’ meeting date. (2) To approve financial statements of 2021 Q2. (3) To approve the loan credit of Shin Kong bank and Endorsements /Guarantees for subsidiary companies. (4)To enact the modification of “Audit Committee Charter”.
Shareholders’ meeting 2021/08/24	(1)To approve 2020 business report and financial statements. (2)To approve the amendment of “Rules of Procedure for Shareholders Meetings”. (3)To approve the amendment of “Rules of Procedure for Election of directors and supervisors.”. (4)To approve the amendment of “Regulations Governing the Acquisition and Disposal of Assets”. (5) To approve the amendment of “Regulations Governing Loaning of Funds to Other Parties”. (6)To approve the amendment of “Regulations Governing Making of Endorsements/Guarantees”. (7)To elect new 9 directors. (8)To approve the proposal of non-competition for newly directors. The latest directors were registered at Ministry of Economic Affairs on 2021/08/27 and approved on 2021/09/10.
Year 7: the 1st Board meeting 2021/08/24	(1) To approve the election of the chairman.
Year 7: the 2nd Board meeting 2021/09/09	(1) To approve the appointion of the Remuneration Committee.
Year 7: the 3rd Board meeting 2021/09/30	(1) To approve the distribution of independent directors’ fixed remuneration. (2) To approve the remuneration for Remuneration Committee. (3) To approve the adjustment of managerial officers’ salary.

	(4) To approve the performance bonus for managerial officers. (5) To approve remuneration of board of directors, supervisors. (6) To approve the amendment of "Rules of Procedure for Board of Directors Meetings". (7) To approve the amendment of "Remuneration Committee Charter".
Year 7: the 4th Board meeting 2021/11/04	(1) To approve financial statements of 2021 Q3. (2) To approve the internal audit plan in year 2022.
Year 7: the 5th Board meeting 2021/12/12	(1) To approve the annual budget in year 2022.
Year 7: the 6th Board meeting 2022/01/25	(1) To approve managerial officers' year-end bonuses. (2) To approve the loan credit extension of Citibank bank (Taiwan) and Endorsements /Guarantees for subsidiary companies.
Year 7: the 7th Board meeting 2022/02/24	(1) To approve 2021 remuneration of board of directors, supervisors. (2) To approve 2021 remuneration of employees. (3) To approve 2021 Financial Statements. (4) To approve the 2021 business report. (5) To approve the earning distribution of year 2021. (6) To Approve the change in CPA. (7) To Approve the evaluation report for independence and the total remuneration for external auditor in year 2022. (8) To approve the Internal Control System Statement of year 2021. (9) To approve the amendment of "Company's Articles". (9) To approve the amendment of "Regulations Governing the Acquisition and Disposal of Assets". (10) To approve the regulation of "The Shareholders' Proposal Right and Its Remedies". (11) To approve the scheduling of 2022 Annual Shareholders' Meeting.
Year 7: the 8th Board meeting 2022/05/05	(1) To approve financial statements of 2022 Q1. (2) To approve the loan credit extension of Chinatrust bank and Endorsements /Guarantees for subsidiary companies. (3) To approve the schedule of greenhouse gas inventory and verification disclosure.

3.4.12 Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2021 and as of the Date of this Annual Report: None.

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.

3.5 CPA Professional Fees

3.5.1 If non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and to any affiliated enterprise of such accounting firm are over one quarter or more of the audit fees paid, the fee and service details should be disclosed.

Accounting fee information

Unit: NTD$ thousand

Accounting Firm	Name of CPA	Audit fee	Non-audit fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resources	Other	Subtotal		
KPMG Taiwan	Szu-Chuan Chien	3,690	0	0	0	0	3,690	2021/01/01~ 2021/12/31	
	Hsing-Fu Yen								
	Chih Chang	0	0	68 (Note 1)	0	250 (Note 2)	318		

Note 1: Fees for company registration and application for overseas fund repatriation.
Note 2: Public expense for transfer pricing report.

3.5.2 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not Applicable.

3.5.3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefor shall be disclosed: None.

3.6. Replacement of CPA

Year	Previous Accountants	Replaced Accountants	Reasons and explanations for replacement
2021	Kuan-Ying Kuo And Hsing-Fu Yen	Szu-Chuan Chien And Hsing-Fu Yen	Regulatory requirements on rotation at KPMG Taiwan

3.7. Audit Independence – The Board Chairman, President, Mangers responsible of finance or accounting at Sinher have served in the accounting firm or its affiliated companies in the last year: None.

3.8. Changes in Shareholding of Directors, Supervisors, and Managers whose Share Ratio Exceeds 10% during the most recent year until the publication of this annual report

3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders:

Title	Name	2021		As of April 25, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase(Decrease)	Holding Increase (Decrease)	Pledged Holding Increase(Decrease)
Chairman	Ting-Hung Su	0	0	0	0
Director	King-Tung Huang	(192,000)	0	0	0
Director	Yung-Chang Chiang	0	(630,000)	0	0
Director (note 1)	Guang-Jiu Gao	0	0	0	0
Director (note 2)	Han-Pin Cheng	0	0	0	0
Director (note 2)	San-Lu Su	0	0	0	0
Independent Director	Eliza Wang	0	0	0	0
Independent Director (note 1)	Yueh-Hsuan Chiang	0	0	0	0
Independent Director (note 1)	Tung-Shan Lin	0	0	0	0
Independent Director (note 2)	Tung-Shan Lin	0	0	0	0
Independent Director (note 2)	Eliza Wang	0	0	0	0
Independent Director (note 2)	Yueh-Hsuan Chiang	0	0	0	0
Supervisor (note 1)	Sheng-Ming Pu	0	0	0	0
Supervisor (note 1)	Han-Pin Cheng	0	0	0	0
Supervisor (note 1)	San-Lu Su	0	0	0	0
Vice-President	Chien-Liang Lin	0	0	0	0
Vice-President	Shi-Jie Hung	0	0	0	0
Associate Director	Chen-Chia Chang	0	0	0	0
Associate Director	Xiao- Jun Chen	0	0	0	0
Manager	Chen-Jung Chen	0	0	0	0
Manager	Ching-Hsiang Yeh	0	0	0	0

Note 1.Dismissed at the expiration of the term of office of the shareholders' meeting on August 24, 2021
Note 2.Re-elected directors at the shareholders' meeting on August 24, 2021

3.8.2 Shares Trading with Related Parties: None.

3.8.3 Shares Pledge with Related Parties: None.

3.9 Relationship among the Top Ten Shareholders

As of 4/25/2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top 10 Shareholders, or Spouses or Relatives Within Two Degrees		Note
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
Ting-Hung Su	6,028,359	8.10%	1,521,000	2.04%	0	0	Chin-Hao Chen	Spouse	
CATCHER TECHNOLOGY CO., LTD.	5,169,917	6.95%	0	0	0	0	None	None	
King-Tung Huang	2,440,029	3.28%	280,884	0.38%	0	0	Yi-Chi Huang	Father-daughter	
Han-Pin Cheng	1,988,456	2.67%	0	0	0	0	None	None	
Chin-Hao Chen	1,521,000	2.04%	6,028,359	8.10%	0	0	Ting-Hung Su	Spouse	
San-Lu Su	1,387,398	1.86%	0	0	0	0	None	None	
Yi-Chi Huang	1,281,381	1.72%	0	0	0	0	King-Tung Huang Yi-Han Huang	Father-daughter Sisters	
Fidelity Fund Trusted by Standard Chartered Bank	1,175,000	1.58%	0	0	0	0	None	None	
Chien-Liang Lin	1,071,229	1.44%	0	0	0	0	None	None	
Yi-Han Huang	1,030,281	1.38%	0	0	0	0	King-Tung Huang Yi-Chi Huang	Father-daughter Sisters	

3.10 Ownership of Shares in Affiliated Enterprises

As of the publication date of the annual report, the Company's reinvestment activities are defined as the direct investment. There is no case of comprehensive shareholding between the Company's directors, managers and the businesses that are directly or indirectly controlled by the Companies.

4. Capital Overview
4.1 Capital and Shares
4.1.1 Source of Capital

Unit: Shares; NTD$ Thousands;As of 4/30/2022

Month/Year	Issued Price (NTD$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (K)	Amount (NTD$ thousand)	Shares (K)	Amount (NTD$ thousand)	Sources of Capital	Capital Increased by Assets Other than Cash	Others
01/2002	10	1,000,000	10,000,000	1,000,000	10,000,000	Established with NTD$10,000,000	-	Note 1
08/2007	10	30,000,000	300,000,000	2,300,000	23,000,000	Cash increased NTD$13,000,000	-	Note 2
09/2007	10	30,000,000	300,000,000	10,000,000	100,000,000	Cash increased NTD$77,000,000	-	Note 3
10/2007	18.5	30,000,000	300,000,000	20,000,000	200,000,000	Cash increased NTD$100,000,000	-	Note 4
12/2008	10	30,000,000	300,000,000	21,068,000	210,680,000	Capital increased NTD$10,000,000 by surplus transformation and NTD$680,000 by employee dividend	-	Note 5
12/2009	10 22.75	30,000,000	300,000,000	23,378,800	233,788,000	Capital increased NTD$210,680,000 by surplus transformation, NTD$1,040,000 by employee dividend, and NTD$1,000,000 by employee stock options	-	Note 6
04/2010	10 35.61	50,000,000	500,000,000	28,402,560	284,025,600	Capital increased NTD$46,757,600 by surplus transformation and NTD$3,480,000 by employee dividend	-	Note 7
08/2010	50	50,000,000	500,000,000	29,002,560	290,025,600	Capital increased NTD$6,000,000 by employee stock options	-	Note 8
11/2010	55	50,000,000	500,000,000	30,602,560	306,025,600	Cash increased NTD$16,000,000	-	Note 9
09/2011	10 37.71	50,000,000	500,000,000	36,950,072	369,500,720	Capital increased NTD$61,205,120 by surplus transformation and NTD$2,270,000 by employee dividend	-	Note 10
09/2012	10 35.7	100,000,000	1,000,000,000	61,151,618	611,516,180	Capital increased NTD$203,225,390 and NTD$36,950,070 by surplus transformation, while increasing NTD$1,840,000 by employee dividend	-	Note 11
05/2013	63.8	100,000,000	1,000,000,000	67,652,000	676,520,000	Cash increased NTD$65,003,820	-	Note 12
09/2013	10	100,000,000	1,000,000,000	74,417,200	744,172,000	Capital increased NTD$67,652,000 by surplus transformation	-	Note 13

Note 1: No. 10501224160 issued by the Ministry of Economic Affairs, R.O.C.

Note 2: No. 09632570690 issued by the Ministry of Economic Affairs, R.O.C

Note 3: No. 09632819490 issued by the Ministry of Economic Affairs, R.O.C

Note 4: No. 09632955600 issued by the Ministry of Economic Affairs, R.O.C

Note 5: No. 09733481091 issued by the Ministry of Economic Affairs, R.O.C

Note 6: No. 09835039670 issued by the Ministry of Economic Affairs, R.O.C

Note 7: No. 0993077530 issued by the executive authority of the Taipei government

Note 8: No. 0993144845 issued by the executive authority of the Taipei government

Note 9: No. 0993169111 issued by the executive authority of the Taipei government

Note 10: No. 1005058473 issued by the executive authority of the Taipei government

Note 11: No. 1010031981 issued by the Securities and Futures Bureau, FSC, R.O.C

Note 12: No. 1020010393 issued by the Securities and Futures Bureau, FSC, R.O.C

Note 13: No. 1020027480 issued by the Securities and Futures Bureau, FSC, R.O.C

As of 4/25/2022; Unit: Shares

Type of Stock	Authorized Share Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Stock	74,417,200	25,582,800	100,000,000	Listed Stock

4.1.2 Status of shareholders

As of 4/25/2022; Unit: Shares

Shareholders Status / Quantity	Governmental Organizations	Financial Institutions	Other juridical persons	Individuals	Foreign Institutional Shareholders and Individuals	Total
Number of shareholders	0	6	247	23,516	55	23,824
Holding Shares	0	1,992,948	6,763,350	62,905,767	2,755,135	74,417,200
Holding Stake	0%	2.68%	9.09%	84.53%	3.70%	100.00%

4.1.3 Shareholding Distribution Status (NTD$10 per share)

As of 4/25/2022; Unit: Shares

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1～ 999	16,066	278,560	0.37
1,000～ 5,000	6,201	12,682,680	17.04
5,001～ 10,000	825	6,509,483	8.75
10,001～ 15,000	238	3,073,295	4.13
15,001～ 20,000	166	3,083,292	4.14
20,001～ 30,000	116	3,039,278	4.08
30,001～ 40,000	62	2,236,342	3.01
40,001～ 50,000	37	1,715,808	2.31
50,001～ 100,000	60	4,428,553	5.95
100,001～ 200,000	21	3,111,906	4.18
200,001～ 400,000	11	3,225,915	4.33
400,001～ 600,000	3	1,489,117	2.00
600,001～ 800,000	4	2,922,196	3.93
800,001～ 1,000,000	4	3,522,725	4.73
1,000,001 or over	10	23,098,050	31.05
Total	23,824	74,417,200	100.00%

4.1.4List of Major Shareholders

As of 4/25/2022

Shareholding / Shareholders' name	Shares	Percentage
Ting-Hung Su	6,255,917	8.41%
CATCHER TECHNOLOGY CO., LTD.	5,169,917	6.95%
King-Tung Huang	2,440,029	3.28%
Han-Pin Cheng	1,988,456	2.67%
Chin-Hao Chen	1,521,000	2.04%
San-Lu Su	1,387,398	1.86%
Yi-Chi Huang	1,286,381	1.73%
Fidelity Fund Trusted by Standard Chartered Bank	1,175,000	1.58%
Chien-Liang Lin	1,071,229	1.44%
Yi-Han Huang	1,030,281	1.38%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Year / Item			2020	2021	Current Year to April 30, 2022 (Note 8)
Market Price per Share (Note 1)	Highest		50.10	62.90	42.15
	Lowest		25.70	39.20	37.10
	Average		45.05	53.87	39.83
Net Worth per Share (Note 2)	Before distribution		47.56	46.91	46.06
	After distribution		44.56	44.91	-
Earnings per Share	Weighted average shares (1,000 shares)		74,417	74,417	74,417
	Earnings per Share(Note 3)		5.66	2.44	0.72
Dividends per Share (Note)	Cash Dividend		3	2	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	0	-
		Stock Dividends Appropriated from Capital Reserve	0	0	-
	Accumulated Undistributed Dividends(Note 4)		0	0	-
Return on Investment Analysis	Price/Earnings Ratio(Note 5)		7.56	19.38	-
	Price/Dividend Ratio(Note 6)		14.26	23.65	-
	Cash Dividend Yield Rate(Note 7)		7.01%	4.23%	-

Note:The 2021 surplus distribution plan has been adopted by the board of directors.

Note 1:List the highest and lowest market prices of ordinary shares in each year, and calculate the average market price of each year according to the transaction value and volume of each year.

Note 2:Please fill in the form based on the number of shares issued at the end of the year and in accordance with the resolution of the next board meeting or the next annual shareholders' meeting.

Note 3:If a retroactive adjustment is required due to such circumstances as free allotment of shares, the earnings per share before and after the adjustment shall be listed.

Note 4:If the conditions for the issuance of equity securities stipulate that the unpaid dividends in the current year can be accumulated until the surplus is issued in the year, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5:Price/Earnings Ratio: average stock price divided by the company's earnings per share for current year.

Note 6:Price/Dividend Ratio: average stock price divided by cash dividend per share for current year

Note 7:Cash Dividend Yield Rate: cash dividend per share divided by average stock price for current year

Note 8:Net worth per share and earnings per share should be filled with the information checked (reviewed) by the CPA in the most recent quarter up to the printing date of the annual report; other fields should be filled with the information of the current year up to the printing date of the annual report.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy:

The Company's annual final accounts, if including net profit after tax for the current period, are arranged in the following order:

1-1. To make up for losses that have been made in previous years；

1-2. To list and settle 10% of the legal surplus reserve until the accumulated amount has reached the total capital of the Company；

1-3. To include or reverse the special surplus reserve in accordance with the operational needs of the company and the provisions of the law；

1-4. To distribute the dividends to shareholders. The distribution shall be based on the net profit after tax of the current period of the annual final accounts, deducting the balance of the first and third payments. The dividends shall be distributed at a surplus at least 10% after the annual surplus is deducted from the above items. The dividends shall be distributed by the board of directors in accordance with the development of the company together with the undistributed surplus in previous years. Lastly, the dividends shall be submitted as a motion by the directors to the committee of shareholders for resolved distribution.

The Company will take into account the company's environment and growth. In response to future capital needs, financial structure, surplus situation or balanced and stable dividend policy, the Company will consider the capital needs and the dilution of earnings per share to adopt a suitable method for share dividend or cash dividend, of which the cash dividend is at least 10% of the total dividend issued.

2. Proposed Distribution of Dividend of year 2019:

The motion for surplus distribution was approved by the Board of Directors on

2022/02/24. The remaining distributable surplus shall be distributed according to the table below after the Company's 10% legal surplus reserve and the special surplus reserve as mentioned in the impairment of equity in 2021.

Assigned items	Amount (NTD$)
Shareholders' dividend (earnings distribution cash at $2 per share)	148,834,400
The total number of allocated items	148,834,400

4.1.7 Effect Upon Business Performance and EPS Resulting of Stock Dividend Distribution Proposed at the Shareholders' Meeting: The Company has not disclosed its financial forecasting, so it is not applicable.

4.1.8 Compensation of Directors, Supervisors, and Employees

The Company's provisions on employee remuneration and remuneration of the board and supervisors are as follows:

1. Percentages or ranges of remuneration of employees, supervisors, and directors under the Articles of Incorporation:

   If the company has profits in each year (i.e. pre-tax benefits that have not yet been deducted from the remuneration of the assigned employees and the remuneration of the directors/supervisors), the remuneration (at least 2%) of the employees and the remuneration of the directors and supervisors with at least 1% shall be made. However, if the company has accumulated losses, including adjustments to unassigned earnings, the amount of compensation should be retained in advance.

   The remuneration of the former employee may be offered in stock or cash, while the payment shall include a subordinate company employee subject to certain conditions, which shall be determined by the Board of Directors.

   The first two items shall be decided by the Board of Directors and reported to the shareholders' meeting.

2. The Basis for estimating the amount of remuneration of employees, supervisors, and directors, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period.

   (1) If, within the period after the financial reporting period, there is a material change between the amount issued by the board of directors and the amount

originally estimated, where such amount meets the criteria for revised financial report as stipulated in Article 6 of the Regulations on the Implementation of the Securities Exchange Law, the Company shall redo the financial report.

(2) If there is a difference between the amount of remuneration paid by employees, directors and supervisors and the amount estimated at the balance sheet of the annual financial report, the amount of the difference shall be treated in accordance with the change in the accounting estimate and shall be classified as the profit or loss for the following year, without affecting the financial report that has been recognized.

3. Remuneration approved by the board of directors:

(1) The amount of remuneration paid in cash or stock to a director, supervisors, and employees:

2021

Unit: NTD$ thousand

	Resolution of Board meeting Director	The amount recognized by the financial report	Difference
Employee remuneration	$13,586	$13,586	$0
Directors and supervisors' remuneration	1,482	1,482	0
	$15,068	$15,068	0

(2) The amount of employee's remuneration paid in stock and the ratio of the total amount of net benefit after tax and total employee remuneration for the current period: To be paid in cash during 2021, so it is not applicable.

4. The actual division of remuneration of employees, directors, and supervisors in the previous year (including the number of shares, amount, and share price). The difference between each aforementioned item and the remuneration of recognized employees, directors, and supervisors, with description of the amount, reasons, and handlings of such differences:

(1)Actual distribution of 2020 employee remuneration and remuneration of Directors and Supervisors:

2020

Unit: NTD$ thousand

	Actual allocation at the shareholders' meeting	The amount recognized by the financial report	Difference
Employee Remuneration	$30,123	$30,123	$0
Directors and supervisors' remuneration	3,286	3,286	0
	$33,409	$33,409	$0

(2) There is no difference between the actual distribution of employee remuneration as well as the remuneration of the directors/supervisors for the year 2020 and the amount recognized in the financial report.

4.1.9 Buyback of Common Stock from the most recent year until the publication of this report: None.

4.2 Company Bonds: None.

4.3 Preferred Shares: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

4.6 New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.7 Financing Plans and Implementation: None.

5. Operation Highlights

5.1 Business Activities

5.1.1 Business Scope:

1. Business Activities and Revenue Breakdown:

The company's main business is the research and development, manufacturing, and sales of the hinge components and metal products.

The Company’s main products and the revenue breakdown of year 2021:

Unit: NTD$ thousand

Year / Product Name	2021	
	Sales amount	Percentage
Hinge Components	3,010,335	98.83%
mold components (internal and external)	14,625	0.48%
Others	20,6900	0.69%
Total	3,045,850	100.00%

2. The company's current merchandise items:

The company's main products are hinge components and other metal-structured products. Products are used in notebook computers, endpoint sales systems (POS machines), AIO, physical projectors, and other hinge/structural products. Among them, laptop hinge is the main sales products. The internal and external mold components are for the internal components of the laptops, the frame structure of the laptops or tablets, and the structure and hinge of the plug-in tablets.

3. New products and services under development:

Besides the continuous refinement of the notebook computer hinge, the Company collaborates with customers to develop a variety of different hinges based on clients’ request. For now, we not only have the original ultra-thin / multi-axis folding / track types but also invest in the development of foldable screens and dual-screen shafts.

In addition, with the development of thinness and touch function of the laptop, we have invested in the development of thin hinge based on MIM process parts in response to the market. At present, we have 9 sintering furnaces and 29 ejaculation machines, and have imported robotic arm equipment to increase production capacity and process capability.

5.1.2 Industry Overview:

1. Macroeconomic conditions:

Hinge components are used in electronics, computers, IC (information and communications), and other products as the linked axes. The hinge is commonly seen in notebook computers, AIO all-in-one machine, 2-in-1 tablets/laptops, LCD monitor, physical projector, and other products. Since the development of the hinge structure and that of 3C industry, there are more functions and novel appearances besides the basic functional requirements. More convenient usages are available for users, so the application of the hinge became more extensive.

Because about 90% of the Company's hinge component products are used in notebook computers, our industry and the laptop industry are inextricable. We further analyze the current situation and development of the notebook computer industry as follows:

Although the outbreak of the COVID-19 in January 2020 caused a sharp decline in the production and sales of global notebooks in the first quarter, with the increase in demand for telecommuting and online learning, since the second quarter, the global shipments of laptop have shown a quarterly growth.

According to DIGITIMES research, in the fourth quarter of 2020, global shipments of laptops (excluding detachable models) not only increased by more than 10% compared with the previous quarter, but also exceeded 62 million units for the first time, a record high.

In total, global laptop shipments in 2020 will be approximately 201 million units, a new high since 2011 and an increase of more than 20% from 2019.

In the first quarter of 2021, although the upstream IC was short of material, it was 8.7% lower than that in the previous quarter. However, the second season enters the peak season for educational tenders, business and consumer markets also have new demand stimulus, and overall demand will be higher than that in the first quarter.

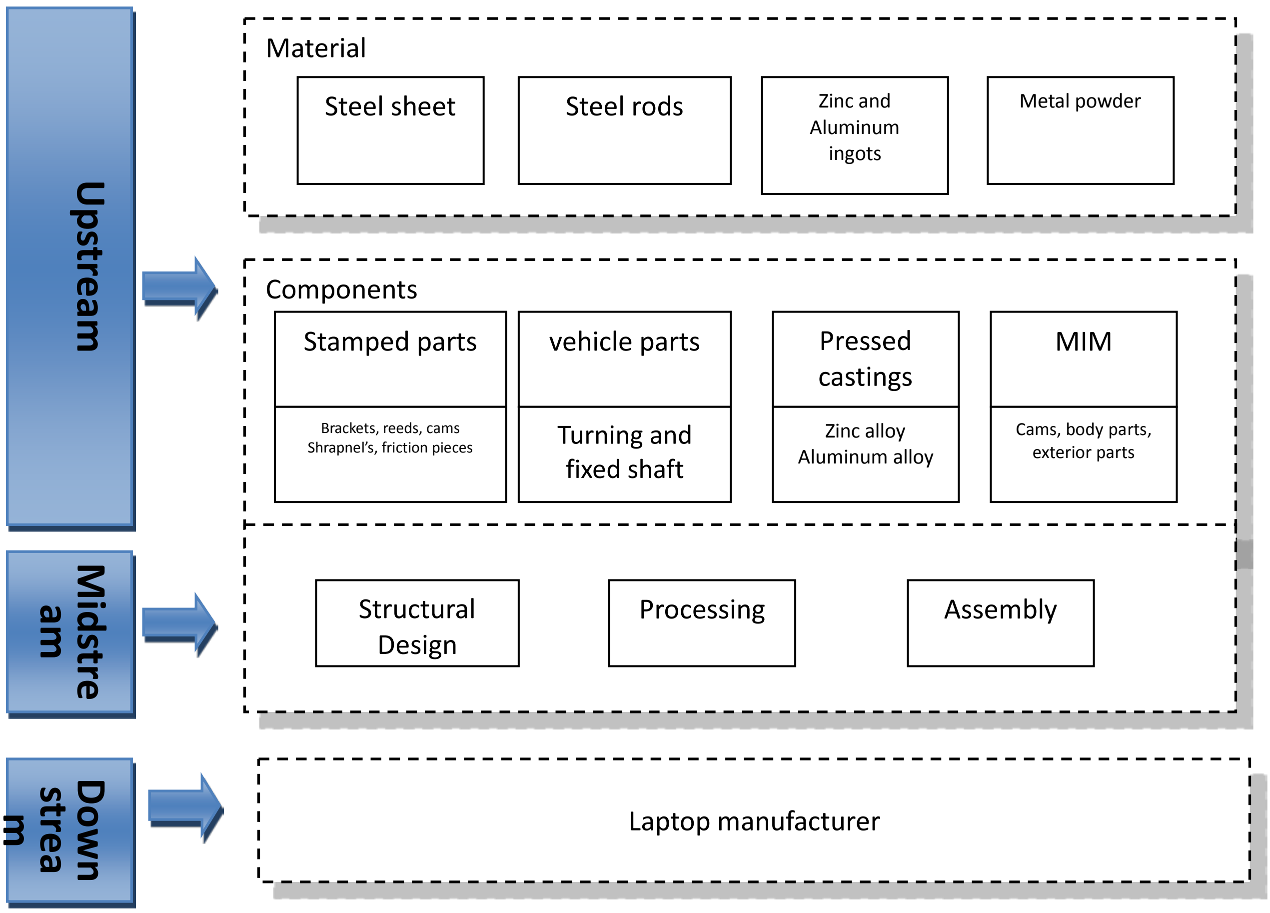
The current consumer market demand is still there, and the overall demand and shipment of the industrial chain are still in a gap. There are still short supplies of panels, all kinds of board-end IC and IC substrate. In Europe and the United States, vaccination is expected to gradually improve the epidemic situation in the future. European and American countries have also proposed economic stimulus plans. However, the growth and decline between economic recovery and telecommuting and online learning demand still need to be observed. The epidemic in emerging markets is still worsening, and there is still demand for working from home and online learning.

2. The connection of industry’s up-, mid-, and downstream

The Company's main products are NB hinge components and their parts. As a supplier of key components for notebook industry in the supply chain, the Company works as the upstream of the notebook industry. Our midstream includes manufacturers for design, manufacture, and assembly of the notebook computers (e.g. Quanta, Compal, Wistron, Inventec, and Pegatron). Lastly, our downstream are NB brands such as HP, Dell, Acer, Asus, Lenovo, Xiaomi, and Fujitsu.

For the analysis of NB hinge industry’s supply chain, the NB hinge parts are composed of stamped parts, lathe parts, pressed castings, and MMIM parts. The stamped parts are used for stamp molding, such as brackets, reeds, shrapnel and friction plates, while the lathe parts are manufactured and processed via lathe and turnery into turning and fixed shafts. Pressed castings are the components of zinc and aluminum alloy. MIM (Metal Powder Injection Molding) is the metal-powder-mixed plastic injection molding with a sintering furnace, which can make complex shapes or high precision parts. As a result, manufacturers of stamped parts, lathe parts, pressed castings, and MIMs are the upstream suppliers of the NB hinge industry. Manufacturers of hinge parts purchase steel sheets, steel wire rods, zinc or aluminum ingots, or metal powders from raw material suppliers to process and manufacture the aforementioned hinge parts. Therefore, steel materials, zinc or aluminum ingots, or metal powders are the upstream materials for the NB hinge industry. Midstream of NB hinge industry is responsible for working with downstream customers to develop NB structure design. With mechanical structure design, a number of institutional components could assemble into a hinge product that meet customers criteria of tolerance, torque and product lifespan via testing. The midstream of the industry is responsible of finalizing the hinge product, while the downstream companies are the developers of the NB systems.

The company was founded with a focus on the design and development of NB hinge product as the midstream company in the NB industry. With the changes in the global NB industry supply chain, the Company began to accelerate our vertical and horizontal integration to expand our scale, so the Company is moving towards NB hinge parts manufacturing. Now we have been involved with the manufacturing of NB hinge products main components such as stamped parts, lathe parts, pressed casting parts, and MIM parts. Thus, the Company's industrial positioning expanded from the NB hinge industry midstream to upstream. Below picture illustrates the up-, mid-, and down-streams of the NB hinge industry:



3.Product development trends and competition

(1)Product trends:

In the notebook computer market, external look and computer functionality as well as quality are important factors for the consumers besides price. Light weight and thin exterior design are the trend of notebook computers. When facing high competition in the market, brands continue to introduce a variety of new features, such as dual-screen, 5G communication, and other functions. The hinge components are still indispensable laptop components, regardless of the change in shape or the design of the new features.

(2)Competition:

The Company's hub components and parts are mainly used in notebook computers. The current market competitors include Shin Zu Shing Co., Ltd., Jarllytec Co. Ltd., Lian Hong Art Co., Ltd. and other companies. We all have a certain market share in the industry.

As the notebook computer industry facing competitive pressure of price cost down, in order to master the stability of parts supply and to effective control quality and cost, the Company has invested in the process and production of parts to maintain the company's performance and profits.

5.1.3 Research and Development Overview

1. Research and development expenses from the most recent year until the publication of the report:

Unit: NTD$ Thousand

Year / Item	2021	2022 Q1
Research and development expenses	123,304	23,422
Net operating revenue	3,045,850	571,201
As a % of total revenue	4.05%	4.10%

2. R&D Accomplishments in the most recent year and as of the publication of the annual report:

Dual-axis hinge, thin NB hinge, hidden hinge, multi-segment torque hinge, transformative hinge, one-piece frame mold components, internal and external structural mold components.

5.1.4 Long- and short-term business development plan

1.Short term plan

① Continuously develop innovative products to increase added value and maintain the market share of NB hinge.

② Improve service quality and customer satisfaction.

③ Implement the automated production process to reduce the demand for manpower.

④ Maintain manufacturing capacity of hinge parts to control costs.

2.Long term plan

① Continuously invest in technology research and development to enhance the Company's competitiveness.

② Arrange the obtainment of patent rights and intellectual property rights.

③ Strength the planning and collaboration between production process and R&D design to enhance product quality and value.

④ Expand MIM product line to meet customers' demand.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Main product (service) distribution regions:

Unit: NTD$ Thousand

Year / Region	2020		2021	
	Sales	Percentage	Sales	Percentage
Domestic	44,665	1.52%	79,442	2.61%
Asia-Pacific	2,896,079	98.48%	2,966,408	97.39%
Total	2,940,744	100.00%	3,045,850	100.00%

2.Market Shares:

The company's main products are hinge products for notebook computers. In 2021, the company's NB hub shipment was about 49,121 thousand sets. According to DIGITIMES' estimation, the global notebook computer shipment in 2021 was 247million units (the detachable 2-in-1 model is defined as tablet, which is not included in NB Statistics). The company has a certain market share in hub products for notebook computers.

3. Future market supply and demand and growth potential

Due to the growth in the past two years and the improvement of vaccine coverage, the demand for laptops has decreased in the first quarter of 2022. Under the influence of global inflation and the war between Ukraine and Russia, the global laptop shipment in the first quarter declined by nearly 20% compared with the previous quarter. In the second quarter, demand was still affected by global inflation and the war between Ukraine and Russia; In addition, in East China, the epidemic situation closed down in April, which reduced the production of laptops. Although production began to resume gradually in May, it is expected that the global laptop shipments in the second quarter will continue to decline.

According to DIGITIMES research, the processor specifications of the new generation of laptops are upgraded, and the performance of new laptops is highly valued. The high-speed transmission interface USB 4.0 and thunderbolt 4 are emerging, and the data / video transmission speed reaches 40Gbps; USB PD 3.1 further improves the power transmission specification to expand the application of fast charging. New technologies promote the upgrading laptop product specifications, create better work, life, audio-visual entertainment experience for users, and the replacement of commercial and gaming laptops is expected.

In the past two years, the imbalance of semiconductor supply and the high price of raw materials have challenged the development and introduction of new laptops. In 2022, as wafer production capacity is released one after another, the balance between supply and demand, the mass production of new generation CPUs and the upgrading of product specifications, the trend of medium and high-end laptop models will be promoted. The global laptop shipments in the second half of 2022 can still be expected.

4.Competitive benefits

① The research and development team has deep professional and practical experience and strong innovation ability

② Master a number of key technology patents

③Completed vertical integration of manufacturing to maintain the self-manufacturing rate of parts

④ Rich and different mold design and development capabilities

5. Favorable and unfavorable factors to long-term development and countermeasures

①.Favorable factors

A. Master the hinge parts to control product quality and supply stability

With the price of notebook computer products becoming more affordable, in order to maintain the gross margin and to ensure product quality and supply stability, the Company expanded its operation to upstream parts manufacturing to vertically integrate and strengthen the mastery of key components.

B. provide professional development and design capabilities and technology in response to the variability of products

Hinge components used for the computer are the bearings for opening and closing the laptops, so the hinge’s precision and lifespan are the keys to the brands for its company image. As the product cycle is shortened for laptops with continuously new laptops developed, the Company must be able to quickly develop high-quality products to grasp the timing. Therefore, the key factors for industry’s achievements are professional R&D capabilities and technology.

②.Unfavorable factors and countermeasures

A. The problem of absent workers and increased wages year by year in mainland China, resulting in a relative increase in production costs

The Company needs more manpower for the assembly line located in mainland China. In recent years, such issue has become the norm in China's coastal areas due to the return of workers to their hometowns for employment. Therefore, with the issue of lack of worker coupled with the growth of mainland China’s economy, the annual wage costs are expected to increase year by year.

Countermeasures:

a. To reduce the pressure on labor costs by improving production processes and increasing productivity.

b. Import automated production processes to reduce operator dependency.

B. The global notebook computer industry is becoming increasingly competitive, compressing the gross profit of the industry

Due to the fast-advancing technology, the speed of information technology product development is enhanced, so the industry becomes increasingly competitive. Consumer electronics, such as laptops, are becoming more affordable, which results in the reduction of the laptop components’ price.

Countermeasures:

a. By strengthening vertical integration and controlling operating expenses, the self-control ratio of parts can be maintained and the Company's cost control capabilities can be enhanced.

b. Develop niche products to maintain the Company's competitiveness.

c. Develop a market for non-NB products.

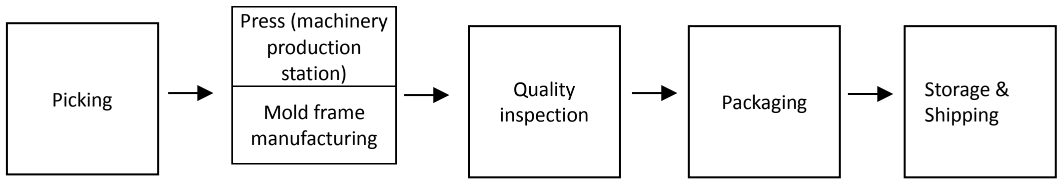
5.2.2 The important use and production process of the main products

1. Important Applications of main products

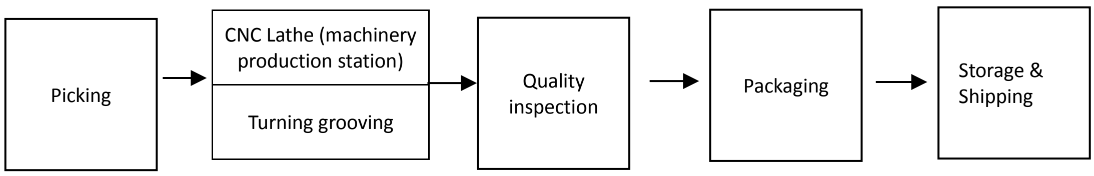
The company's main products are notebook computers’ hinge components and their parts. The main purpose of hinge components is for the laptop screen and hinge junction shaft to linked bases.

2.Production process for main products:

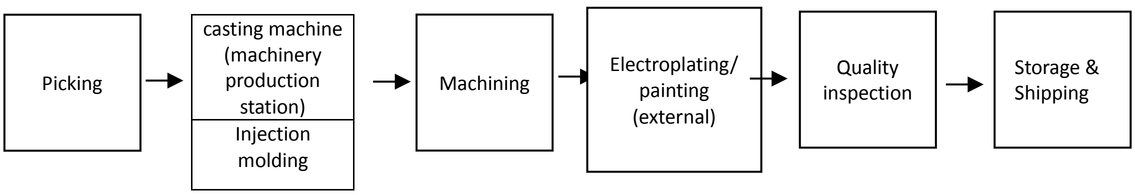
A.Manufacturing process for hinge parts (stamped parts)



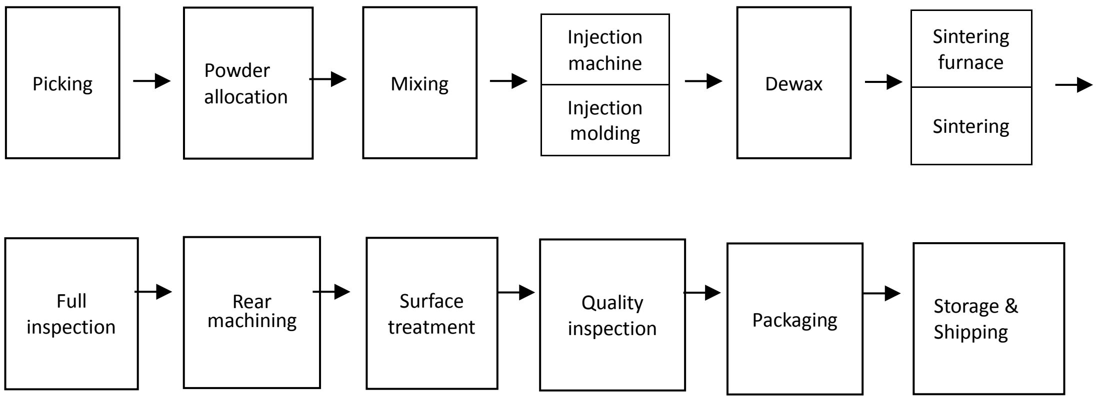
B.Manufacturing process for hinge parts (lathe parts)



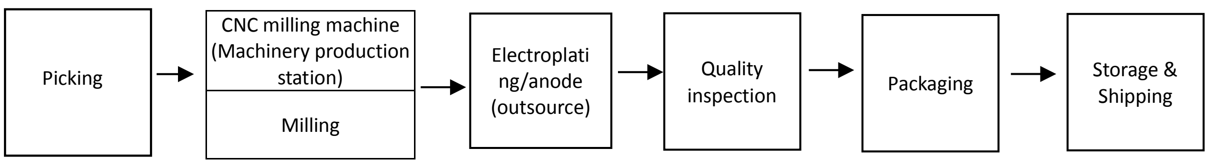
C. Manufacturing process for hinge parts (pressed castings)



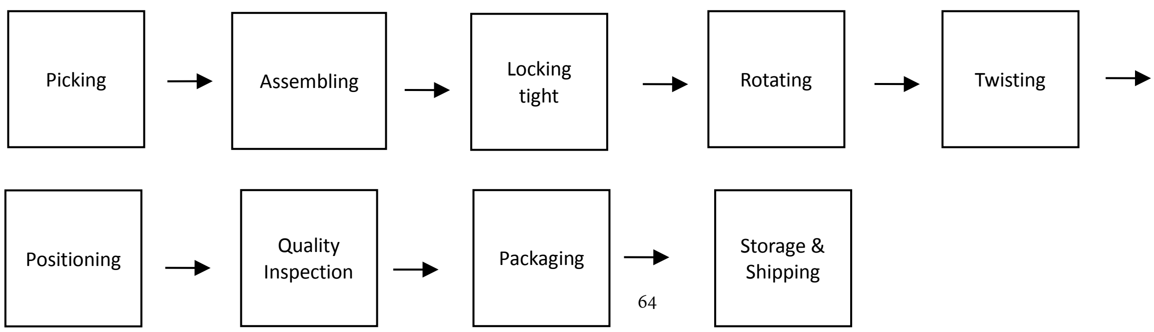
D. Manufacturing process for MIM



E. Manufacturing process for hinge parts (milling parts)



F. Manufacturing process for hinge components



5.2.3 Supply Status of Main Materials:

Main Materials	Main suppliers	Supply Status
Plate	Gaowanchang Armor Plate Limited Company、Gint materials Company	Good
Turning parts	Kunshan Ximneter Precision Electronic Co., Ltd、Chongqing Bishan Yachang Precision Hardware Co., Ltd.	Good
Metal Injection parts	Suzhou Minfa precision electronic technology CO., LTD、Kongkee Metal technology(Shanghai) CO., LTD	Good

5.2.4 Major Suppliers and Customers:

1. The name of the supplier which accounted for more than 10% of the total purchase amount in any of the most recent two years with the amount and proportion of its purchase and the explanation for the increase or decrease:

Unit: NTD$ thousand

Item	2020				2021				2022 Q1			
	Name	Amount	Ratio of net purchase for the full year (%)	Relationship with the issuer	Name	Amount	Ratio of net purchase for the full year (%)	Relationship with the issuer	Name	Amount	Ratio of net purchase for the full year (%)	Relationship with the issuer
1	Kunshan Rili	73,747	8.20	Na	Kunshan Ximneter	81,309	9.94	Na	Chongqing Qunrong	22,268	14.02	Na
2	Kunshan Ximneter	65,672	7.30	Na	Chongqing Bishan Yachang	64,770	7.91	Na	Chongqing Bishan Yachang	19,975	12.58	Na
	Other	760,278	84.50	-	Other	672,282	82.15	-	Other	116,531	73.40	-
	Net Purchase	899,697	100.00	-	Net Purchase	818,361	100.00	-	Net Purchase	158,774	100.00	-

No major change between Y2020 and Y2021.

2. The name of the customer who sold more than 10 percent of the total sales in the last two years (with the amount and proportion of their sales):

Unit: NTD$ thousand

Item	2020				2021				2022 Q1			
	Name	mount	Net sales ratio for the full year(%)	Relationship with the issuer	Name	Amount	Net sales ratio for the full year(%)	Relationship with the issuer	Name	Amount	Net sales ratio for the full year(%)	Relationship with the issuer
1	00107	825,709	28.08	Na	00107	778,772	25.57	Na	16600	189,075	33.10	Na
2	16600	580,458	19.74	Na	16600	744,813	24.45	Na	00107	108,564	19.01	Na
3	00303	421,674	14.34	Na	00303	367,453	12.06	Na	00303	106,393	18.63	Na
	Other	1,112,903	37.84	-	Other	1,154,812	37.92	-	Other	167,169	29.26	-
	Net sales	2,940,744	100.00	-	Net sales	3,045,850	100.00	-	Net sales	571,201	100.00	-

In 2021, the global NB market grew, and the sales amount of each customer also increased relatively.

5.2.5 Production in the Last Two Years:

Unit: K set; NTD$ thousands

Major Products \ Output \ Year	2020			2021		
	Capacity	Output	Amount	Capacity	Output	Amount
Hinge components and mold components	110,000	87,144	2,068,725	110,000	98,811	2,162,933
Total	110,000	87,144	2,068,725	110,000	98,811	2,162,933

5.2.6 Sales in the Last Two Years

Unit: K set; NTD$ thousands

Major Products \ Sales \ Year	2020				2021			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Hinge components	646	33,996	81,389	2,876,940	2,023	68,742	97,174	2,941,593
Mold components (internal and external)	-	-	390	16,198	-	-	295	14,615
Others	38	10,669	13	2,941	10	10,700	73	10,200
Total	684	44,665	81,792	2,896,079	2,033	79,442	97,542	2,966,408

5.3 Human Resources Information of the most recent two years until the publication of this annual report

Year		2020	2021	2022 (as of April 30)
Number of employees	Direct Labor	1,978	1,547	1,469
	Indirect Labor	438	444	421
	Total	2,416	1,991	1,890
Average Age		32.34	34.93	35.19
Average Years of Service		2.38	3.10	3.07
Education	Ph.D.	0%	0	0
	Masters	0.91%	0.90	0.95
	Bachelor’s	12.28%	13.11	13.23
	Senior High School	23.43%	23.46	23.07
	Below Senior High School	63.38%	62.53	62.75

Note: The number of employees is the total of the entire corporation.

5.4 Environmental Protection Expenditure

5.4.1 According to the decree, a person who are responsible for applying for a permit for the establishment of a pollution facility or a pollution emission permit or paying the cost of pollution prevention and control or setting up a special unit for environmental protection shall apply for, pay or set up a description of the circumstances:

The Company does not produce waste water or air pollution during the production process, so it is not required to obtain a pollution facility installation permit or pollution discharge permit, nor the Company should pay for pollution prevention and control costs or set up environmental protection unit personnel.

5.4.2 List the company's investment in the main equipment to prevent and control environmental pollution as well as their use and possible benefits: None.

5.4.3 Explain that in the last two years and as of the publication date of the public instruction manual, the company has improved the history of environmental pollution. With those who have a pollution dispute, the Company should explain the handlings of the past cases: None.

5.4.4 In the last two years and as of the publication date of the public statement, explain the losses suffered by the Company as a result of pollution to the environment (including compensation and environmental protection inspection results of environmental regulations' violations). The explanation shall set out the date of punishment, the assigned number of the punishment, the violation of the provisions of the regulations, the contents of the violation of the regulations, and the contents of the disciplinary action. The Company shall disclose the estimated amount and response measures that may occur in the present and future. If it is not reasonable to estimate, the Company shall state that it cannot reasonably estimate the facts: None.

5.4.5 Description of the current pollution situation and its impact on the Company's surplus, competitive position, and capital expenditure. The description shall also include the Company's projected significant environmental capital expenditure for the next two years: None.

5.5 Labor Relations

5.5.1 List the company's employee welfare measures, further education, training, retirement system and its implementation status, as well as the conditions of employer-employee agreement and the protection measure of employee rights and interests:

1. Employee Welfare Measures: The Company sets up an employee welfare committee and provides employee benefits such as travel, birthday gifts, wedding and funeral benefits and child care allowance.
2. Retirement System and Its Implementation Status: The Company is in accordance with the provisions of the Labor Standards Law and regularly allocates labor retirement reserves and saved them in Taiwan bank. With the new retirement system officially launched on July 1 of 2005, under the Labor Pensions Ordinance, the Company shall not withdraw less than 6% of the monthly wage of the workers to the labor pension account if they choose the new system.
3. The situation of the agreement between employers and employees and the measures for the protection of the rights and interests of employees: The provisions of the Company are in accordance with the Labor Standards Law as a guideline. So far, such relationships work well.
4. Employee training and their training status: The Company is in accordance with the needs of various functions to arrange professional on-job training courses for employees to develop diverse professional ability and capable talents. In 2021, the total number of hours of education and training for employees was 812 hours, of which the cost of external training was NTD$282,000. The education and training courses included the upgrading of professional ability, quality standards, labor health and safety as well as related laws and regulations of various departments.

5.5.2 In the last two years and as of the publication date of the public statement, the Company's losses suffered as a result of labor disputes (including labor inspection results in violation of the Labor Standards Law) shall include the date of disposition, the assigned number of the disposition, the violation of the provisions of the regulations, the contents of the violation of the regulations, and the contents of the disciplinary action. The Company shall disclose the estimated amount and response measures that may occur in the present and future if it is not possible to reasonably estimate the facts: None.

5.6.Cybersecurity Management

5.6.1.Describe the cybersecurity risk management framework, cybersecurity policies, comprehensive management plan and investments in resources for cybersecurity management

1.Cybersecurity risk management framework

At present, the information section of the management department is the authority and responsibility unit of the company's cybersecurity, with one information supervisor and two professional information engineers responsible for formulating policies, planning measures, and implementing relevant operations.

The internal audit department of the company is the audit unit of the cybersecurity system, and regularly audits the security every year; if any deficiencies are found, the audited unit will be required to propose relevant improvement plans, and the improvement results will be regularly tracked to reduce internal cybersecurity risks.

2.Cybersecurity policies

The information security authority and responsible unit of the company shall implement relevant information management matters in accordance with operating requirements and relevant laws and regulations, maintain the normal operation of the organization and processes, and ensure the confidentiality, integrity, availability and legality of the process. Besides the main machine room, the management scope is extended to all employees in the organization, the maintenance operation system and external maintenance management personnel, so as to master the information operation and management process and meet various safety requirements and expectations, so as to avoid improper use, leakage, alteration, destruction and other events of data caused by human negligence, deliberate or natural disasters, which will bring various possible risks and hazards to the company. In addition, it also regularly inspects whether there are risks in the asset security process every year, and makes adjustments and improvements according to the company's environmental conditions, so as to achieve the balance and maximize the benefits of management and control.

3.Comprehensive management plan

In order to protect the security of the company's cyber environment, the company has built various cybersecurity equipment and systems to take measures to reduce cybersecurity threats and risks. The company’s cybersecurity measures and management methods are divided into six major items, which are described as follows:

(1)Asset and equipment safety management

The cybersecurity unit makes a list of the company's software and hardware assets, and regularly checks the assets, maintains the correctness of the content, and safely eliminates inapplicable assets and equipment.

(2)Network security management

The company has a firewall to prevent hackers from illegal intrusion and QoS attacks to ensure the security of data transmission. For access to the Internet and Internet services, it will identify the security mechanisms, service levels and management requirements of all Internet services based on needs, and formulate Internet service policies. Mobile devices and remote work management require encrypted data transmission through VPN to avoid illegal capture.

(3)Virus protection and management

Regularly detect and update the vulnerability of the internal server system every week, and regularly filter the spam mechanism to prevent viruses or spam, and build anti-virus software to prevent viruses, hackers, garbage and malicious programs.

(4)System access control

The company has incorporated the user application for registration and cancellation removal operation specifications. The cybersecurity unit assigns access authority configuration and change control, and reviews them every six months. The above events are recorded, kept and regularly reviewed the event log of the user or manager's login and logout activities, exceptions, errors and information security events in the system.

(5)The continuous operation of internal systems

The company is equipped with uninterruptible power supply and voltage stabilization equipment to avoid unexpected power outages to maintain the normal operation of the system; regular restoration drills once a year, in order to provide services immediately after the system service is stopped, so as to increase the resilience of the company's continuous operation of the system. And formulate an information backup policy, perform daily backup copies of information and system images, and perform multi-point backups to enhance backup security and daily inspection operations.

(6)Information security publicity and education training

The cybersecurity unit authority distributes cybersecurity e-mails from time to time to improve the cybersecurity awareness of colleagues, and holds cybersecurity education and training courses for internal and external relevant personnel to enhance the professionalism of colleagues.

4.Investments in resources for cybersecurity management

(1)Network and hardware equipment: information security firewall, network management switch, mail anti-virus monitoring, spam filtering, online behavior analysis, backup host, etc.

(2)Software system: AD domain system, endpoint antivirus monitoring system, backup and restore management software, VPN authentication, multi-point backup operations, etc.

(3)Telecom services: multiple ISP lines, Chunghwa Telecom intrusion attack protection services, etc.

(4)Manpower input: daily system status inspection, daily regular backup and multi-point backup media storage, irregular information safety publicity, annual system and data recovery drill, etc.

(5)Information security certification: the company planned to introduce the information security management system, and expected to obtain ISO27001 related certification by the end of 2023.

5.6.2 List the losses, possible impacts and response measures suffered due to major information security incidents in the most recent year and up to the date of publication of the annual report. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated.

The company has rigorously implemented information security management related measures and has not suffered any loss due to major information security incidents as of today.

5.7 Important Contracts

Nature of contract	Contracting parties	Contract commencement and expiration dates	Main content	Limitation clauses
Short-term borrowings	Citi Bank Taipei	2022/01/25 – 2023/01/31	Short-term borrowings and financial transactions	Guaranteed by the parent company
Short and medium term borrowings	CTBC Bank	2022/05/05 – 2023/05/31	hort and medium term borrowings and financial transactions	Guaranteed by the parent company

6. Finance Highlights

6.1 Disclosure of Important Financial Information

6.1.1 Condensed Balance Sheet

1. Condensed Balance Sheet (Consolidated) of the last five years – International Financial Reporting Standards

Unit: NTD$ thousands

Item \ Year		Financial Summary for the last five years					As of March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		2,661,707	2,863,026	2,608,292	3,110,638	2,987,574	3,070,032
Property, Plant, and Equipment		1,131,744	1,110,403	1,014,741	1,122,081	1,067,324	1,042,766
Intangible assets		-	-	-	-	-	-
Other assets		203,308	225,329	229,256	185,177	243,357	238,786
Total assets		3,996,759	4,198,758	3,852,289	4,417,896	4,298,255	4,351,584
Current liabilities	Before distribution	780,744	641,000	479,593	810,520	724,636	841,910
	After distribution	1,003,996	901,460	665,636	1,033,772	873,470	841,910
Non-current liabilities		146,882	161,111	76,394	68,034	82,468	82,259
Total liabilities	Before distribution	927,626	802,111	555,987	878,554	807,104	924,169
	After distribution	1,150,878	1,062,571	742,030	1,101,806	955,938	924,169
Equity attributable to owners of the parent company		3,069,133	3,396,647	3,296,302	3,539,342	3,491,151	3,427,415
Share Capital		744,172	744,172	744,172	744,172	744,172	744,172
Capital surplus	Before distribution	476,353	462,360	440,035	440,035	440,035	440,035
	After distribution	454,028	440,035	440,035	440,035	440,035	440,035
Retained earnings	Before distribution	1,917,843	2,187,074	2,156,035	2,390,714	2,349,654	2,254,348
	After distribution	1,716,916	1,948,939	1,969,992	2,167,462	2,200,820	2,254,348
Other equity		(32,846)	3,041	(43,940)	(35,579)	(42,710)	(11,140)
Treasury shares		(36,389)	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	3,069,133	3,396,647	3,296,302	3,539,342	3,491,151	3,427,415
	After distribution	2,845,881	3,136,187	3,110,259	3,316,090	3,342,317	3,427,415

2. Condensed Balance Sheet (Standalone) of the last five years – International Financial Reporting Standards

Unit: NTD$ thousand

Item \ Year		Financial Summary for the last five years				
		2017	2018	2019	2020	2021
Current assets		1,179,161	1,529,557	1,743,680	1,981,228	1,840,548
Property, Plant, and Equipment		858,157	856,760	789,780	817,296	784,438
Intangible assets		-	-	-	-	-
Other assets		1,506,725	1,517,147	1,053,911	1,109,235	1,137,021
Total assets		3,544,043	3,903,464	3,587,371	3,907,759	3,762,007
Current liabilities	Before distribution	328,028	345,706	214,675	300,383	189,613
	After distribution	551,280	606,166	400,71	523,635	338,447
Non-current liabilities		146,882	161,111	76,394	68,034	81,243
Total liabilities	Before distribution	474,910	506,817	291,069	368,417	270,856
	After distribution	698,162	767,277	477,112	591,669	419,690
Equity attributable to owners of the parent company		3,069,133	3,396,647	3296,302	3,539,342	3,491,151
Share Capital		744,172	744,172	744,172	744,172	744,172
Capital surplus	Before distribution	476,353	462,360	440,035	440,035	440,035
	After distribution	454,028	440,035	440,035	440,035	440,035
Retained earnings	Before distribution	1,917,843	2,187,074	2,156,035	2,390,714	2,349,654
	After distribution	1,716,916	1,948,939	1,969,992	2,167,462	2,200,820
Other equity		(32,846)	3,041	(43,940)	(35,579)	(42,710)
Treasury shares		(36,389)	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	3,069,133	3,396,647	3,296,302	3,491,151	3,491,151
	After distribution	2,845,881	3,136,187	3,110,259	3,342,317	3,342,317

Note: The decision will be finalized at the shareholders' meeting.

6.1.2 Condensed Statement of Comprehensive Income

1.Condensed Statement of Comprehensive Income (Consolidated) - International Financial Reporting Standards

Unit: NTD$ thousand

Year / Item	Financial Summary for the last five years					As of March 31, 2022
	2017	2018	2019	2020	2021	
Operating Revenue	2,515,960	2,438,666	2,247,357	2,940,744	3,045,850	571,201
Gross Profit	917,043	859,858	633,369	980,930	695,958	107,021
Operating Income	601,431	539,609	307,782	655,253	314,315	18,130
Non-operating Income and Expenses	(96,505)	100,880	(35,542)	(110,178)	(43,961)	45,655
Profit Before Income Tax	504,926	640,489	272,240	545,075	270,354	63,785
Net Profit of continued-operating units	384,032	470,172	207,093	420,879	181,942	53,528
Losses of discontinued-units	-	-	-	-	-	
Net Profit	384,032	470,172	207,093	420,879	181,942	53,528
Other Comprehensive income (loss) for the period, Net of Income Tax	(97,977)	35,873	(46,978)	8,204	(6,881)	31,570
Total Comprehensive income	286,055	506,045	160,115	429,083	175,061	85,098
Net Profit Attributable to Owners of the Parent Company	384,032	470,172	207,093	420,879	181,942	53,528
Net Income (Loss) Attributable to Non-controlling Interests	-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent Company	286,055	506,045	160,115	429,083	175,061	85,098
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-	-
Earnings Per Share	5.22	6.33	2.78	5.66	2.44	0.72

2. Condensed Statement of Comprehensive Income (Standalone) - International Financial Reporting Standards

Unit: NTD$ thousand

Year / Item	Financial Summary for the last five years				
	2017	2018	2019	2020	2021
Operating Revenue	1,102,051	1,245,897	1,467,895	1,467,341	1,056,402
Gross Profit	730,118	794,135	909,306	783,174	422,110
Operating Income	574,954	608,590	727,212	572,375	211,707
Non-operating Income and Expenses	(84,734)	13,221	(455,043)	(58,097)	20,249
Profit Before Income Tax	490,220	621,811	272,169	514,278	231,956
Net Profit of continued-operating units	384,032	470,172	207,093	420,879	181,942
Losses of discontinued-units	-	-	-	-	-
Net Profit	384,032	470,172	207,093	420,879	181,942
Other Comprehensive income (loss) for the period, Net of Income Tax	(97,977)	35,873	(46,978)	8,204	(6,881)
Total Comprehensive income	286,055	506,045	160,115	429,083	175,061
Net Profit Attributable to Owners of the Parent Company	384,032	470,172	207,093	420,879	181,942
Net Income (Loss) Attributable to Non-controlling Interests	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent Company	286,055	506,045	160,115	429,083	175,061
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	5.22	6.33	2.78	5.66	2.44

6.1.3 Independent auditors' names and their audit opinions for the past five years:

Year	CPA firm	Name of CPA	Audit Opinion
2017	KPMG Taiwan	Kuan-Ying Kuo and Hsing-Fu Yen	No Reserved Opinions
2018	KPMG Taiwan	Kuan-Ying Kuo and Hsing-Fu Yen	No Reserved Opinions
2019	KPMG Taiwan	Kuan-Ying Kuo and Hsing-Fu Yen	No Reserved Opinions
2020	KPMG Taiwan	Kuan-Ying Kuo and Hsing-Fu Yen	No Reserved Opinions
2021	KPMG Taiwan	Szu-Chuan Chien and Hsing-Fu Yen	No Reserved Opinions

1. Independent auditors' names and their audit opinions for the past five years:

Year	Previous Accountants	Replaced Accountants	Reasons and explanations for replacement
2021	Kuan-Ying Kuo And Hsing-Fu Yen	Szu-Chuan Chien And Hsing-Fu Yen	Regulatory requirements on rotation at KPMG Taiwan

2. If there is a change of accountants in the last five years, below listed the company, the previous and replaced accountants, and the reasons for such replacement:

6.2 Five-Year Financial Analysis

6.2.1.Consolidated Financial Analysis - International Financial Reporting Standards

Item	Year	Financial Analysis for the last five years					As of March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt-to-asset ratio	23.21	19.10	14.43	19.89	18.78	21.24
	Ratio of long-term capital to property, plant, and equipment	286.02	320.40	332.37	321.49	334.82	336.57
Solvency (%)	Current ratio	340.92	446.65	543.86	383.78	412.29	364.65
	Quick ratio	312.61	391.72	482.19	317.09	352.63	310.48
	Interest earned ratio	224.72	219.22	1,355.43	8,136.45	155.05	155.82
Operating performance	Trade receivable turnover (times)	2.17	2.18	2.12	2.47	2.41	2.13
	Average collection period (day)	168.20	167.43	172.16	147.77	151.45	171.36
	Inventory turnover (times)	6.53	5.81	5.22	4.84	4.98	4.30
	Trade payable turnover (times)	5.83	6.88	8.54	6.80	7.39	7.97
	Average days in sales	55.89	62.82	69.92	75.41	73.29	84.88
	Property, plant, and equipment turnover (times)	2.33	2.18	2.12	2.75	2.78	2.17
	Total assets turnover (times)	0.63	0.60	0.56	0.71	0.70	0.53
Profitability	Return on total assets (%)	9.68	11.53	5.15	10.18	4.21	4.98
	Return on stockholders' equity (%)	12.63	14.54	6.19	12.31	5.18	6.19
	Pre-tax income to paid-in capital (%)	67.85	86.07	36.58	73.25	36.33	34.29
	Profit ratio (%)	15.26	19.28	9.21	14.31	5.97	9.37
	Earnings per share (NTD$)	5.22	6.33	2.78	5.66	2.44	0.72
Cash flow	Cash flow ratio (%)	76.93	75.25	80.60	29.58	69.12	21.84
	Cash flow adequacy ratio (%)	111.22	103.48	105.43	81.55	91.33	91.26
	Cash reinvestment ratio (%)	17.28	6.57	3.28	1.31	6.73	4.60
Leverage	Operation leverage	1.24	1.31	1.56	1.25	1.57	3.64
	Financial leverage	1.00	1.01	1.00	1.00	1.01	1.02

Reasons for each ratio change in the last two years: (information exempted for any change that does not reach 20% of increase or decrease)

1. Decrease in interest earned ratio: due to the decrease in net profit before Interest and tax, and increase in interest expenses
2. Decrease in return on total assets and return on stockholders' equity: due to the decrease in net profit after tax
3. Decrease in pre-tax income to paid-in capital and profit ratio: due to the decrease in gross profit and net profits before tax
4. Decrease in earnings per share: due to the decrease in net profit for the current period
5. Inrease in cash flow ratio and cash reinvestment ratio: due to the increase in net cash flow from the operation activities
6. Increase in operation leverage: due to decrease in operating income

6.2.2. Stand-Alone Financial Analysis - International Financial Reporting Standards

Item	Year	Financial Analysis for the last five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt ratio	13.40	12.98	8.11	9.43	7.20
	Ratio of long-term capital to property, plant, and equipment	374.76	415.26	427.04	441.38	455.41
Solvency (%)	Current ratio	359.47	442.44	812.24	659.57	970.69
	Quick ratio	311.70	383.45	713.96	583.21	853.07
	Interest earned ratio	591.63	800.24	1,355.07	34,286.20	25,773.89
Operating performance	Trade receivable turnover (times)	36.20	14.58	4.91	2.20	1.48
	Average collection period (day)	10.08	25.03	74.31	165.81	246.62
	Inventory turnover (times)	2.95	2.58	2.78	3.22	2.90
	Trade payable turnover (times)	19.18	19.84	23.96	12.08	8.33
	Average days in sales	123.60	141.38	131.52	113.48	43.82
	Property, plant, and equipment turnover (times)	1.41	1.45	1.78	1.83	1.32
	Total assets turnover (times)	0.31	0.33	0.39	0.39	0.28
Profitability	Return on total assets (%)	10.93	12.64	5.53	11.23	4.74
	Return on stockholders' equity (%)	12.63	14.54	6.19	12.31	5.18
	Pre-tax income to paid-in capital (%)	65.87	83.56	36.57	69.11	31.17
	Profit ratio (%)	34.85	37.74	14.11	28.68	17.22
	Earnings per share (NTD$)	5.22	6.33	2.78	5.66	2.44
Cash flow	Cash flow ratio (%)	131.21	142.22	145.92	55.01	289.57
	Cash flow adequacy ratio (%)	98.14	96.54	98.49	84.86	95.52
	Cash reinvestment ratio (%)	6.00	7.03	1.42	(0.53)	8.16
Leverage	Operation leverage	1.17	1.20	1.19	1.23	1.66
	Financial leverage	1.00	1.00	1.00	1.00	1.00

reasons for each ratio change in the last two years: (information exempted for any change that does not reach 20% of increase or decrease)

1. Decrease in the total of debt-to-asset ratio: due to decrease in total liabilities
2. Increase in current ratio & quick ratio: due to decrease in current liabilities
3. Decrease in interest earned ratio: due to the decrease in net profit before Interest and tax
4. Decrease in trade receivables turnover and increase in the average cash collection days of accounts receivable: due to decrease in net sales and the increase in the average amount of accounts receivable (including related parties)
5. Decrease in the turnover rate of accounts payable: due to the increase in average accounts payable
6. Decrease in Property, plant, and equipment turnover (times): due to decrease in operating revenue
7. Decrease in profitability such as return on total assets, return on stockholders' equity, ratio of net profit before tax to paid in capital, net profit ratio and earnings per share: due to the decrease in net sales, gross profit and net operating profit
8. Increase in cash flow ratio: due to the increase in net cash flow from operating activities and the decrease in current liabilities
9. Increase in cash flow reinvestment ratio: due to the increase in net cash flow from operating activities
10. Increase in operating leverage: due to the decrease in operating profit

1.Financial structure

(1)Debt ratio＝total liabilities／total assets.

(2)Ratio of long-term capital to property, plant, and equipment＝(total shareholders' equity＋non-current liabilities)／ net property, plant, and equipment.

2.Solvency

(1)Current ratio＝current assets／current liabilities.

(2)Quick ratio＝(current assets－inventories－prepaid expenses)／current liabilities.

(3)Interest earned ratio＝earnings before interest and taxes／interest expenses.

3.Operating performance

(1) Trade receivables turnover (including accounts receivable and the operation-generated receivable checks) ＝ net sales／average trade receivables (including accounts receivable and the operation-generated receivable checks).

(2)Average collection period (day)＝365／Trade receivable turnover.

(3)Inventory turnover＝cost of sales／average inventory.

(4)Trade Payment Turnover (including accounts payable and the operation-generated payable checks)＝ cost of sales／Average Trade Payables (including accounts payable and the operation-generated payable checks).

(5)Average days in sales＝365／Inventory turnover.

(6) Property, plant, and equipment turnover＝net sales／average net property, plant, and equipment.

(7)Total assets turnover＝net sales／average total assets.

4.Profitability

(1)Return on total assets＝〔net income＋interest expenses×(１－effective tax rate)〕／ average total assets.

(2)Return on stockholders' equity＝net income／average total shareholders' equity.

(3)Profit ratio＝net income／net sales.

(4)Earnings per share＝(net income attributable to shareholders of the parent－preferred stock dividend)／ weighted average number of shares outstanding. (Note4)

5.Cash flow

(1)Cash flow ratio＝Cash flow provided by operating activities／current liabilities.

(2)Cash flow adequacy ratio＝five-year sum of cash flow from operations／five-year sum of: (capital expenditures＋inventories additions＋Cash dividend).

(3)Cash flow reinvestment ratio＝(Cash flow provided by operating activities－Cash dividend)／(gross property, plant, and equipment＋long-term investments＋other non-current assets＋working capital). (Note5)

6.leverage:

(1)Operation leverage＝(net sales－variable cost) ／ income from operations (Note6).

(2)Financial leverage＝income from operations ／ (income from operations－interest expenses).

6.3 Reviewer Report of the Audit committee: Please refer to p.93.

6.4 Consolidated Financial Statements for the Most Recent Year (certified by Independent Auditors): Please refer to p.94-143.

6.5 Standalone Financial Statements for the Most Recent Year (certified by Independent Auditors): Please refer to p.144-202.

6.6 Financial Difficulties for the Company and its Affiliates during the most recent year until the publication of this annual report: None.

7. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

7.1 Financial conditions

Unit: NTD$ thousand

Year / Item	2020	2021	Difference	
			Amount	%
Current assets	3,110,638	2,987,574	(123,064)	(3.96)
Non-current assets	1,307,258	1,310,681	3,423	0.26
Total assets	4,417,896	4,298,255	(119,641)	(2.71)
Current liabilities	810,520	724,636	(85,884)	(10.60)
Non-current liabilities	68,034	82,468	14,434	21.22
Total liabilities	878,554	807,104	(71,450)	(8.13)
Share capital	744,172	744,172	0	0.00
Capital surplus	440,035	440,035	0	0.00
Retained earnings	2,390,714	2,349,654	(41,060)	(1.72)
The exchange difference converted by foreign financial institution	(35,579)	(42,710)	(7,131)	20.04
Stockholders' equity	3,539,342	3,491,151	(48,191)	(1.36)

The main reasons, relevant impacts, and future response plans for the major changes in the Company's assets, liabilities, and equity in the last two years (those with changes of more than 20% in the previous and last periods as well as the degree of such change amounting to NTD$10,000,000):

1. Increase in Non-current liabilities: due to increase in deferred tax liabilities
2. Inecrease in The exchange difference converted by foreign financial institution: due to increase in impact of changes in international exchange rates

7.2 Financial performance

Unit: NTD$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
operating revenue	2,940,744	3,045,850	105,106	3.57
operating cost	1,959,814	2,349,892	390,078	19.90
gross profit	980,930	695,958	(284,972)	(29.05)
operating expenses	325,677	381,643	55,966	17.18
operating income	655,253	314,315	(340,938)	(52.03)
non-operating income and expenses	(110,178)	(43,961)	66,217	60.10
profit before income tax	545,075	270,354	(274,721)	(50.40)
income tax expense	124,196	88,412	(35,784)	(28.81)
net profit	420,879	181,942	(238,937)	(56.77)

The main reasons, relevant impacts, and future response plans for the major changes in the Company's assets, liabilities, and equity in the last two years (those with changes of more than 20% in the previous and last periods as well as the degree of such change amounting to NTD$10,000,000)：

Explanation of the increased or decreased ratio:

1. Decrease in gross profit: due to the impact of product portfolio in 2021 and production cost increase, exchange rate fluctuation.
2. Decrease in operating income: due to the decrease in gross profit.
3. Decrease in non-operating expenses: due to the exchange losses from the exchange rate fluctuations in the current period.
4. Decrease in profit before income tax, income tax expense and net profit: due to the decrease in operating

Sales forecast & future plan for predicted financial and operational impacts:

According to the production and sales survey data of DIGITIMES research in April 2022, global laptop shipments in the first quarter of 2022 declined by 19.5% compared with the fourth quarter of 2021, and 5.4% decline from the same period last year. This is mainly due to the reduced demand caused by the COVID-19, plus the impact of global inflation and the war between Ukraine and Russia. In April, due to the epidemic in East China, the number of laptop production was greatly reduced; although production has gradually resumed in May, it is expected that the global laptop shipments will still show a decline in the second quarter. It is estimated that in the second half of 2022, due to the upgrade of the new generation laptop processor specifications, the improvement of the performance of new laptop products, and the wave of replacement of laptop for commercial use and gaming. In 2022, with the opening of wafer production capacity and the gradual balance between supply and demand, the global laptop shipment quantity in the second half of the year can still be expected. After comprehensive consideration, we estimates that the sales volume in 2022 will decrease by about 10% compared with that in 2021.

7.3 Cash Flow

7.3.1. Cash flow analysis:

Unit: NTD$ thousand

Item	Cash inflow (outflow)		Change	
	2020	2021	Amount	%
operation activities	239,741	500,838	261,097	108.91
investment activities	(264,850)	(235,494)	29,356	(11.08)
fundraising activities	(129,897)	(41,409)	88,488	(68.12)

Explanation of the increased or decreased ratio:

(1) Increase in net cash inflow of the operation activities: due to the decrease in accounts receivable and inventories.

(2) Decrease in net cash outflow of the investment activities: due to the decrease in purchasing real estate, plants, and equipment in 2021 compared to 2020.

(3) Decrease in cash outflow of the fundraising activities: due to the increase in short-term borrowings in 2021.

7.3.2. Improvement Plan for insufficient liquidity: the Company did not have such case.

7.3.3. Cash flow analysis for the coming year:

Unit: NTD$ thousand

Estimated Cash balance of 01/01/2019	Net cash inflow from the operation activities (whole year)	Net cash flow	Cash surplus (deficit)	Leverage of cash surplus (deficit)	
				Investment plan	Finance management plan
1,359,491	526,327	235,292	1,594,783	-	-

Analysis of cash flow changes in the next year:
(1) operation activities: due to the expected increase in profits over the coming year.
(2) investment activities: due to the expected purchase of additional fixed assets.
(3) fundraising activities: due to the expected issuance of cash dividends and increase in short-term borrowings in the coming year.
Analysis for the leverage of cash surplus (deficit) leverage: Not applicable.

7.4 Major Capital Items and their Impacts: None.

7.5 Investment Policy, Main Reasons of Investment Profit or Loss, and Improvement Plan of the most recent year with Investment Strategy of the coming year

7.5.1. Company’s Reinvestment Policy: based on the principle of taking into account the development needs of the industry and the company's future growth factors. Also, the policy would in line with the customers’ global supply chain layout in order to expand the scale of the Company’s operation.

7.5.2. The main reason for the profit or loss: The company's investment income recognized by the equity method in 2021 is NTD $58,258 thousand, which is mainly due to the operating profit of the overseas investment companies.

7.5.3. Investment plan for the coming year: None.

7.6 Risk Analysis and Assessment

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

(1) Impact of interest rate changes on the company's profit and response measures:
Annual interest expense was NTD$1,755,000. The changes in interest rates only had little impact on the company's revenue and profitability.

(2) Impact of exchange rate changes on the company's profit and response measures:
The Company's products are mainly priced in US dollars, so currency exchange rate changes have certain impacts on revenue and profit. The Company is currently taking natural risk aversion measures. The exchange loss in 2021 was NTD$59,701,000, representing net operating income and net profit after tax ratios of 1.96% and 32.81% respectively. Specifically, our response measures are:

A. Through close contact with the bank, consult and pay attention to expert opinion at any time. Also, collect all kinds of financial information, including obtaining the bank's views on exchange rate trends and related information in order to fully understand the exchange rate dynamics in real time.

B. After the Company estimates or receives the foreign exchange payment, the financial personnel shall consider the demand situation of the Company's funds, estimate the direction of future changes in the foreign exchange market, and consider whether to hedge through the pre-sale of forward foreign exchange with a safe-haven nature.

(3) Impact of inflation on the company's profit and response measures:

The Company is always aware of inflation in order to adjust the prices of products and raw material inventory. So far, inflation has not affected the Company's operations.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Governing Loaning of Funds, Making of Endorsement / Guarantees, and Derivatives Transactions:

The Company did not engage in any high-risk or high-leveraged investments. Regarding to Policies of "Governing Loaning of Funds and Making of Endorsements/Guarantees of Subsidiaries," the relevant capital loans and other persons, endorsement guarantees and derivative commodity transactions are handled in accordance with the policies and response measures set out in the Company's "Access or Disposition Asset Handling Procedures", "Funds Loans and Other People's Operating Procedures" and "Endorsement Guarantee Operating Procedures."

7.6.3 Summary of Major Future R&D Projects and Corresponding Budget

In terms of innovative structural design, with customer demand and changes in market trends, the Company actively invests in research and development of human capital, special manufacturing, and new assembly processes to apply to the hinge of ultra-thin laptops, 360-degree flip, and special modeling appearance. On the other hand, the Company proactively engages with end users to acutely understand the market and future trends.

The Company uses a variety of existing process technology advantages, combined with the design and development of technical capabilities, to integrate our vertical production model. In a highly competitive environment, the Company aims to achieve the goal of business performance, stable market share, and resilient competitiveness. The

Company also expects to invest approximately NTD$121,701,000 in research and development costs in 2022.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: None.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales: None.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures: None.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

7.6.9 Risks Relating to and Response to Excessive Supplies and/or Concentrated Customers in the Market: None.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

7.6.12 Effects of, Risks Relating to and Response to Litigation or Non-litigation Matters by Directors, Supervisors, President, Substantive Responsible Personnel, or Shareholders and subordinate companies with Shareholdings of over 10% when such matter would have significant impacts on shareholders’ equity or securities prices (including the handling of the facts of the matter, the amount, the commencement of litigation, the main parties involved): None.

7.6.13 Other major risks and responses: None.

7.7 Other Important Issues: None.

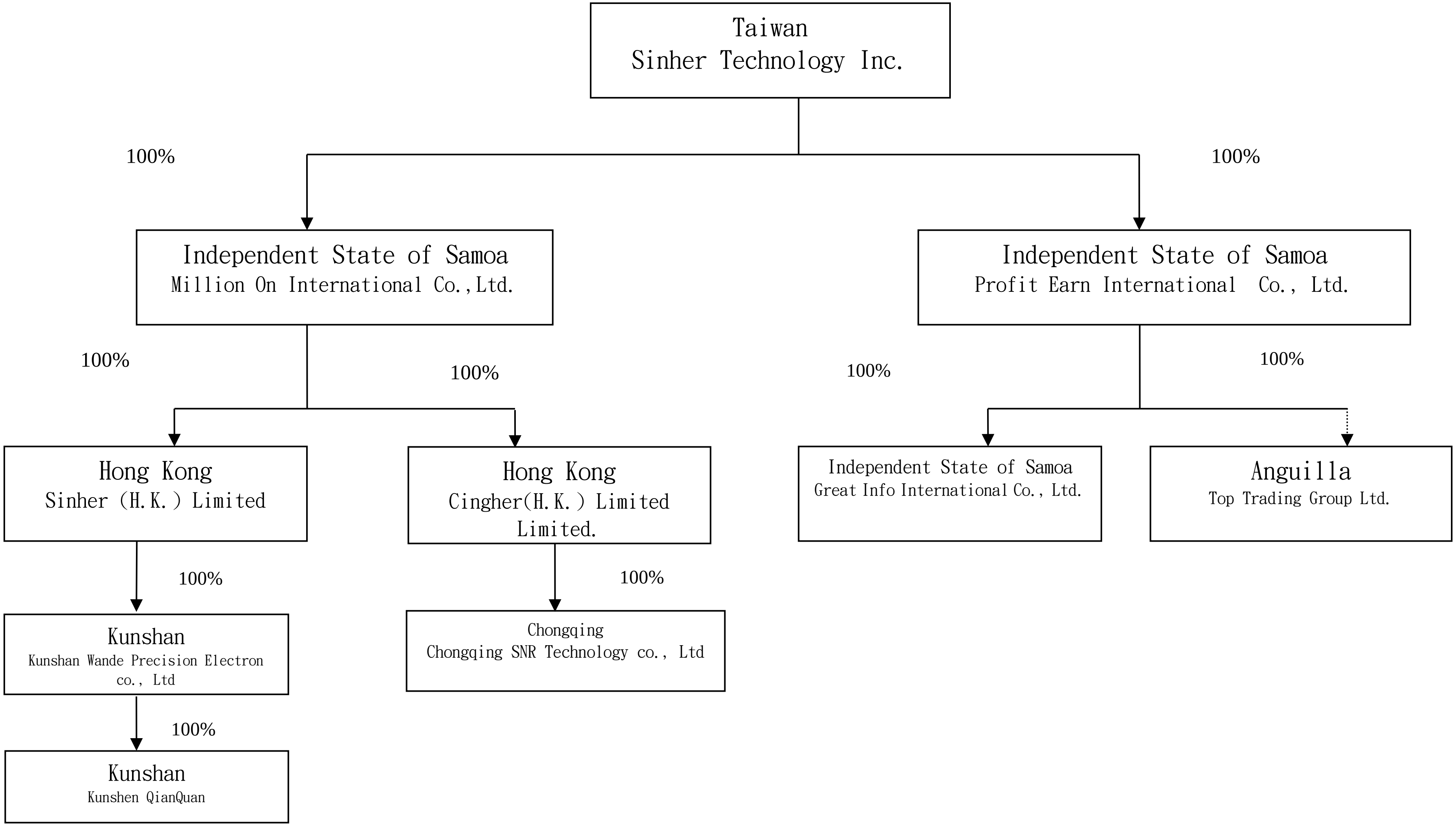
8. Special Disclosure

8.1 Summary of Affiliated Companies

04/30/2022; Unit: shareholding percentage (%)

8.1.1 The consolidated report of the affiliated companies:

1.Affiliated companies organization chart:



2.Basic information of affiliated companies:

04/30/2022; Unit: NTD$ thousand

Company name	Date of Incorporation	Location	Capital Receivable (thousand)	Major operation or production
Sinher Technology Inc.	2002/1/18	No. 27-1, Lane 169, Kangning Street, Xizhi District, New Taipei City	NTD744,172	R&D, manufacturing, and sales of hinge components
Million On International Co., Ltd.	2007/7/26	Independent State of Samoa	USD23,800	General Investment
Profit Earn International Ltd.	2008/6/6	Independent State of Samoa	-	General Investment
Sinher (H.K) Limited	2007/11/22	Hong Kong	USD10,600	General Investment
Cingher (H.K.) Limited	2010/12/31	Hong Kong	USD13,200	General Investment
Great Info International Co., Ltd.	2008/5/19	Independent State of Samoa	-	Sales of hinge components
Top Trading Group Ltd.	2010/5/24	Anguilla	-	Sales of hinge components
Kunshan Wanhe Precision Electronics Co., Ltd.	2006/12/8	Kunshan City, Jiangsu Province	USD10,600	Manufacturing and sales of hinge components
Chongqing Shuanghe Technology Co., Ltd.	2011/5/9	Bishan District, Chongqing City	USD13,200	Manufacturing and sales of hinge components
Kunshen QianQuan	2016/5/25	Kunshan City, Jiangsu Province	CNY2,700	Manufacturing and sales of hinge components

3.Presumed to have the same shareholders for the controlled (over shares) and subordinated parties: None.

4.The covered industries of the overall affiliated companies' operation: Please refer to the basic information of the affiliated companies.

5.Director, Supervisors, and President of each affiliated companies:

04/25/2022; Unit: share

Company name	Title	Name or representative	Shareholding	
			Share	Shareholding ratio
Sinher Technology Inc.	Board Chairman and President	Ting-Hung Su	6,028,359	8.10
	Director	King-Tung Huang	2,440,029	3.28

	Director	Yung-Chang Chiang	901,007	1.21
	Director	Han-Pin Cheng	1,988,456	2.67
	Director	San-Lu Su	1,387,398	1.86
	Independent Director	Eliza Wang	0	0
	Independent Director	Yong-Ren Lin	0	0
	Independent Director	Zhi-Feng Lin	0	0
	Independent Director	Jie-Shou Su	0	0
Million On International Co., Ltd.	Director	Sinher Technology Inc. legal representative: Ting-Hung Su	23,800,000	100
Profit Earn International Co., Ltd.	Director	Sinher Technology Inc. legal representative: Ting-Hung Su	0	100
Sinher (H.K) Limited(Note)	Director	Million On International Co., Ltd. legal representative: Ting-Hung Su	10,600,000	100
Cingher (H.K.) Limited(Note)	Director	Million On International Co., Ltd. legal representative: Ting-Hung Su	13,200,000	100
Great Info International Co,Ltd.	Director	Profit Earn International legal representative: Ting-Hung Su	0	100
Top Trading Group Ltd.	Director	Profit Earn International Ltd. legal representative: Ting-Hung Su	0	100
Kunshan Wanhe Precision Electronics Co., Ltd.(Note)	Director/President	Sinher (H.K.) Limited legal representative: Ting-Hung Su	(Note)	100
Chongqing Shuanghe Technology Co., Ltd.(Note)	Director/President	Cingher (H.K.) Limited legal representative: Ting-Hung Su	(Note)	100
Kunshen QianQuan(Note)	Director/President	Kunshan Wanhe Precision Electronics Co., Ltd. legal representative: King-Tung Huang	(Note)	100

Note: Not a Ltd. Company type, so the share amount is not applicable.

6. Operation Highlights of each affiliated company

12/31/2021; Unit: NTD$ thousand

Company Name	Capital Stock	Total assets	Total liabilities	Net Worth	Operating revenue	Income (Loss) from operations	Net Income (loss)	Earnings per share (NTD)
							After tax	After tax
Sinher Technology Inc.	744,172	3,762,007	270,856	3,491,151	1,056,402	211,707	181,942	2.44
Million On International Co., Ltd.	727,957	1,001,363	0	1,001,363	0	0	93,310	2.25
Profit Earn International Co., Ltd.	0	55,271	0	55,271	0	0	(29,775)	(Note2)
Sinher (H.K.) Limited	325,579	820,011	0	820,011	0	0	54,387	(Note1)
Kunshan Wanhe Precision Electronics Co., Ltd.	319,176	1,432,703	615,831	816,872	1,651,768	98,813	54,387	(Note1)
Great Info International Co,Ltd.	0	24,843	1,063	23,780	(50,325)	4,932	4,931	(Note2)
Cingher (H.K.) Limited	402,378	181,327	0	181,327	0	0	38,923	(Note1)
Chongqing Shuanghe Technology Co., Ltd.	391,042	1,192,877	1,011,566	181,311	1,561,355	34,851	38,923	(Note1)
Top Trading Group Ltd.	0	207,682	176,191	31,491	423,554	(35,476)	(34,706)	(Note2)
Kunshen QianQuan	13,299	6,722	5,858	864	8,495	(847)	(844)	(Note1)

Note 1: Note applicable for limited companies.

Note 2: Without substantive capital.

8.1.2 Consolidated financial statement for the affiliated companies: None. Please refer to page 94 of this report for the consolidated financial statement disclaimer of the affiliated companies.

8.1.3 Reports of the affiliated companies: None.

8.2 Private Placement of Securities: None.

8.3 Shares Held or Sold by Subsidiaries during the most recent year until the publication of this annual report: None.

8.4 Other Essential Supplementary Information: None.

8.5 Other Significant Events Affecting Shareholders' Rights and Interests or Securities' Prices relevant to Securities and Exchange Law Article 36, paragraph 2, subparagraph 2 during the most recent year until the publication of this annual report: None.

A Statement on Internal Control

Date: February 24, 2022

Based on the findings of a self-assessment, Sinher Technology Inc. (hereinafter, the "Company”) states the following with regard to its internal control system during year 2020: 1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and managers. The Company has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations (including profitability, performance, and safe-guarding of assets), (2) reliability, timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable laws, regulations and bylaws. 2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and the Company promptly takes corrective actions whenever a deficiency is identified. 3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies” promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter, the "Regulations”). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each constituent element further contains several items. Please refer to the Regulations for details. 4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria. 5. Based on the results of the evaluation mentioned in the preceding paragraph, the Company believes that, as of December 31, 2020, its internal control system (including its supervision of subsidiaries), was effective in design and operation, and reasonably assured the achievement of the above-stated objectives. 6. This Statement will be an essential content of the Company's Annual Report for the year 2019 and Prospectus, and will be publicly disclosed. Any false-hood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act. 7. This Statement has been passed by the Board of Directors in their meeting held on February 24, 2022, with 0 of the 9 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Sinher Technology Inc.

CEO: Ting-Hung Su

Chairman: Ting-Hung Su

Sinher Technology Inc.

Audit Committee's Review Report

Date: February 24, 2022

The Board of Directors has prepared the Sinher Technology Inc.'s ("the Company)" 2021 Financial Statements, Business Report, and proposal for earning distribution. The CPA Szu-Chuan Chien and Hsing-Fu Yen from KPMG were retained to audit the Company's financial statements and have issued an audit report relating to the financial statements. The above Financial Statements, Business Report, and proposal for earning distribution have been examined and determined to be correct and accurate by the Audit Committee members of Sinher Technology Inc. According to Article 14-4 of Securities and Exchange Act and relevant requirement of the Company Law, we hereby submit this report.

Sinher Technology Inc.

Chairman of the Audit Committee: Ms. Eliza Wang

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, 2021 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: February 24, 2022

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, 2021 and 2020, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, andnotes 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, 2021 and 2020, 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 and consider the possible impact of COVID-19; inspecting the aging inventory reports; analyzing the changes in the aging reports, as well as testing the classification of the range of the aging and the calculation at the lower of cost or net realizable value.

2. Operating Revenue

Please refer to note (4)(n) "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; performing the detailed test of sales; as well 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 and consider the possible impact of COVID-19.

Other Matter

SINHER TECHNOLOGY INC. has additionally prepared its parent company only financial statements as of and for the year’s ended December 31, 2021 and 2020, 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 Hsing-Fu Yen.

KPMG

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

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance, and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to 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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 1,359,491	32	1,146,401	26
1150	Notes receivable (note (6)(b))	-	-	262	-
1170	Accounts receivable, net (note (6)(b))	1,143,124	27	1,385,218	31
1310	Inventories (note (6)(c))	419,691	10	523,377	12
1476	Other current financial assets (note (8)	52,646	1	38,207	1
1479	Other current assets	12,622	-	17,173	-
		2,987,574	70	3,110,638	70
	Non-current assets:				
1600	Property, plant and equipment (note(6)(d))	1,067,324	25	1,122,081	26
1755	Right-of-use assets (note (6)(e)	65,698	2	71,024	2
1760	Investment property, net (note (6)(f))	91,461	2	-	-
1840	Deferred tax assets (note (6)(k))	62,510	1	97,196	2
1920	Guarantee deposits paid	6,808	-	4,230	-
1900	Other non-current assets	16,880	-	12,727	-
		1,310,681	30	1,307,258	30
	Total assets	**$ 4,298,255**	**100**	**4,417,896**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note(6)(g))	$ 235,416	6	57,119	1
2170	Accounts payable	228,375	5	407,549	9
2219	Other payable (note(7))	241,873	6	269,723	6
2230	Current tax liabilities	14,984	-	75,442	2
2280	Current lease liabilities (note (6)(h))	510	-	687	-
2300	Other current liabilities	3,478	-	-	-
		724,636	17	810,520	18
	Non-Current liabilities:				
2570	Deferred tax liabilities (note (6)(k))	78,878	2	67,214	2
2580	Non-current lease liabilities (note (6)(h))	2,265	-	256	-
2640	Net defined benefit liability, non-current (note(6)(j))	100	-	564	-
2645	Guarantee deposits received	1,225	-	-	-
		82,468	2	68,034	2
	Total liabilities	807,104	19	878,554	20
	Equity: (note (6)(l))				
3110	**Ordinary share**	744,172	17	744,172	17
3200	**Capital surplus**	440,035	10	440,035	10
	Retained earnings:				
3310	Legal reserve	465,592	11	423,519	10
3320	Special reserve	35,579	1	43,940	1
3350	Unappropriated retained earnings	1,848,483	43	1,923,255	43
		2,349,654	55	2,390,714	54
3410	**Exchange differences on translation of foreign financial statements**	(42,710)	(1)	(35,579)	(1)
	Total equity	3,491,151	81	3,539,342	80
	Total liabilities and equity	**$ 4,298,255**	**100**	**4,417,896**	**100**

(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, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4100	**Operating revenues** (notes (6)(n))	$ 3,045,850	100	2,940,744	100
5110	**Cost of sales** (notes (6)(c), (6)(j), (6)(o), (7) and (12))	2,349,892	77	1,959,814	67
5900	**Gross profit**	695,958	23	980,930	33
	Operating expenses (notes (6)(j), (6)(o), (7) and (12))				
6100	Selling expenses	120,045	4	75,938	3
6200	Administrative expenses	138,294	4	126,351	4
6300	Research and development expenses	123,304	4	123,388	4
		381,643	12	325,677	11
6900	**Net operating income**	314,315	11	655,253	22
	Non-operating income and expenses:				
7100	Interest income	2,933	-	9,578	-
7190	Other income (notes (6)(i))	18,095	-	16,395	1
7230	Foreign exchange gains, net (note (6)(p))	(59,701)	(2)	(132,832)	(5)
7050	Finance costs	(1,755)	-	(67)	-
7590	Miscellaneous disbursements	(3,533)	-	(3,252)	-
		(43,961)	(2)	(110,178)	(4)
7900	**Profit before tax**	270,354	9	545,075	18
7950	Less: Tax expenses (note (6)(k))	88,412	3	124,196	4
	Profit	181,942	6	420,879	14
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on re-measurements of defined benefit plans (notes (6)(j))	312	-	(196)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (notes (6)(k))	62	-	(39)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	250	-	(157)	-
8360	**Items that will be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	(8,914)	-	10,451	-
8399	Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (notes (6)(k))	(1,783)	-	2,090	-
	Components of other comprehensive income that will be reclassified to profit or loss	(7,131)	-	8,361	-
8300	**Other comprehensive income**	(6,881)	-	8,204	-
8500	**Comprehensive income**	$ 175,061	6	429,083	14
	Earnings per common share (note (6)(m))				
9750	**Basic earnings per share (expressed in dollars)**	$	2.44		5.66
9850	**Diluted earnings per share (expressed in dollars)**	$	2.43		5.60

(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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

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

(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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit before tax**	$ 270,354	545,075
A20000	**Adjustments:**		
A20010	**Adjustments to reconcile profit (loss):**		
A20100	Depreciation expense	164,369	153,532
A20200	Amortization expense	7,887	6,567
A20300	Expected credit loss (gain)	(61)	214
A20900	Interest expense	1,755	67
A21200	Interest income	(2,933)	(9,578)
A29900	Others	2,283	1,148
A20010	**Total adjustments to reconcile profit (loss)**	173,300	151,950
A30000	**Changes in operating assets and liabilities:**		
A31000	**Changes in operating assets:**		
A31130	Decrease in notes receivable	262	33
A31150	Decrease (increase) in accounts receivable	242,168	(389,268)
A31200	Decrease (increase) in inventories	103,686	(237,703)
A31240	Decrease (increase) in other current assets	4,551	(7,093)
A31250	Decrease (increase) in other current financial assets	9,539	(21,619)
A31000	**Total changes in operating assets**	360,206	(655,650)
A32000	**Changes in operating liabilities:**		
A32150	Increase (decrease) in accounts payable	(179,174)	239,023
A32180	Increase (decrease) in other payables	(28,046)	39,816
A32230	Increase in other current liabilities	3,478	-
A32240	Decrease in net defined benefit liability	(152)	(148)
A32000	**Total changes in operating liabilities**	(203,894)	278,691
A30000	**Total changes in operating assets and liabilities**	156,312	(376,959)
A20000	**Total adjustments**	329,612	(225,009)
A33000	Cash inflow generated from operations	599,966	320,066
A33100	Interest received	3,310	11,867
A33300	Interest paid	(1,755)	(67)
A33500	Income taxes paid	(100,683)	(92,125)
AAAA	**Net cash flows from (used in) operating activities**	500,838	239,741
BBBB	**Cash flows from (used in) investing activities:**		
B02700	Acquisition of property, plant and equipment	(196,546)	(255,868)
B02800	Proceeds from disposal of property, plant and equipment	42	227
B03700	Increase in guarantee deposits paid	(2,578)	(2,979)
B04500	Acquisition of intangible assets	(12,042)	(6,230)
B06500	Increase in other financial assets	(24,370)	-
BBBB	**Net cash flows from (used in) investing activities**	(235,494)	(264,850)
CCCC	**Cash flows from (used in) financing activities:**		
C00100	Increase in short-term borrowings	182,901	57,119
C03100	Increase (decrease) in guarantee deposits received	(307)	27
C04020	Payment of lease liabilities	(751)	(1,000)
C04500	Cash dividends paid	(223,252)	(186,043)
CCCC	**Net cash flows from (used in) financing activities**	(41,409)	(129,897)
DDDD	**Effect of exchange rate changes on cash and cash equivalents**	(10,845)	4,240
EEEE	**Net increase (decrease) in cash and cash equivalents**	213,090	(150,766)
E00100	**Cash and cash equivalents at beginning of period**	1,146,401	1,297,167
E00200	**Cash and cash equivalents at end of period**	**$ 1,359,491**	**1,146,401**

(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 February 24, 2022.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the FinancialSupervisory 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 itsconsolidated financial statements, from January 1, 2021:

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

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

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

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

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

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

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB) but have yet to be endorsed by the FSC:

Effective date per IASB	New, Revised or Amended Standards and Interpretations	The Amendment included:
January 1, 2023	Amendments to IAS 1 "Classification of Liabilities	The amendments aim to promote consistency in applying the requirement by

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- Amendments to IFRS 17 and IAS 17 “Insurance Contracts”
- Amendments to IAS 1, ‘Disclosure of accounting policies’
- Amendments to IAS 8, ‘Definition of accounting estimates’

(4) Summary of significant accounting policies

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

(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.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include:

			Shareholding	
Name of investor	Name of subsidiary	Nature of operation	December 31, 2021	December 31, 2020
The Company	Million On International Co., Ltd. (MOI)	General investing	100%	100%
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%

(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.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the 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) Financial liabilities

Financial liabilities classified as measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The 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.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the 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 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.

(j) 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.

(k) 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, 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.

(l) 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.

(m) 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.

(n) 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.

(o) Employee benefits

(i) Defined contribution plans

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

(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, and accumulated 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.

(p) 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.

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

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the 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 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.

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.

(r) 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.

(s) 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.

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

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

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

Valuation of inventories

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 926	1,389
Checking accounts and demand deposits	795,525	732,052
Time deposits	563,040	412,960
	$ 1,359,491	1,146,401

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

(b) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ -	262
Accounts receivable	1,145,132	1,387,300
	1,145,132	1,387,562
Less: loss allowance	(2,008)	(2,082)
	$ 1,143,124	1,385,480
Notes receivable	$ -	262
Accounts receivable, net	$ 1,143,124	1,385,218

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, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	$ 1,018,482	0.011%	109
Aging 121~150 days	121,358	0.041%	50
Aging 151~240 days	3,610	4.262%	167
Aging over 241 days	1,682	100.00%	1,682
	$ 1,145,132		2,008

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	$ 1,260,370	0.011%	141
Aging 121~150 days	116,730	0.133%	155
Aging 151~240 days	8,775	1.128%	99
Aging over 241 days	1,687	100.00%	1,687
	$ 1,387,562		2,082

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

		2021	2020
Balance on January 1	$	2,082	1,833
Impairment loss recognized (reversed)		(61)	214
Foreign exchange (gains) losses		(13)	35
Balance on December 31	$	2,008	2,082

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

(c) Inventories

		December 31, 2021	December 31, 2020
Raw materials	$	165,172	191,312
Work in progress		44,367	64,274
Finished goods		210,152	267,791
	$	419,691	523,377

The write-down of the inventories to net realizable value amounted to $18,045 and $53,492, which was recorded as cost of sales for the years ended December 31, 2021 and 2020, respectively.

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

(d) Property, plant and equipment

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

		Land	Buildings and construction	Machinery equipment	Office and other facilities equipment	Unfinished construction and equipment under acceptance	Total
Cost:							
Balance on January 1, 2021	$	362,813	519,104	720,503	62,241	108,462	1,773,123
Additions		-	2,640	79,059	3,648	112,937	198,284
Reclassified to investment property		-	(87,448)	-	-	-	(87,448)
Disposals		-	(2,395)	(26,064)	(7,055)	-	(35,514)
Effect of movements in exchange rates		-	(2,173)	(1,766)	(269)	(807)	(5,015)
Reclassifications		-	144,679	48,322	361	(193,708)	(346)
Balance on December 31, 2021	$	362,813	574,407	820,054	58,926	26,884	1,843,084
Balance on January 1, 2020	$	362,813	523,934	733,070	60,898	18,187	1,698,902
Additions		-	4,932	94,317	8,626	143,107	250,982
Disposals		-	(17,563)	(164,295)	(9,053)	-	(190,911)
Effect of movements in exchange rates		-	4,824	3,868	580	2,120	11,392
Reclassifications		-	2,977	53,543	1,190	(54,952)	2,758
Balance on December 31, 2020		362,813	519,104	720,503	62,241	108,462	1,773,123

Depreciation and impairments loss:						
Balance on January 1, 2021	$ -	200,444	409,444	41,154	-	651,042
Depreciation for the year	-	34,197	118,680	8,071	-	160,948
Disposals	-	(2,395)	(24,109)	(7,031)	-	(33,535)
Effect of movements in exchange rates	-	(1,008)	(1,458)	(229)	-	(2,695)
Balance on December 31, 2021	$ -	231,238	502,557	41,965	-	775,760
Balance on January 1, 2020	$ -	180,217	462,743	41,201	-	684,161
Depreciation for the year	-	35,498	106,944	8,223	-	150,665
Disposals	-	(17,563)	(163,428)	(8,764)	-	(189,755)
Effect of movements in exchange rates	-	2,292	3,185	494	-	5,971
Balance on December 31, 2020	$ -	200,444	409,444	41,154	-	651,042
Book value:						
Balance on December 31, 2021	$ 362,813	343,169	317,497	16,961	26,884	1,067,324
Balance on January 1, 2020	$ 362,813	343,717	270,327	19,697	18,187	1,014,741
Balance on December 31, 2020	$ 362,813	318,660	311,059	21,087	108,462	1,122,081

(i) pledged as collateral

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

(ii) Reclassified to investment property

The Group has leased part of its plants to a third party since October 1, 2021, so the use right in recognition of the lease right is reclassified as investment property at its carrying amount, please refer to note (6)(f)

(e) 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, 2021	$ 73,910	3,080	76,990
Additions	2,583	-	2,583
Reclassified to investment property	(5,075)	-	(5,075)
Effect of movements in exchange rates	(559)	-	(559)
Balance on December 31, 2021	$ 70,859	3,080	73,939
Balance on January 1, 2020	$ 72,694	3,080	75,774
Effect of movements in exchange rates	1,216	-	1,216
Balance on December 31, 2020	$ 73,910	3,080	76,990
Accumulated depreciation and impairments:			
Balance on January 1, 2021	$ 3,820	2,146	5,966
Depreciation for the period	1,931	682	2,613
Reclassified to investment property	(310)	-	(310)

Effect of movements in exchange rates		(28)	-	(28)
Balance on December 31, 2021	$	5,413	2,828	8,241
Balance on January 1, 2020	$	1,879	1,147	3,026
Depreciation for the period		1,868	999	2,867
Effect of movements in exchange rates		73	-	73
Balance on December 31, 2020	$	3,820	2,146	5,966
Carry amounts:				
Balance on December 31, 2021	$	65,446	252	65,698
Balance on January 1, 2020	$	70,815	1,933	72,748
Balance on December 31, 2020	$	70,090	934	71,024

Land

(i) 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, all the amounts were paid.

(ii) 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, and all the amountswere paid.

(iii) The Group has leased part of its plants to a third party since October 1, 2021, 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)(f).

(f) Investment property

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

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

Information about investment properties is presented below:

		Buildings and construction	Land	Total
Cost or deemed cost:				
Balance on January 1, 2021	$	-	-	-
Transfer-in from property, plant and equipment		87,448	-	87,448
Transfer-in from right-of-use assets		-	5,075	5,075
Effect of movements in exchange rates		54	3	57
Balance on December 31, 2021	$	87,502	5,078	92,580
Depreciation and impairments loss:				
Balance on January 1, 2021	$	-	-	-
Depreciation for the period		780	28	808
Transfer-in from right-of-use assets		-	310	310
Effect of movements in exchange rates		-	1	1
Balance on December 31, 2021	$	780	339	1,119

Carry amounts:			
Balance on December 31, 2021	$ 86,722	4,739	91,461
Fair Value:			
Balance on December 31, 2021			$ 121,640

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)(d), (6)(e) 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)(i).

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, 2021, the Group did not provide any investment properties as collaterals for its loans.

(g) Short-term borrowings

	December 31, 2021		
	Currency	**Range of interest rates**	**Amount**
Unsecured bank loans	USD	0.62~0.79%	$ 207,720
Secured bank loans	USD	0.62%	27,696
			$ 235,416
Unused short-term credit lines			$ 441,360

	December 31, 2020		
	Currency	**Range of interest rates**	**Amount**
Unsecured bank loans	USD	0.82%	$ 57,119
Unused short-term credit lines			$ 267,840

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

(ii) As of December 31, 2021 and 2020, 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, 2021, the Group provides assets pledged as collaterals for the credit loans and the credit lines of the Group, please refer to note (8) for details. As of December 31 2020, the Group did not provide any assets pledged as collaterals.

(h) Lease liabilities

The lease liabilities of the Group were as follows:

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

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

The amounts recognized in profits or losses were as follows:	2021	2020
Interest on lease liabilities	$ 9	15
Income from sub-leasing of use assets	$ (9)	(52)
Expenses relating to short-term leases	$ 7,604	2,898
Expenses relating to leases of low-value assets, (excluding short-term leases of low-value assets)	$ 181	181
Covid-19-Related Rent Concessions, (recognized in other income)	$ 13	-

The amounts recognized in the statement of cash flows for the Company was as follows:	2021	2020
Total cash outflow for leases	$ 8,532	4,094

(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(i).

(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.

(i) 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, 2021 and 2020, the income recognized in profit or loss under operating lease were $3,618 and $186, respectively.

(j) 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:

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

The 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 $2,575 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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:

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

3) Movements of defined benefit plan assets

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

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

4) Movements of the effect of the asset ceiling

As of December 31, 2021 and 2020, the 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:

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

6) Remeasurement 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, 2021 and 2020 was as follows:

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

7) Actuarial assumptions

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

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

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

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

8) Sensitivity analysis

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

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

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

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

(ii) Defined contribution plans

The 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 $8,497 and $7,699 for the years ended December 31, 2021 and 2020, respectively. The pension expenses recognized by the other subsidiaries included in the consolidated financial statements for the years ended December 31, 2021 and 2020 were amounted to $48,355and $2,487, respectively.

(k) Income taxes

(i) Income tax expenses

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

		2021	2020
Current tax expense			
Current period	$	35,747	88,927
Additional 5% income tax expenses on undistributed earnings		3,536	-
Adjustment for prior periods		1,058	37
		40,341	88,964
Deferred tax expense			
Origination and reversal of temporary differences		42,793	25,404
The difference from unrealized gains (losses) taxrates between the trade of companies		5,278	9,828
		48,071	35,232
Income tax expense	$	88,412	124,196

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

		2021	2020
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement from defined benefit plans	$	62	(39)
Items that may be reclassified subsequently to profit or loss:			

Exchange differences on translation of foreign financial statements	$ (1,783)	2,090

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

	2021	2020
Profit excluding income tax	$ 270,354	545,075
Income tax using the Company's domestic tax rate	$ 54,071	109,015
Effect of tax rates in foreign jurisdiction	25,313	24,050
Under (over) provision in prior periods	1,058	37
Non-deductible expenses	78	12
Foreign dividends income	-	(15,842)
Substantive investment tax rate of 8%	-	6,336
Undistributed earnings additional tax	3,536	-
Other	4,356	588
Income tax expense	$ 88,412	124,196

(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 2021 and 2020 were as follows:

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

	Defined benefit plans	Exchange difference on translation	Unrealized gross profit	Others	Total
Deferred tax assets:					
Balance on January 1, 2021	$ 81	8,699	56,156	32,260	97,196
Recognized in (profit) or loss	(19)	-	(21,112)	(15,276)	(36,407)
Recognized in other comprehensive income	(62)	1,783	-	-	1,721
Balance on December 31, 2021	$ -	10,482	35,044	16,984	62,510
Balance on January 1, 2020	$ 71	10,789	95,468	35,872	142,200
Recognized in (profit) or loss	(29)	-	(39,312)	(3,612)	(42,953)
Recognized in other comprehensive income	39	(2,090)	-	-	(2,051)
Balance on December 31, 2020	$ 81	8,699	56,156	32,260	97,196

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

(l) Capital and other equities

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

(i) Capital surplus

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

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

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

(ii) Retained Earnings

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

A. Offset the prior years' deficits.

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

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

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

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

A. Offset the prior years' deficits.

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

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

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

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

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

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

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

3) Earnings distribution

Amount of cash dividends in the earnings distribution for 2020 was decided by the resolution adopted, by the board of directors on March 25, 2021; the distribution for 2019 was decided by the resolution adopted, at the general meeting of shareholders held on June 24, 2020.The relevant dividend distributions to shareholders were as follows:

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

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

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

(m) Earnings per share

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

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

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021	2020
Primary geographical markets:		
Taiwan	$ 79,442	44,665
China	2,113,617	2,125,440
Singapore	744,813	580,458
Japan	107,978	190,181
	$ 3,045,850	2,940,744
Major product:		
Hinge components	$ 3,045,850	2,940,744

(ii) Contract balances

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

(o) Employee compensation and directors and supervisors remuneration

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

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

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

(p) Financial instruments

(i) Credit risk

1) Credit risk exposure
The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk
The major customers of the Company are centralized in the computer industry. To minimize credit risk, the Company periodically evaluates the customers' financial positions and the possibility of collecting trade receivables.
As of December 31, 2021 and 2020, 55% and 61% 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, 2021 and 2020, 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, 2021						
Non-derivative financial liabilities:						
Short-term borrowings	$	235,416	(235,922)	(235,922)	-	-
Accounts payable		228,375	(228,375)	(228,375)	-	-
Other payables		241,873	(241,873)	(241,873)	-	-
Lease liabilities (current and non-current)		2,775	(2,822)	(520)	(263)	(2,039)
Guarantee deposits receive		1,225	(1,225)	-	-	(1,225)
	$	709,664	(710,217)	(706,690)	(263)	(3,264)
December 31, 2020						
Non-derivative financial liabilities:						
Short-term borrowings	$	57,119	(57,514)	(57,514)	-	-
Accounts payable		407,549	(407,549)	(407,549)	-	-
Other payables		269,723	(269,723)	(269,723)	-	-
Lease liabilities (current and non-current)		943	(950)	(693)	(257)	-
	$	735,334	(735,736)	(735,479)	(257)	-

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

USD	$ 46,357	USD/CNY = 6.3757	1,283,894	53,302	USD/CNY = 6.5249	1,522,288
Financial liabilities						
Monetary items						
USD	$ 40,793	USD/CNY = 6.3757	1,129,817	47,108	USD/CNY = 6.5249	1,345,387

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, 2021 and 2020 would have affected the net profit before tax as follows, the analysis is performed on the same basis for both periods.

	2021	2020
USD (against the NTD)	$ 64,338	94,473
USD (against the CNY)	7,704	8,845

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:

(In thousands of foreign currency)

	2021		2020	
Functional currency	Exchange gain (loss)	Average rate	Exchange gain (loss)	Average rate
NTD	$ (46,180)	-	(110,550)	-
CNY	CNY(3,115)	CNY/TWD = 4.3413	CNY(5,024)	CNY/TWD = 4.2816

(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 $1,400 and $1,687 for the years ended December 31, 2021 and 2020, 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, 2021				
	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 1,359,491	-	-	-	-
Accounts receivable	1,143,124	-	-	-	-
Other current financial assets	52,646	-	-	-	-
Guarantee deposits paid	6,808	-	-	-	-
	$ 2,562,069	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 235,416	-	-	-	-
Accounts payable	228,375	-	-	-	-
Other payables	241,873	-	-	-	-
Lease liabilities (current and non-current)	2,775	-	-	-	-
Guarantee deposits received	1,225	-	-	-	-
	$ 709,664	-	-	-	-

	December 31, 2020				
	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 1,146,401	-	-	-	-
Notes receivable	262	-	-	-	-
Accounts receivable	1,385,218	-	-	-	-
Other current financial assets	38,207	-	-	-	-
Guarantee deposits paid	4,230	-	-	-	-
	$ 2,574,318	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 57,119	-	-	-	-
Accounts payable	407,549	-	-	-	-

Other payables	269,723	-	-	-	-
Lease liabilities (current and non-current)	943	-	-	-	-
	$ 735,334	-	-	-	-

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

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

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

(q) Financial risk management

(i) Overview

The 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, regionality, 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, 2021 and 2020, respectively.

(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)(g) for unused short-term credit lines as of December 31, 2021 and 2020.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the 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.

(r) 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.

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, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 807,104	878,554
Total assets	4,298,255	4,417,896
Liability ratio	19%	20%

(s) 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 2021, please refer to note (6)(e) for details. There has no non-cash investing and financing activities for the year ended December 31, 2020. Reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2021	Cash flow	Addition	Exchange movement	December 31, 2021
Short-term borrowings	$ 57,119	182,901	-	(4,604)	235,416

Guarantee deposits received		1,532	(307)	-	-	1,225
Lease liabilities		943	(751)	2,583	-	2,775
Total liabilities from financing activities	$	59,594	181,843	2,583	(4,604)	239,416

				Non-cash changes	
		January 1, 2020	**Cash flow**	**Exchange movement**	**December 31, 2020**
Short-term borrowings	$	-	57,119	-	57,119
Guarantee deposits received		1,505	27	-	1,532
Lease liabilities		1,943	(1,000)	-	943
Total liabilities from financing activities	$	3,448	56,146	-	59,594

(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

(b) Significant transaction with related parties

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2021	2020
Short-term employee benefits	$	17,823	17,977
Post-employment benefits		411	366
	$	18,234	18,343

(8) Pledged assets:

The carrying values of pledged assets were as followings:

Pledged assets	Pledged to secure		December 31, 2021	December 31, 2020
Restricted bank deposits (recorded as #1476 Other current financial assets in Consolidated Balance Sheets)	Reserve Account	$	-	4,289
Time deposits (recorded as #1476 Other current financial assets in Consolidated Balance Sheets)	Bank Loans	$	32,580	-
		$	32,580	4,289

(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, 2021 and 2020, the future payments for the purchase of the Company's significant equipment and constructions amounted to $9,681 and $79,970, 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	2021			2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	668,654	132,688	801,342	731,726	139,377	871,103
Labor and health insurance	43,524	8,490	52,014	26,670	7,452	34,122
Pension	50,922	5,933	56,855	6,773	3,417	10,190
Others	38,715	6,692	45,407	41,843	6,617	48,460
Depreciation	145,895	18,474	164,369	136,447	17,085	153,532
Amortization	695	7,192	7,887	180	6,387	6,567

(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, 2021:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of foreign currency)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Kunshan Wanhe	(Note 2)	1,047,345	304,480 (US$11,000)	304,480 (US$11,000)	55,360 (US$2,000)	-	8.72 %	1,745,576	Y	-	Y
0	〃	Chongqing SNR	(Note 2)	1,047,345	304,480 (US$11,000)	304,480 (US$11,000)	152,240 (US$5,500)	-	8.72 %	1,745,576	Y	-	Y

Note 1: According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees the Company or the 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 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, 202~~0~~1 (excluding investment in subsidiaries, associates and joint ventures): None.

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

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

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

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

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Chongqing SNR	100% owned sub-subsidiary	(Sales)	(~~3~~517,356)	(49) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 310,215	57 %	Note 1
〃	Kunshan Wanhe	〃	(Sales)	(438,543)	(42) %	〃	〃	〃	Accounts Receivable 191,593	35 %	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	(Sales)	(227,738)	(14) %	〃	〃	〃	Accounts Receivable 211,662	29 %	〃
〃	Top Trading	〃	(Sales)	(131,047)	(8) %	〃	〃	〃	Accounts Receivable 34,892	5 %	〃
〃	The Company	The parent company	Purchases	438,543	54 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (191,593)	(59) %	〃
Chongqing SNR	Kunshan Wanhe	With the same ultimate parent company	Purchases	227,738	23 %	〃	〃	〃	Accounts Payable (211,662)	(35) %	〃
〃	The Company	The parent company	Purchases	517,356	52 %	〃	〃	〃	Accounts Payable (310,215)	(52) %	〃
〃	Top Trading	With the same ultimate parent company	(Sales)	(297,212)	(19) %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Receivable 119,518	20 %	〃
Top Trading	Chongqing SNR	〃	Purchases	297,212	69 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (119,518)	(77) %	〃
〃	Kunshan Wanhe	〃	Purchases	131,047	31 %	〃	〃	〃	Accounts Payable (34,892)	(23) %	〃

Note1: The amount of transaction and the ending balance had been offset in the consolidated financial statement.

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

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent (note1)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Chongqing SNR	100% owned sub-subsidiary	310,215	1.32	-	-	Accounts Receivable 41,655	-	Note 2
〃	Kunshan Wanhe	100% owned sub-subsidiary	191,593	1.67	-	-	Accounts Receivable -	-	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	211,662	0.90	-	-	Accounts Receivable 57,694	-	〃
Chongqing SNR	Top Trading	With the same ultimate parent company	119,518	3.40	-	-	Accounts Receivable 73,744	-	〃

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

(ix) Trading in derivative instruments: None.

(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	517,356	The price is marked-up based on operating cost. Depending on the funding demand, and the credit term is OA 120 days.	16.99%
0	〃	〃	1	Accounts Receivable	310,215	〃	7.22%
0	〃	Kunshan Wanhe	1	Sales Revenue	438,543	〃	14.40%
0	〃	〃	1	Accounts Receivable	191,593	〃	4.46%
1	Kunshan Wanhe	Chongqing SNR	3	Sales Revenue	227,738	〃	7.48%
1	〃	〃	3	Accounts Receivable	211,662	〃	4.92%
1	〃	Top Trading	3	Sales Revenue	131,047	〃	4.30%
2	Chongqing SNR	Top Trading	3	Sales Revenue	297,212	〃	9.76%
2	〃	〃	3	Accounts Receivable	119,518	〃	2.78%

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

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

Note 1: Indirect investment in Mainland China through companies registered in a third region.
Note 2: The gains and losses on investment of the companies were recognized according to the investees' financial statements which had been reasonably audited by the certified public accountants of the parent company, the amounts shown in the table were translated into New Taiwan Dollars at the average rate of the year of 2021.
Note 3: The amounts shown in the table were translated into New Taiwan Dollars at the exchange rates at the reporting date.
Note 4: Indirect investment in Mainland China through companies registered in Million On International Co., Ltd and Sinher (H.K.) Limited. Note 5: Indirect investment in Mainland China through companies registered in Million On International Co., Ltd and Cingher (H.K.) Limited.Note 6: Kunshan Wanhe is established with its own capital.

(ii) Limitation on investment in Mainland China:

(In thousands of dollars)

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

(iii) Significant transactions:

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

(d) Information of main shareholders:

(Unit: Share)

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

Note:

1. The information on major shareholders, which is provided by Taiwan Depositor & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

2. If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insiders has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

(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:

	2021	2020
Taiwan	$ 79,442	44,665
China	2,113,617	2,125,440
Singapore	744,813	580,458
Japan	107,978	190,181
Total	$ 3,045,850	2,940,744

(ii) Non-current asset:

	2021	2020
Taiwan	$ 802,315	827,323
China	445,856	382,739
Total	$ 1,248,171	1,210,062

Non-current assets include property, plant and equipment, intangible assets and other assets, excluding deferred tax assets.

(d) Information about major customers

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:

	2021	2020
00107 Company	$ 778,772	825,709
16600 Company	744,813	580,458
00303 Company	367,453	421,674
	$ 1,891,038	1,827,841

Independent Auditors’ Report

To the Board of Directors of SINHER TECHNOLOGY INC.:

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Valuation of Inventories

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

   Description of key audit matter:

   The inventory is measured at the lower of cost or net realizable value. The Company produces the electronic products which are customized with short life cycle; therefore, if the quantities of products manufactured are more than the quantities of customers' order, the book value of inventory may be lower than net realizable value of inventories. Therefore, the valuation of inventories is one of the significant assessment items in our audit procedures.

How the matter was addressed in our audit:

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

2. Operating Revenue

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on theses financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

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

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

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

SINHER TECHNOLOGY INC.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

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

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

SINHER TECHNOLOGY INC.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

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

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

SINHER TECHNOLOGY INC.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

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

(1) Company history

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

(2) Approval date and procedures of the financial statements

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

(3) New standards, amendments and interpretations adopted

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

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

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

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

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

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

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

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

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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

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

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

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

・IFRS 17 “Insurance Contracts”

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

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

(4) Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

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

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

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

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

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

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are recognized as cash equivalents.

(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidences that financial assets are credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;

or

• the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

3) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities classified as measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Investment in subsidiaries

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 3~30 years

2) Machinery equipment: 3~10 years

3) Office and other equipment: 3~8 years

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

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

(j) Leases

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

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

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

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

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

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

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

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

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

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

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

(ii) As a leas7or

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

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

(k) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent Expenditure

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

(iii) Amortization

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

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Revenue from contracts with customers

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

(i) Sale of goods

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

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

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

(ii) Financing components

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

(n) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(o) Share-based payment

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

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

(p) Income taxes

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

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

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

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

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

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

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

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

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

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

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

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

1) the same taxable entity; or

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

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

(q) Earnings per share

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

(r) Operating segments

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

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

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

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

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

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

Valuation of inventories

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

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

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

(b) Notes and accounts receivable

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

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

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

The loss allowance provision was determined as follows:

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

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

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

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

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

(c) Inventories

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

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

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

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

(d) Investment accounted for using equity method

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

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

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

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

(e) Property, plant and equipment

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

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

Depreciation and impairments loss:

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

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

(f) Right-of-use assets

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

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

(g) Short-term borrowings

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

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

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

(h) Lease liabilities

The lease liabilities of the Company were as follows:

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

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

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

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

(i) Leases of vehicles

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

(ii) Other leases

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

(i) Operating lease - as lessor

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

(j) Employee benefits

(i) Defined benefit plans

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

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

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

1) Composition of plan assets

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

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

2) Movements in present value of the defined benefit obligations

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

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

3) Movements of defined benefit plan assets

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

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

4) Movements of the effect of the asset ceiling

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

5) Expenses recognized in profit or loss

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

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

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

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

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

7) Actuarial assumptions

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

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

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

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

8) Sensitivity analysis

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

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

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

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

(ii) Defined contribution plans

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

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

(k) Income taxes

(i) Income tax expenses

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

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

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

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

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

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

(ii) Deferred tax assets and liabilities

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

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

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

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

(l) Capital and other equities

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

(i) Capital surplus

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

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

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

(ii) Retained Earnings

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

A. Offset the prior years' deficits.

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

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

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

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

A. Offset the prior years' deficits.

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

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

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

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

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

1) Legal reserve

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

2) Special reserve

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

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

3) Earnings distribution

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

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

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

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

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

(m) Earnings per share

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

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

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

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

(ii) Contract balances

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

(o) Employee compensation and directors and supervisors remuneration

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

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

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

(p) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

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

3) Credit risk of receivables

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

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

(ii) Liquidity risk

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

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

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

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

(iii) Market risk

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

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

(In thousands of foreign currency)

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

2) Sensitivity analysis

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

3) Exchange gains and losses of monetary items

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

(iv) Interest rate analysis

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

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

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

(v) Fair value

1) Categories and the fair value of financial instruments

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

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

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

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

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

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

(q) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Trade and other receivable

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

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

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

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

2) Investments

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

3) Guarantees

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

(iv) Liquidity risk

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

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

(v) Market risk

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

1) Currency risk

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

(r) Capital management

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

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

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

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

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

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

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

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

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

(7) Related-party transactions

(a) Names and relationship with related parties

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

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

(b) Significant transaction with related parties

(i) Operating revenue

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

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

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

(ii) Purchase

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

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

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

(iii) Receivable due from related parties

The receivables from related parties were as follows:

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

(iv) Payables to related parties

The payables to related parties were as follows:

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

(v) Property transactions

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

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

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

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

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

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

(8) Pledged assets: None.

(9) Commitments and contingencies:

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

(b) Unrecognized contractual commitments:

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

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

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

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

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

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

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

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

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

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of foreign currency)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	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
0	The Company	Kunshan Wanhe	(Note 2)	1,047,345	304,480 (US$11,000)	304,480 (US$11,000)	55,360 (US$2,000)	-	8.72 %	1,745,576	Y	-	Y
0	〃	Chongqing SNR	(Note 2)	1,047,345	304,480 (US$11,000)	304,480 (US$11,000)	152,240 (US5,500)	-	8.72 %	1,745,576	Y	-	Y

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

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

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

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

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

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

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

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

(In thousands of New Taiwan Dollars)

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

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

(In thousands of New Taiwan Dollars)

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

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

(ix) Trading in derivative instruments: None.

(b) Information on investees:

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

(In thousands of foreign currency)

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

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

(c) Information on investment in Mainland China:

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

(In thousands of foreign currency)

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

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

(ii) Limitation on investment in Mainland China:

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

(iii) Significant transactions:

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

(d) Information of main shareholders:

(Unit: Share)

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

Note:

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

(14) Segment information:

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

SINHER TECHNOLOGY INC.

Statement of Cash and Cash Equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

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

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

Statement of Notes Accounts Receivable

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

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

SINHER TECHNOLOGY INC.

Statement of Inventory

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

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

SINHER TECHNOLOGY INC.

Statement of Changes in investments Accounted for Using the Equity Method

For the year ended December 31, 2021

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

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

SINHER TECHNOLOGY INC.

Statement of Changes in Property, Plant and Equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(e).

Statement of Accounts Payable to Non-Related Parties

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

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

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

SINHER TECHNOLOGY INC.

Statement of Other Payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

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

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

Statement of Operating Revenue

For the year ended December 31, 2021

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

SINHER TECHNOLOGY INC.

Statement of Operating Costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

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

SINHER TECHNOLOGY INC.

Statement of Operating Expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

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

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