

# Sinher Technology Inc.

## 2024 Annual Shareholders' Meeting Minutes (Translation)

**Type of Meeting:** Physical Meeting

**Time:** June 25, 2024 at 9 a.m.

**Place:** No. 128, Section 1, Datong Road, Xizhi District, New Taipei City (Fuji Grand Hotel)

The total number of shares represented by shareholders and shareholders' proxies in attendance totaled 47,425,618. The total number of issued shares of the company is 74,417,200, excluding 800,000 treasury shares, and the number of outstanding shares is 73,617,200. The attendance rate was 64.42%, which reached the statutory number of shares in attendance.

**Directors and Independent Director present:** Ting-Hung Su (Director), Yung-Chang Chiang (Director), Han-Pin Cheng (Director), San-Lu Su (Director), Eliza Wang (Independent Director),

**Chairman:** Ting-Hung Su chairman of the Board of Directors

**Recorder:** Chen-Jung Chen

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

### A. Chairman's speech (omitted)

### B. Report Items

1. 2023 Business Report. (Please refer to Attachment I)
2. 2023 Audit Committee's Review Report. (Please refer to Attachment II~III)
3. 2023 distribution of remuneration to employees and directors.
4. 2023 Cash dividend distribution report.
5. Amendment to the "Rules of Procedure for Board of Directors Meeting". (Please refer to Attachment V)

### C. Matters for Ratification

To accept 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

1. 2023 Annual financial statements and consolidated financial statements were made, and audited by the accountants Szu-Chuan Chien and Yiu-Kwan Au of KPMG, and to issue an auditors' report that includes opinions, together with the business report and earnings distribution statements, were audited by the Company's audit committee, and approved by a resolution of board of directors, for your examination.
2. 2023 Business report, CPA's audit report and financial statements and earnings distribution statements. (attachment II/attachment III/attachment IV)

Voting Results Shares represented at the time of voting: 47,425,618

Voting Results*	% of the total represented share present
Votes in favor : 46,533,200 votes (Includes 1,489,243 electronic voting rights )	98.12%
Votes in against: 65,564 votes (Includes 65,564 electronic voting rights )	0.14%
Votes invalid: 0 votes (Includes 0 electronic voting rights )	0.00%
Votes abstained:826,854 votes (Includes 260,854 electronic voting rights )	1.74%

RESOLVED, that the above proposal be and hereby were accepted as submitted.

#### D. Director Election

To elect the ninth Directors (including four independent directors)

Explanatory Notes:

1. Since the director's term expires on August 23, 2024, he should be re-elected in accordance with the law in conjunction with the convening of the 2024 regular meeting of shareholders.
2. The term of the nine new directors (including four independent directors) in this re-election will be from June 25, 2024 to June 24, 2027, with a term of three years. The new directors will be elected at the end of this regular shareholders' meeting. He took office immediately and the original director was dismissed immediately.
3. The company held a board meeting on May 9, 2024 to review the qualifications of director candidates. The relevant information is hereby stated as follows:

Title	Name	Education	work experiences	Current position	Shareholding numbers
Director	Ting-Hung Su	National Pei-Kang Agricultural & Industrial vocational High School	Board Chairman, Daher Mold Co.	Board Chairman and 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 , SINHER TECHNOLOGY VIETNAM COMPANY LIMITED 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.	6,028,359
	King-Tung Huang	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.	2,440,029

				Legal representative, Kunshen QianQuan	
	Yung-Chang Chiang	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.	901,007
	Han-Pin Cheng	EMBA, National Taipei University of Technology	President, PENDEC ENTERPRISE CO., LTD.	Resident and director, PENDEC ENTERPRISE CO., LTD. Board Chairman, legal representative, and president, PAL ACOUSTICS TECHNOLOGY LTD. Supervisors, AURAS Technology.	1,988,456
	San-Lu Su	Lunghwa University of Science and Department Technology	President, Daher Mold Co.	President, Daher Mold Co.	1,387,398
Independent Director	Eliza Wang	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	0
	Yong-Ren Lin	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.		0
	Zhi-Feng Lin	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 VIETNAM Director, CODIA INTERNATIONAL (H.K) LIMITED Director, PanVisopn Technology Corp.	0
	Shian-Cheng Liou	National Tsinghua University Department of Industrial Engineering	Senior Manager of Hongzhun Precision Co., Ltd. Special Assistant to the Chairman of Yangcheng Technology (Co., Ltd.) Operating Director of Shenzhen Yuanrong Intelligent Manufacturing Co., Ltd.		0

Independent Director Eliza Wang: She has served as an independent director of the company for more than three terms, due to her financial expertise and familiarity with relevant laws and corporate governing expertise.

The experience has obviously helped the company, so we will continue to nominate candidates as independent directors this time to enable them to perform their duties as independent directors.

At this time, he can still use his expertise and provide supervision and advice to the Board of Directors.

4. The method for the election of directors is detailed in Appendix 3

5. Please vote.

Election Results:

The list of the newly elected directors with indication of votes received is as follows:

Ting-Hung Su, 56,768,087 votes,  
King-Tung Huang, 45,060,113 votes,  
Yung-Chang Chiang, 45,056,050 votes,  
Han-Pin Cheng, 45,052,066 votes,  
San-Lu Su, 45,044,963 votes,

List of newly elected independent directors with indication of votes received is as follows:

Eliza Wang, 45,113,116 votes,  
Yong-Ren Lin, 45,051,167 votes,  
Zhi-Feng Lin, 45,059,474 votes,  
Shian-Cheng Liou, 45,068,320 votes,

## E. Matters for Discussion:

To release the prohibition on Directors and their representatives from participating in competitive business.

Explanatory Notes:

1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. As business needs, the Company's directors reported to a shareholders' meeting to approve lifting restrictions on the non-compete prohibition of newly elected directors without impairing the Company's benefits as follows, for your approval. Title Name Concurrent company name Business prohibition of new-elected directors without impairing the Company's benefits, as follows, for your approval.
3. Title Name Concurrent company name Business Position

Name	Current Company Name and Position
Ting-Hung Su	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, SINHER TECHNOLOGY VIETNAM COMPANY LIMITED 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.
King-Tung Huang	Vice-President, Kunshan Wanhe Precision Electronics Co., Ltd. Legal representative, Kunshen QianQuan
Yung-Chang Chiang	Vice-President, Kunshan Wanhe Precision Electronics Co., Ltd. Vice-President, Chongqing Shuanghe Technology Co., Ltd.

Voting Results Shares represented at the time of voting: 47,425,618

Voting Results*	% of the total represented share present
Votes in favor : 46,360,463 votes (Includes 1,316,506 electronic voting	97.75%

rights )	
Votes in against: 298,053 votes (Includes 298,053 electronic voting rights )	0.63%
Votes invalid: 0 votes (Includes 0 electronic voting rights )	0.00%
Votes abstained:767,102 votes (Includes 201,102 electronic voting rights )	1.62%

RESOLVED, that the above proposal be and hereby were accepted as submitted.

## F. Extemporary Motions

Question from shareholder account number 30816:

The company's recent poor stock price performance, past and future dividend policies, and whether the company is likely to implement treasury shares in the future.

Chairman replied:

Since AI-related stocks have performed better recently, Sinher will still focus on its business development plan in the future. The company's performance last year was not ideal, so the directors' remuneration will not be paid this time. This is to explain to shareholders that the company will continue to work hard to bring benefits to better operating performance and dividends for shareholders in the future; as for the treasury stock part, which has been implemented in 2022, whether treasury shares are bought for the purpose of raising the stock price depends on the company's overall policy needs.

Thank you for this shareholder's question.

There is no other business and special motion duly made and seconded, the meeting is adjourned at 9:19 a.m.

## Sinher Technology Inc.

### Business Report of 2023

First of all, on behalf of the Sinher Technology management team, I would like to thank all shareholders for their support of the company.

In the turbulent global situation, 2023 is still a very unstable year. The wars from Europe to the Middle East cannot be stopped, the pressure to raise interest rates and inventories has not yet completely eased, the recovery momentum of the global economic market is still fragile, and high inflationary pressures continue to exist. Although we have experienced a difficult year, we have also seen new prospects. Breakthrough developments in the application of AI have given us a sense of future opportunities.

According to information from Electronic Times, global notebook computer (excluding detachable models) shipments in 2023 were 166 million units, a total decline of approximately 10.8% from 187 million units in 2022. As inventory pressure slowly eases, the overall market is expected to gradually return to a normal supply and demand cycle next year. With the trend of AI PCs, it is expected that future replacement demand will promote the recovery of the laptop market.

The business results for 2023 and the business plan for 2024 are summarized below.

#### 1. Business Performance of 2023

##### (1). Operational and Financial Performance

The consolidated revenue in 2023 was NT\$1,908,535 thousand, a decrease of 15.39% compared with NT\$2,255,701 thousand in 2022; the net profit after tax was NT\$3,813 thousand, a decrease of 98.14% over NT\$205,462 thousand in 2022. The consolidated gross margin 2023 was 16%, while the net profit margin for the current period was 0.2%, and the basic earnings per share after tax is NT\$0.05.

##### (2). Research and Development Progress

Sinher Technology has continued to promote all-round automation transformation for 2023 years, bravely trying new process technologies in all aspects, and fully cooperating with suppliers and business partners to achieve the set goals and attempt to create greater production capacity and stable

quality.

In terms of expanding the operating territory, we plan and strategically invest in the layout, redefine various product lines, and coordinate with diversified business development. Adjust the operating model from a macro and long-term perspective, cater to more diverse and different market demands, and develop new businesses that are different from the past.

Innovative research and development has further developed, and it has considerable mass production experience in folding shafts, and continues to work hard and expand on various brands. At the same time, Sinher continuously improves and optimizes its process capabilities and effectively controls costs to cope with the needs of the popular market and maintain competitiveness.

## 2. Abstract of 2024 Business Plan

### (1) Operation Strategy

- A. High-efficiency and precise management policies to effectively control costs and stabilize quality
- B. Introduction of advanced automation equipment to improve quality and reduce manpower requirements
- C. Development plans for MIM, lathes, stamping and CNC parts and components to expand the company's territory
- D. Deeply cultivate strategic partnerships with suppliers and customers to strengthen service and quality

### (2) Important Production and Marketing Policy

- A. Actively enhance R&D innovation energy and create high value-added products
- B. Cooperate with customers' global layout and develop new business locations
- C. Grasp market trends and develop potential products and customers

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

- A. In the face of more external competition, continue to strengthen product value and enhance core competitiveness, solidify the foundation and develop potential markets
- B. Combine the concept of corporate social responsibility with core capabilities and implement ESG to create sustainable development
- C. In response to changes and challenges in the environment, Xinhe has always been based on a solid operating foundation, breaking through the siege

and achieving great results, and will adhere to its consistent philosophy to usher in higher growth opportunities.

### 3. The company's future operating prospects and goals.

Looking forward to 2023, TrendForce expects that the demand for laptops will improve quarter by quarter, and the global laptop market will show moderate growth, with an annual shipment growth rate of approximately 3.6%. The International Monetary Fund (IMF) released a global economic outlook report, predicting a global economic growth rate of 3.1%.

It is foreseeable that the demand for automation will continue to grow. Sinher Technology's long-term investment in R&D, vertical integration and global marketing layout has given us long-term competitive advantages. We will continue to innovate and create more added value for our customers.

Sinher Technology is a sustainable enterprise that continuously cultivates competitiveness in the face of the environment, R&D innovation capabilities and marketing capabilities. Based on the new shaft technology, combined with automation and innovative processes, we are committed to finding the product development needed to find new market trends.

Here, I would like to express my deepest gratitude to all shareholders for their support. We must maintain the best interests of all shareholders as our purpose. All colleagues of Sinher will work harder to create a new situation. We would like to thank all shareholders for their long-term support and love.

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



## **Sinher Technology Inc.**

### **Audit Committee's Review Report**

Date: Mar 7, 2024

The Board of Directors has prepared the Sinher Technology Inc.'s ("the Company") 2023 Financial Statements, Business Report, and proposal for earning distribution. The CPA Szu-Chuan Chien and Yiu-Kwan Au 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

## **Representation Letter**

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

Company name: SINHER TECHNOLOGY INC.

Chairman: Ting-Hung Su

Date: March 7, 2024

## Independent Auditors' Report

To the Board of Directors of SINHER TECHNOLOGY INC.:

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Valuation of Inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

## 2. Operating Revenue

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Our main audit procedures for the aforementioned key audit matter included: testing the related controls surrounding revenue recognition in the sales and collection cycle and financial reporting; performing the detailed test of sales; 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.

### **Other Matter**

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 7, 2024

#### **Notes to Readers**

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

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

**Consolidated Balance Sheets**  
**December 31, 2023 and 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

See accompanying notes to consolidated financial statements.

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

**SINHER TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

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

See accompanying notes to consolidated financial statements.

## **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, 2023 and 2022, 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

#### **1. Valuation of Inventories**

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

Description of key audit matter:

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

How the matter was addressed in our audit:

### **Notes to Readers**

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

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



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

## 2. Operating Revenue and investment accounted for using equity method-operation revenue from subsidiaries

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

Description of key audit matter:

The main activities of the Company and subsidiaries 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 that follows by related regulations is one of the significant assessment items in our audit procedures.

How the matter was addressed in our audit:

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

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Notes to Readers**

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

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As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 1 、 Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2 、 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 3 、 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4 、 Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5 、 Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6 、 Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

#### **Notes to Readers**

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 7, 2024

#### **Notes to Readers**

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

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

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

**SINHER TECHNOLOGY INC.**

**Balance Sheets**

**December 31, 2023 and 2022**

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

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$	1,296,606	36	1,488,493	39	2170	Accounts payable	\$	10,133	-	8,959	-
1170	Notes receivable and Accounts receivable, net (note (6)(b))		47,610	1	41,980	1	2180	Accounts payable to related parties (note (7))		29,700	1	47,435	1
1180	Accounts receivable due from related parties (notes (6)(b) and (7))		173,986	5	213,330	5	2200	Other payables (note (7))		72,703	2	113,263	3
1210	Other receivables due from related parties (note (7))		6,794	-	2,000	-	2130	Current contract liabilities ( notes (6)(n) and (7))		17,140	-	31,060	1
1310	Inventories (note (6)(c))		165,725	5	188,285	5	2230	Current tax liabilities		22,484	1	32,715	1
1476	Other current financial assets		5,303	-	5,933	-	2280	Current lease liabilities (note (6)(i))		256	-	255	-
1479	Other current assets		4,734	-	4,263	-				152,416	4	233,687	6
			1,700,758	47	1,944,284	50	Non-Current liabilities:						
Non-current assets:							2570	Deferred tax liabilities (note (6)(k))		65,487	2	89,559	2
1550	Investments accounted for using equity method (note (6)(d))		1,208,352	34	1,127,522	30	2580	Non-current lease liabilities (note (6)(ii))		1,755	-	2,010	-
1600	Property, plant and equipment (note(6)(e))		610,537	17	693,322	18				67,242	2	91,569	2
1755	Right-of-use assets (note (6)(f))		2,002	-	2,260	-		Total liabilities		219,658	6	325,256	8
1840	Deferred tax assets (note (6)(k))		45,187	1	44,188	1	Equity: (note (6)(l))						
1920	Guarantee deposits paid		5,456	-	5,456	-	3110	Ordinary share		744,172	21	744,172	19
1900	Other non-current assets (notes (6)(g) and (6)(j))		36,134	1	40,916	1	3200	Capital surplus		440,035	12	440,035	12
			1,907,668	53	1,913,664	50		Retained earnings:					
							3310	Legal reserve		504,399	14	483,811	13
							3320	Special reserve		27,116	1	42,710	1
							3350	Unappropriated retained earnings		1,750,151	48	1,880,180	49
										2,281,666	63	2,406,701	63
							3410	Exchange differences on translation of foreign financial statements		(46,005)	(1)	(27,116)	(1)
							3500	Treasury shares		(31,100)	(1)	(31,100)	(1)
								Total equity		3,388,768	94	3,532,692	92
Total assets		\$	3,608,426	100	3,857,948	100	Total liabilities and equity		\$	3,608,426	100	3,857,948	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, 2023 and 2022**

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

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4100	<b>Operating revenues</b> (notes (6)(n) and (7))	\$ 720,719	100	795,301	100
5110	<b>Cost of sales</b> (notes (6)(c), (6)(j), (6)(o), (7) and (12))	484,361	67	543,340	68
5900	<b>Gross profit</b>	236,358	33	251,961	32
	<b>Operating expenses</b> (notes (6)(j), (6)(o), (7) and (12))				
6100	Selling expenses	34,528	5	48,241	6
6200	Administrative expenses	70,265	10	75,793	10
6300	Research and development expenses	58,730	8	63,245	8
		163,523	23	187,279	24
6900	<b>Net operating income</b>	72,835	10	64,682	8
	<b>Non-operating income and expenses:</b>				
7100	Interest income	32,265	4	12,210	2
7190	Other income	1,143	-	853	-
7110	Rental income	132	-	135	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	(112,636)	(15)	42,634	5
7050	Finance costs	(8)	-	(11)	-
7230	Foreign exchange gain (losses), net (note (6)(p))	15,438	2	130,375	17
7590	Miscellaneous disbursements	(154)	-	(43)	-
		(63,820)	(9)	186,153	24
7900	<b>Profit before tax</b>	9,015	1	250,835	32
7950	Less: Tax expenses (note (6)(k))	5,202	1	45,373	6
	<b>Profit</b>	3,813	-	205,462	26
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on re-measurements of defined benefit plans (notes (6)(j))	(23)	-	524	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (notes (6)(k))	(5)	-	105	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(18)	-	419	-
8360	<b>Items that will be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation	(23,611)	(3)	19,493	2
8399	Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (notes (6)(k))	(4,722)	(1)	3,899	-
	Components of other comprehensive income that will be reclassified to profit or loss	(18,889)	(2)	15,594	2
8300	<b>Other comprehensive income</b>	(18,907)	(2)	16,013	2
8500	<b>Comprehensive income</b>	<b>\$ (15,094)</b>	<b>(2)</b>	<b>221,475</b>	<b>28</b>
	<b>Earnings per common share</b> (note (6)(m))				
9750	<b>Basic earnings per share</b> (expressed in dollars)	<b>\$ 0.05</b>		<b>2.77</b>	
9850	<b>Diluted earnings per share</b> (expressed in dollars)	<b>\$ 0.05</b>		<b>2.75</b>	

See accompanying notes to financial statements.

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

**SINHER TECHNOLOGY INC.**

**Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

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

	Ordinary shares	Capital surplus	Retained earnings		Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
			Legal reserve	Special reserve			
<b>A1 Balance at January 1, 2022</b>	<u>\$ 744,172</u>	<u>440,035</u>	<u>465,592</u>	<u>35,579</u>	<u>1,848,483</u>	<u>(42,710)</u>	<u>3,491,151</u>
Appropriation and distribution of retained earnings:							
B1 Legal reserve appropriated	-	-	18,219	-	(18,219)	-	-
B3 Special reserve appropriated	-	-	-	7,131	(7,131)	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(148,834)	-	(148,834)
	-	-	18,219	7,131	(174,184)	-	(148,834)
D1 Profit for the year ended December 31, 2022	-	-	-	-	205,462	-	205,462
D3 Other comprehensive income for the year ended December 31, 2022	-	-	-	-	419	15,594	16,013
D5 Total comprehensive income for the year ended December 31, 2022	-	-	-	-	205,881	15,594	221,475
L1 Purchase of treasury shares	-	-	-	-	-	(31,100)	(31,100)
<b>Z1 Balance at December 31, 2022</b>	<u>744,172</u>	<u>440,035</u>	<u>483,811</u>	<u>42,710</u>	<u>1,880,180</u>	<u>(27,116)</u>	<u>3,532,692</u>
Appropriation and distribution of retained earnings:							
B1 Legal reserve appropriated	-	-	20,588	-	(20,588)	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(128,830)	-	(128,830)
B17 Reversal of special reserve	-	-	-	(15,594)	15,594	-	-
	-	-	20,588	(15,594)	(133,824)	-	(128,830)
D1 Profit for the year ended December 31, 2023	-	-	-	-	3,813	-	3,813
D3 Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(18)	(18,889)	(18,907)
D5 Total comprehensive income for the year ended December 31, 2023	-	-	-	-	3,795	(18,889)	(15,094)
<b>Z1 Balance at December 31, 2023</b>	<u><b>\$ 744,172</b></u>	<u><b>440,035</b></u>	<u><b>504,399</b></u>	<u><b>27,116</b></u>	<u><b>1,750,151</b></u>	<u><b>(46,005)</b></u>	<u><b>3,388,768</b></u>

See accompanying notes to financial statements.

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

**SINHER TECHNOLOGY INC.**

**Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

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

		2023	2022
AAAA	<b>Cash flows from (used in) operating activities:</b>		
A10000	<b>Profit before tax</b>	\$ 9,015	250,835
A20000	<b>Adjustments:</b>		
A20010	<b>Adjustments to reconcile profit (loss):</b>		
A20100	Depreciation expense	88,113	116,445
A20200	Amortization expense	4,078	4,060
A20300	Expected credit impairment loss (or reversed)	27	(7)
A20900	Interest expense	8	11
A21200	Interest income	(32,265)	(12,210)
A22400	Share of loss (gain) of associates and joint ventures accounted for using equity method	112,636	(42,634)
A29900	Others	15	(48)
A20010	<b>Total adjustments to reconcile profit (loss)</b>	172,612	65,617
A30000	<b>Changes in operating assets and liabilities:</b>		
A31000	<b>Changes in operating assets:</b>		
A31150	Decrease in notes and accounts receivable	33,687	286,991
A31190	Decrease (increase) in other receivables from related parties	(4,794)	12,852
A31200	Decrease in inventories	22,560	30,301
A31240	Decrease in other current assets	446	161
A31250	Decrease (increase) in other current financial assets	(7)	2,626
A31990	Others	(171)	(157)
A31000	<b>Total changes in operating assets</b>	51,721	332,774
A32000	<b>Changes in operating liabilities:</b>		
A32125	Increase (decrease) in contract liabilities	(13,920)	31,060
A32150	Decrease in accounts payable	(16,561)	(2,966)
A32180	Decrease in other payables	(40,560)	(9,496)
A32000	<b>Total changes in operating liabilities</b>	(71,041)	18,598
A30000	<b>Total changes in operating assets and liabilities</b>	(19,320)	351,372
A20000	<b>Total adjustments</b>	153,292	416,989
A33000	Cash inflow generated from operations	162,307	667,824
A33100	Interest received	32,902	8,068
A33300	Interest paid	(8)	(11)
A33500	Income taxes paid	(36,694)	(3,404)
AAAA	<b>Net cash flows from (used in) operating activities</b>	158,507	672,477
BBBB	<b>Cash flows from (used in) investing activities:</b>		
B01800	Acquisition investments accounted for using equity method	(183,452)	-
B02700	Acquisition of property, plant and equipment	(5,135)	(24,952)
B02800	Proceeds from disposal of property, plant and equipment	50	181
B03700	Increase in guarantee deposits paid	-	(66)
B04500	Acquisition of intangible assets	(2,773)	(1,053)
B06700	Increase in other non-current assets	(30,000)	(33,625)
BBBB	<b>Net cash flows from (used in) investing activities</b>	(221,310)	(59,515)
CCCC	<b>Cash flows from (used in) financing activities:</b>		
C04020	Payment of lease liabilities	(254)	(510)
C04500	Cash dividends paid	(128,830)	(148,834)
C04900	Payments to acquire treasury shares	-	(31,100)
CCCC	<b>Net cash flows from (used in) financing activities</b>	(129,084)	(180,444)
EEEE	<b>Net increase (decrease) in cash and cash equivalents</b>	(191,887)	432,518
E00100	<b>Cash and cash equivalents at beginning of period</b>	1,488,493	1,055,975
E00200	<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,296,606</u>	<u>1,488,493</u>

See accompanying notes to financial statements.

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

**SINHER TECHNOLOGY INC. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

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

		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Ordinary shares		
<b>A1</b>	<b>Balance at January 1, 2022</b>	\$ 744,172	440,035	465,592	35,579	1,848,483	(42,710)	3,491,151
Appropriation and distribution of retained earnings:								
B1	Legal reserve appropriated	-	-	18,219	-	(18,219)	-	-
B3	Special reserve appropriated	-	-	-	7,131	(7,131)	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(148,834)	-	(148,834)
		-	-	18,219	7,131	(174,184)	-	(148,834)
D1	Profit for the year ended December 31, 2022	-	-	-	-	205,462	-	205,462
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	-	419	15,594	16,013
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	205,881	15,594	221,475
L1	Purchase of treasury shares	-	-	-	-	-	(31,100)	(31,100)
<b>Z1</b>	<b>Balance at December 31, 2022</b>	744,172	440,035	483,811	42,710	1,880,180	(27,116)	3,532,692
Appropriation and distribution of retained earnings:								
B1	Legal reserve appropriated	-	-	20,588	-	(20,588)	-	-
B5	Cash dividends of ordinary share	-	-	-	-	(128,830)	-	(128,830)
B17	Reversal of special reserve	-	-	-	(15,594)	15,594	-	-
		-	-	20,588	(15,594)	(133,824)	-	(128,830)
D1	Profit for the year ended December 31, 2023	-	-	-	-	3,813	-	3,813
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(18)	(18,889)	(18,907)
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	3,795	(18,889)	(15,094)
<b>Z1</b>	<b>Balance at December 31, 2023</b>	<u>\$ 744,172</u>	<u>440,035</u>	<u>504,399</u>	<u>27,116</u>	<u>1,750,151</u>	<u>(46,005)</u>	<u>3,388,768</u>

See accompanying notes to consolidated financial statements.



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

## SINHER TECHNOLOGY INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

**Sinher Technology Inc.****2023 Earnings Distribution Statement**

Item	Amount Unit: NT\$
Undistributed earnings at the beginning of the period	1,746,355,827
Measure on defined benefit plans	(18,394)
Adjusted opening amount of undistributed earnings	1,746,337,433
Add: After-tax net profit of the current year	3,813,802
Subtract: Provision for statutory reserve (10%)	(379,541)
Subtract: Provision for special reserve	(18,888,951)
Distributable earnings of the period	1,730,882,743
Items for distribution:	
Dividends to shareholders -- cash -- earnings@1	( 73,617,200)
Undistributed earnings at the end of the period	1,657,265,543

Chairman: Ting-Hung Su      CEO: Ting-Hung Su

Head of accounting: Chen-Jung Chen

**Table Comparing the Original and the Amended Articles of the” Rules of Procedure for Board of Directors Meeting**

Article No.	Content of Article before Amendment	Content of Article after Amendment	Explanation
Article 8	<p>(Reference materials, non-voting participants, and holding board meetings)</p> <p>When a board meeting is held, each department shall furnish the attending directors with relevant materials for ready reference.</p> <p>During the board meeting, the manager of the relevant department who is not a director shall attend the meeting to report on the current business of this Corporation and answer questions from the directors, so as to help the directors understand the current situation of the Company and make appropriate resolutions. Certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to provide expert advice for directors' reference, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.</p> <p>If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made.</p> <p>If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3.</p> <p>The number of "all directors," as used in the</p>	<p>(Reference materials, non-voting participants, and holding board meetings)</p> <p>When a board meeting is held, each department shall furnish the attending directors with relevant materials for ready reference.</p> <p>During the board meeting, the manager of the relevant department who is not a director shall attend the meeting to report on the current business of this Corporation and answer questions from the directors, so as to help the directors understand the current situation of the Company and make appropriate resolutions. Certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to provide expert advice for directors' reference, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.</p> <p>If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time <u>on the same day</u>, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3.</p> <p>The number of "all directors," as used in the</p>	<p>In order to avoid disputes caused by the undetermined extended meeting time of the board of directors, if the number of attendees is insufficient, the chairman may announce that the postponement of the meeting will be limited to that day.</p>

	preceding paragraph, shall be counted as the number of directors then actually in office.	preceding paragraph, shall be counted as the number of directors then actually in office.	
Article 11	<p>(Discussion of proposals)</p> <p>A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed before the end of the proceedings (including temporary motions) without the approval of a majority of the directors in attendance at the meeting.</p> <p>At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p>	<p>(Discussion of proposals)</p> <p>A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed before the end of the proceedings (including temporary motions) without the approval of a majority of the directors in attendance at the meeting.</p> <p>At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p> <p><u>If the chairman of the board of directors is unable to preside over the meeting for some reason or fails to declare the adjournment of the meeting in accordance with the provisions of paragraph 2, the provisions of paragraph 3 of Article 7 shall apply mutatis mutandis to the selection and appointment of his agent.</u></p>	<p>Considering practical considerations, when the board of directors is in progress and the chairman is unable to preside over the meeting for some reason or fails to adjourn the meeting as required, in order to avoid affecting the operation of the board of directors, a fourth item is added.</p>