Stock Code:4999

Sinher Technology Inc.

2020 Annual Report

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http://www.sinher.com.tw

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   Executive Assistant
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   Acting Spokesperson:
   Chen-Jung Chen
   Manager, Finance Department
   Tel: 886-2-2692-6960
   E-mail: grace.chen@sinher.com.tw

2. Headquarter, branch, and the major factories:
   1. Headquarter and major factory:
      Headquarter
      Address: No. 27-1, Lane 169, Kangning Street, Xizhi District, New Taipei City 221, Taiwan (R.O.C.)
      Tel: 886-2-2692-6960

      Factories
      Address: 1F, No. 27-1, Lane 169, Kangning Street, Xizhi District, New Taipei City 221, Taiwan (R.O.C.)
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      Tel: 886-2-2692-6960

      Address: No. 11, Gongjian N. Road, Qidu District, Keelung City 206, Taiwan (R.O.C.)
      Tel: 886-2-7709-2110

   2. Branch: Not Applicable

3. Agent for Stock Affairs:
   Name: Mega Securities Co., Ltd. – Stock Transfer Department
   Address: 1F, No. 95, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
   Website: http://www.emega.com.tw
   Tel: 886-2-3393-0898

4. Auditors and Audit Agency:
   Certified auditors: Kuan-Ying Kuo、Hsing-Fu Yen
   Audit agency: KPMG Taiwan
   Address: 68F, No. 7, Section 5, Xinyi Rd., Taipei City 110, Taiwan (R.O.C.)
   Website: http://www.kpmg.com.tw
   Tel: 886-2-8101-6666

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 2020

We would like to first thank all of our shareholders' long-term support to us. When facing the rapid changes and rigorous competitions in the market, Sinher maintains its core competency with focused research and development as well as excellent manufacturing. Our goal has always been set to provide our clients better products with higher quality.

According to the data of the *DigiTimes*, global laptops shipments (excluding detachable models) in 2020 will be 201 million units, a 26% increase from the 158.4 million units in 2019. Mainly benefiting from the economic effects derived from the epidemic, the demand for telecommuting and online learning has greatly increased, which has expanded the overall consumption, education and commercial markets, resulting in a sharp increase in the demand for laptops.

Looking forward to 2021, it is expected that the demand for laptops still exists, but the lack of IC and some components, and the growth of materials and labor costs are also the challenges in Sinher's operation. In the face of these challenges, Sinher will be specialized in R&D design, vertical integration of components, and automatic production to respond to the changes of the market.

Hereafter briefly report the business performances of 2020 and our operational plan for year 2021.

1.1 Business Performance of 2020

(1) Operational and Financial Performance

The consolidated revenue of Year 2020 is NTD 2,940.744 million, with an increase of 30.85% compared to that of NTD 2,247.357 million in 2019. On the other hand, the net profit of Year 2020 is NTD 420.879 million, with an increase of 103.23% compared to that of NTD 207.093 million in 2019. The consolidated gross margin for Year 2020 was 33%, while the net profit margin for the current period was 14%, and the earnings per share after tax were NTD$5.66.

(2) Research and Development Progress

In product research and development, in addition to long-term efforts in laptops and 2-in-1 laptops hinges, we also cooperate with customers to develop special structures, such as ultra-thin, multi-axis folding, track types and other special designed hinges, to continuously strengthen R&D resources and build a complete technical team, so as to have global competitiveness.

Based on the labor costs and production capacity requirements, and in order to meet the quality requirements, Sinher continues to independently develop diversified automation equipment in automated production lines and processes, which is regarded as a key plan for sustainable development.

Another business focus is the MIM department, which currently has had 9 sintering furnaces and 29 ejaculation machines. With the introduction of robotic arm equipment, the capacity and process capability have been improved. Stable quality control is conducive to production demand, which can be further applied to products in different markets and the possibility of multi-level orders.

1.2 Abstract of 2021 Business Plan

(1) Operation Strategy

1. Improve the production management model to improve efficiency and cost control
2. Automatic equipment import, such as automatic assembly and testing, not only improves the efficiency, but also further improves the quality stability and production yield
3. Continue MIM product development planning and expand new product lines

(2) Important Production and Marketing Policy

1. Stay firmly with the current customers, look for new market development and develop new patents more diversified
2. Extensive use of automated production to flexibly meet customer capacity scheduling needs
3. Strictly review cost control, integrate company resources and plan properly to maximize profit
4. Improve the application level of MIM products and develop more potential customers

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

1. As far as the external competitive environment is concerned, in the face of competition from more China-funded manufacturers, Sinher will maintain competitiveness with continuous leading technology, optimize and refine the process capability to reduce production costs.
2. As far as the domestic and foreign environmental laws and regulations are concerned, environmental protection and green energy issues are the world trend, and it is necessary to strike a balance between profit and maintaining the sustainability of the earth. Labor is an important asset of the company. Sinher has always followed the principle of protecting labor rights, ensuring occupational safety, and assuming corporate social responsibility.
3. Under the general environment changed by the epidemic situation, facing the challenge of uncertain epidemic situation is a global problem. On a solid foundation, Sinher always pays attention to industrial changes to obtain the best growth opportunities.

1.3 The **company's** future operating prospects and goals

Looking forward to 2021, the demand for laptops in the post-epidemic era will still be at a certain level, but cost pressure and productivity increase will be a major issue.

The development of innovative products has always been the focus of our development. The use of existing core technologies, cooperate with the application of new materials and new methods of work, so that Sinher can maintain competitiveness in the industry, consolidate the parallel of core value and development innovation to create better products and achievements. Sinher will continue to face all challenges with the business philosophy of innovation, quality and service, and improving technology and management.

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

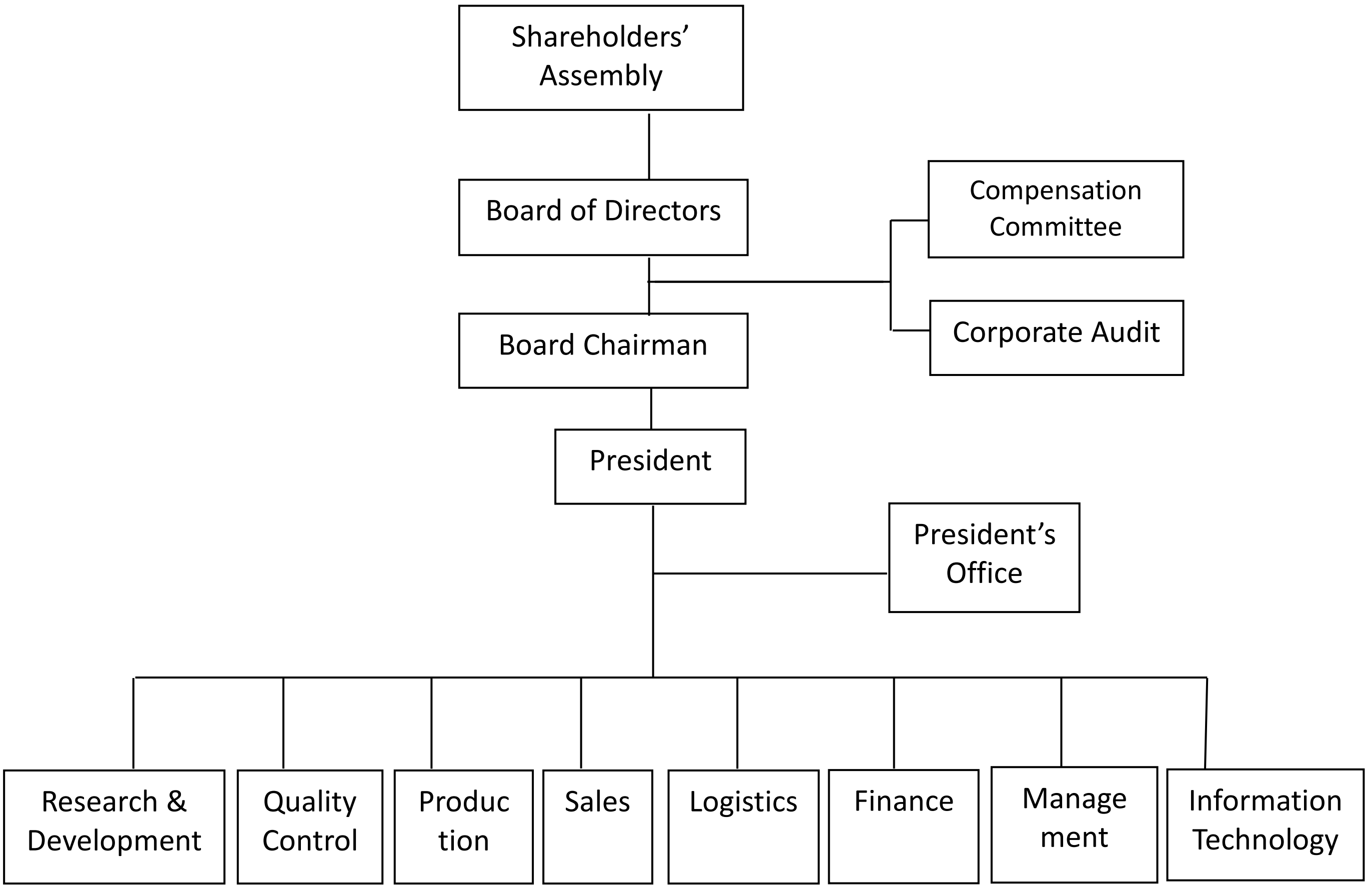
2.2 Company History

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
Information Technology (IT)	Network system architectural design and maintenance; software system implementation; electronic forms and web page design and maintenance
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

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:

2021/04/26

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	2018/06/26	3	2001/12/31	5,986,359 (Note 5)	8.04%	6,028,359	8.10%	1,500,000	2.02%	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	2018/06/26	3	2009/06/30	3,200,029 (Note 5)	4.30%	3,232,029 (Note 5)	4.34%	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	2018/06/26	3	2001/12/31	869,007	1.17%	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.	Guang-Jiu Gao	Male	2018/06/26	3	2018/06/26	0	0	0	0	11,000	0.01%	0	0	Head of Guang-Jiu Gao Accounting Firm	Revenue Officer, Ministry of Finance Auditor, National Audit Office Head of Guang-Jiu Gao Accounting Firm	NA	NA	NA	NA
Independent Director	R.O.C.	Eliza Wang	Female	2018/06/26	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

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.	Tung-Shan Lin	Male	2018/06/26	3	2011/06/30	0	0	0	0	0	0	0	0	National Taichung University of Science and technology, Department of Accounting Information. Chairman, TUNG SHAN INTERNATIONAL CO., LTD.	General Manager, BM TECHNOLOGY CO., LTD. Chairman, BENBEN TECHNOLOGY CO., LTD.	NA	NA	NA	NA
Independent Director	R.O.C.	Yueh-Hsuan Chiang	Male	2018/06/26	3	2011/06/30	0	0	0	0	0	0	0	0	Feng Chia University Department of Electronic Engineering. Application engineer, Professional Computer Technology Ltd. Application Manager, Integrated Device Technology Bermuda. RD assistant manager, YING GUAN DA TECHNOLOGY LTD.	Senior Application Engineer, Ultra Source Technology Corp.	NA	NA	NA	NA
Supervisors	R.O.C.	Han-Pin Cheng	Male	2018/06/26	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)	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	
Supervisors	R.O.C.	San-Lu Su	Male	2018/06/26	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
Supervisors	R.O.C.	Sheng-Ming Pu	Male	2018/06/26	3	2012/06/25	0	0	0	0	0	0	0	0	EMBA, National Tsing Hua University, Technology Management School Director, RT-MART International Ltd. President, Ruentex Development. – Hisnchu branch Managing Office	Board Chairman and President, TAIWAN LAF'E CO., LTD.	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. Professional qualifications and independence analysis of Directors and Supervisors:

Qualifications / Name	With at least 5 years of working experience and the following professional designations			Eligibility of independent status (Note)												Also a director to other companies (number of firms)
	A lecturer of private or public institutions of higher education specialized in business, legal affairs, finance, accounting, or the expertise required by the business of the Company	A judge, district attorney, lawyer, certified public accountant, or professional or technician who has passed relevant national examination and properly licensed	Work experience in business, legal affairs, finance, accounting, or in an area required by the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Ting-Hung Su			V				V	V	V	V	V	V	V	V	V	0
King-Tung Huang			V				V	V	V	V	V	V	V	V	V	0
Yung-Chang Chiang			V				V	V	V	V	V	V	V	V	V	0
Guang-Jiu Gao		V	V	V	V	V	V	V	V		V	V	V	V	V	0
Eliza Wang	V		V	V	V	V	V	V	V	V	V	V	V	V	V	0
Tung-Shan Lin			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Yueh-Hsuan Chiang			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Han-Pin Cheng			V	V	V		V	V	V	V	V	V	V	V	V	0
San-Lu Su			V	V	V		V	V	V	V	V	V	V	V	V	0
Sheng-Ming Pu			V	V	V	V	V	V	V	V	V	V	V	V	V	0

Note: Please tick the corresponding boxes with "V" when the described eligibility below applies to each directors or supervisors during the two years prior to being elected or during the term of office.

(1) Not an employee of the Company nor that of the affiliates of the Company.

(2) Not a director or supervisors nor that of the affiliates of the company (Except when the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein).

(3) The person, the spouse, and underage children, who hold more than 1% of the shares or that of the shares under the title of a third party, or who is among the top 10 natural person shareholders.

(4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kindship or closer to anyone listed in (2) or (3).

(5) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act (Except when the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein).

(6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (Except when the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein).

(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivale or a spouse in one of the roles as the company (Except when the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein).

(8) Not a director (trustee), supervisor (monitor), or manager of specific company or institution that has financial or business transactions with the Company, or a shareholder holding more than 5% of the shares of such company or institution (Except when the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein).

(9) Not a professional who provides audit or receives no more than NTD$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a public tender review committee, or a special committee for merger, consolidation and acquisition exercising their authority pursuant to the Securities and Exchange Act or the Business Mergers And Acquisitions Act.

(10) Not a spouse to or kindred within the 2nd tier under the Civil Code to another director.

(11) None of the provisions in Article 30 of the Company Law is applicable.

(12) Not being elected as the government, institution of their representative as stated in Article 27 of the Company Law.

3.2.2 President, Vice-President, Associate Director, and Department and Branch Managers: 2021/04/26

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%	1,500,000	2.02%	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	3,232,029 (Note4)	4.34%	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 by		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	Relation ship	
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
Associate Director	R.O.C.	Chen-Chia Chang	Male	2011/5/21	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
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 (%) (Note 10)		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) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		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 (Note 7)	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	
																Cash	Stock	Cash	Stock			
Director	Ting-Hung Su King-Tung Huang Yung-Chang Chiang Guang-Jiu Gao	0	0	0	0	2,347	2,347	12	12	0.56%	0.56%	9,254	11,422	235	235	2,619	0	2,619	0	3.44%	3.95%	NA
Independent Director	Eliza Wang Tung-Shan Lin Yueh-Hsuan Chiang	1,440	1,440	0	0	0	0	35	35	0.35%	0.35%	0	0	0	0	0	0	0	0	0.35%	0.35%	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.

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,King-Tung Huang,Yung-Chang Chiang,Guang-Jiu Gao,Eliza Wang,Tung-Shan Lin,Yueh-Hsuan Chiang	Ting-Hung Su,King-Tung Huang,Yung-Chang Chiang,Guang-Jiu Gao,Eliza Wang,Tung-Shan Lin,Yueh-Hsuan Chiang	Guang-Jiu Gao,Eliza Wang,Tung-Shan Lin,Yueh-Hsuan Chiang	Guang-Jiu Gao,Eliza Wang,Tung-Shan Lin,Yueh-Hsuan Chiang
$1,000,000 (included)～$2,000,000 (excluded)				
$2,000,000 (included)～3,500,000 (excluded)				
$3,500,000 (included)～5,000,000 (excluded)			Yung-Chang Chiang ,King-Tung Huang	Yung-Chang Chiang ,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	7	7	7	7

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.

＊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.

3.3.2 Remuneration of Supervisors

Unit: NTD$ thousand

<table>
<tr><td rowspan="3">Title</td><td rowspan="3">Name</td><td colspan="6">Supervisors' Remuneration</td><td colspan="2" rowspan="2">Total Compensation (A+B+C) as a % of Net Income</td><td rowspan="3">Compensation Received from Non-consolidated Affiliates</td></tr>
<tr><td colspan="2">Payment (A)</td><td colspan="2">Reward (B)</td><td colspan="2">Business Fee (C)</td></tr>
<tr><td>Stand-alone</td><td>Consolidated</td><td>Stand-alone</td><td>Consolidated</td><td>Stand-alone</td><td>Consolidated</td><td>Stand-alone</td><td>Consolidated</td></tr>
<tr><td rowspan="3">Supervisors</td><td>San-Lu Su</td><td rowspan="3">360</td><td rowspan="3">360</td><td rowspan="3">939</td><td rowspan="3">939</td><td rowspan="3">27</td><td rowspan="3">27</td><td rowspan="3">0.32%</td><td rowspan="3">0.32%</td><td rowspan="3">0</td></tr>
<tr><td>Han-Pin Cheng</td></tr>
<tr><td>Sheng-Ming Pu</td></tr>
</table>

Range of compensation to management executives

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

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.

＊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.

3.3.3 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	7,838	10,170	366	366	3,726	4,439	3,367	0	3,367	0	3.63%	4.36%	NA
Vice-President	Yung-Chang Chiang													
Vice-President	Chien-Liang Lin													
Vice-President	King-Tung Huang													

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)		
$2,000,000 (included)～$3,500,000 (excluded)	Yung-Chang Chiang,Chien-Liang Lin,King-Tung	Yung-Chang Chiang
$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	4	4

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: 2021/2/25；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	-	5,627	5,627	1.34%
	Vice president	Yung-Chang Chiang				
	Vice president	King-Tung Huang				
	Vice president	Chien-Liang Lin				
	Associate Director	Chen-Chia Chang				
	Manager	Chen-Jung Chen				
	Manager	Ching-Hsiang Yeh				

Note：This is an approximate number, as approved by the Board of Directors on February 25th, 2021.

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	2019		2020 (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	7.62%	9.26%	4.86%	5.58%

Note: Employee and supervisor's compensation were approved by the Board of Directors on February 25th, 2021.

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 2019, and the remuneration of directors in Year 2020 was approved by the Board of Directors on February 25th, 2021. 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 met eight 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	8	0	100.00%	2018/6/26
Director	King-Tung Huang	8	0	100.00%	2018/6/26
Director	Yung-Chang Chiang	8	0	100.00%	2018/6/26
Director	Guang-Jiu Gao	8	0	100.00%	2018/6/26
Independent Director	Eliza Wang	7	1	87.50%	2018/6/26
Independent Director	Yueh-Hsuan Chiang	8	0	100.00%	2018/6/26
Independent Director	Tung-Shan Lin	8	0	87.50%	2018/6/26

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 14th Board meeting 2020/1/20	1. Motion: managers' year-end bonuses - Passed.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 15th Board meeting 2020/2/20	1. Motion: accountant independence and 2019 accounting assurance service expense – Passed. 2. Motion: Board of directors and supervisors' as well as employees' remuneration – Passed. 3. Motion: Extension of the financing quota of Citi (Taiwan) Commercial Bank and the provision of endorsement guarantees to subsidiaries – Passed.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 16th Board meeting	1.Motion: Revise the internal control system of the real estate plant and	V	None

2019/3/28	equipment cycle-Passed.		
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 17th Board meeting 2020/5/5	1.Motion: Extension of the quota of China Trust Commercial Bank and the provision of endorsement guarantees by Sinher to the transfer investment company – Passed.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 19th Board meeting 2020/9/29	1.Motion: manager's annual salary increase – Passed. 2. Motion: Dividend of managers and employees – Passed. 3.Motion: board of directors' remuneration payment – Passed.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 22th Board meeting 2021/2/4	1. Motion: Dividend of managers and employees – Passed. 2.Motion: Change CPA – Passed. 3. Motion: accountant independence and 2021 accounting assurance service expense - Passed.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 23th Board meeting 2021/2/25	1. Motion: Board of directors supervisors' remuneration – Passed. 2. Motion: employees' remuneration – Passed. 3. Motion: Extension of the financing quota of Citi (Taiwan) Commercial Bank and the provision of endorsement guarantees to subsidiaries – Passed.	V	None
	Opinions of the independent directors: None. The company's handling of the opinions: None.		
Year 6: the 24th Board meeting 2021/3/25	1. Motion: Board of directors supervisors' remuneration– Passed. 2. Motion: employees' remuneration – Passed. 3. Motion: Extension of the financing quota of Citi (Taiwan) Commercial Bank and the provision of endorsement guarantees to subsidiaries – Passed.	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 motion for managers' year-end bonuses was avoided at the vote by directors Ting-Hung Su, Yung-Chang Chiang, and King-Tung Huang because of their direct connected interests.

B. The motion for annual salary increase of the managers was avoided at the vote by directors Ting-Hung Su, Yung-Chang Chiang, and King-Tung Huang because of their direct connected interests.

C. The motion for Managers and employees' remuneration was avoided at the vote by directors Ting-Hung Su, Yung-Chang Chiang, and King-Tung Huang because of their direct connected interests.

D. The motion for directors and supervisors' remuneration was avoided at the vote by directors Ting-Hung Su, Yung-Chang Chiang, Guang-Jiu Gao, and King-Tung Huang because of their direct connected interests. Other directors exercised their voting rights to made decisions.

(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	From January 1, 2020 to December 31, 2020	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

We do not set up an audit committee yet, so the participation of the supervisors is as below. Also, a total of 8 Board meetings were held in the most recent year. The attendance situations are as below.

Title	name	Attendance (in person)	In person attendance rate (%)	Date of appointment
Supervisors	Han-Pin Cheng	5	62.50%	2018/6/26
Supervisors	San-Lu Su	8	100.00%	2018/6/26
Supervisors	Sheng-Ming Pu	4	50.00%	2018/6/26

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?	V		The Company assigned responsible personnel to accept shareholders' suggestions, doubts and disputes in order to properly maintain investor relations.	In Compliance
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		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.	In Compliance
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		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.	In Compliance
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		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

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
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?	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).	In Compliance
(2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	V		The Company does not set up any other functional committees besides the remuneration committees.	In Compliance
(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		The Company established “Rules for Board of Directors Performance Assessments” on September 29, 2020. According to the assessments, the evaluation period shall be from January 1 to December 31 of the current year, and for the current year shall be reported to the board of directors at the end of first quarter of the following year. 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 2019/1/24, 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	In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
			others with the Executives or managers of the Company.	
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 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?	V		The Company has set up designated webpage for stakeholders to provide interested parties to submit their appeals via email. The Company also has responsible personnel to provide stakeholders any point of contact for follow-up communication.	In Compliance
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	In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
			relevant related matters.	
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	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	In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			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. 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 2020:

1.Establish the performance evaluation method for board of directors and supervisors.

2.The quarterly and annual financial reports shall be approved by the Board of Directors 7 days before the deadline set by the policies, while the financial reports shall be published within 1 day of the date of adoption or the date of the announcement.

Priorities of 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

Note 1: Diversity of Board Members:

Board members \ Diversity indicators	Gender	Operational judgment	Accounting and financial analysis	Business Management	Crisis management	Industry knowledge	International Market Perspective	Leadership	Decision-making
Ting-Hung Su	Male	V		V	V	V	V	V	V
King-Tung Huang	Male	V		V	V	V	V	V	V
Guang-Jiu Gao	Male	V	V				V		
Yung-Chang Chiang	Male	V		V	V	V	V	V	V
Tung-Shan Lin	Male	V		V	V	V	V	V	V
Eliza Wang	Female		V			V	V		
Yueh-Hsuan Chiang	Male	V				V	V		

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 2020
:

Name	Title	Duration of Education		Education Organizer	Course name	Education hours
		Start date	End date			
Ting-Hung Su	Board Chairman	2020/09/29	2020/09/29	Taiwan Institute of Directors	The economic substance of foreign companies stipulates the EU blacklist sanctions and the taxation of income from transactions of unlisted (OTC) shares of individuals	3
		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
King-Tung Huang	Director	2020/09/29	2020/09/29	Taiwan Institute of Directors	The economic substance of foreign companies stipulates the EU blacklist sanctions and the taxation of income from transactions of unlisted (OTC) shares of individuals	3

		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
Yung-Chang Chiang	Director	2020/09/29	2020/09/29	Taiwan Institute of Directors	The economic substance of foreign companies stipulates the EU blacklist sanctions and the taxation of income from transactions of unlisted (OTC) shares of individuals	3
		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
Guang-Jiu Gao	Director	2020/09/29	2020/09/29	Taiwan Institute of Directors	The economic substance of foreign companies stipulates the EU blacklist sanctions and the taxation of income from transactions of unlisted (OTC) shares of individuals	3
		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
Tung-Shan Lin	independent Director	2020/09/29	2020/09/29	Taiwan Institute of Directors	The economic substance of foreign companies stipulates the EU blacklist sanctions and the taxation of income from transactions of unlisted (OTC) shares of individuals	3
		2020/11/04	2020/11/04	Taiwan Corporate Governance Association	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
Eliza Wang	independent Director	2020/10/16	2010/10/16	Taiwan Corporate Governance Association	The trend of group tax management in the era of epidemic	3
		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
Yueh-Hsuan Chiang	independent Director	2020/09/29	2020/09/29	Taiwan Institute of Directors	The economic substance of foreign companies stipulates the EU blacklist sanctions and the taxation of income from transactions of unlisted (OTC) shares of individuals	3
		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
San-Lu Su	Supervisors	2020/09/29	2020/09/29	Taiwan Institute of Directors	The economic substance of foreign companies stipulates the EU blacklist sanctions and the	3

					taxation of income from transactions of unlisted (OTC) shares of individuals	
		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
Han-Pin Cheng	Supervisors	2020/07/22	2020/07/22	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3
		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3
Sheng-Ming Pu	Supervisors	2020/09/29	2020/09/29	Taiwan Institute of Directors	The economic substance of foreign companies stipulates the EU blacklist sanctions and the taxation of income from transactions of unlisted (OTC) shares of individuals	3
		2020/11/04	2020/11/04	Taiwan Institute of Directors	The latest provisions on anti tax avoidance in Taiwan CFC & PEM and the new regulations and review trend of transfer pricing in Taiwan	3

3.4.4 Compensation Committee:

1. Compensation Committee Members' Professional Qualifications and Independent Analysis:

Identity (Note 1)	Qualification / name	With at least 5 years of working experience and the following professional designations: A lecturer of private or public institutions of higher education specialized in business, legal affairs, finance, accounting, or the expertise required by the business of the Company	A judge, district attorney, lawyer, certified public accountant, or professional or technician who has passed relevant national examination and properly licensed.	Work experience in business, legal affairs, finance, accounting, or in an area required by the business of the Company	Eligibility of independent status (Note 2): 1	2	3	4	5	6	7	8	9	10	Also Compensation Committee to other companies (number of firms)	Remarks
Independent Director	Eliza Wang	V		V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Tung-Shan Lin			V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Yueh-Hsuan Chiang			V	V	V	V	V	V	V	V	V	V	V	0	

Note 1: Please list director, independent director, or others in the column Identity.

Note 2: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1) Not an employee of the Company or the affiliates of the Company.

(2) Not a director or supervisor of the company or any of its affiliates. (Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)

(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 manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2) or (3).

(5) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act. (Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.).

(6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company. (Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)

(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company. Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.

(8) Not a director (trustee), supervisor(monitor), or manager of specific company or institution that has financial or business transactions with the Company, or a shareholder holding more than 5% of the shares of such company or institution. (Except where the specific company or institution holds 20% or more but no more than 50% of the company's outstanding shares and the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)

(9) Not a professional who provides audit or receives no more than NT$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a public tender review committee, or a special committee for merger, consolidation and acquisition exercising their authority pursuant to the Securities and Exchange Act or the Business Mergers And Acquisitions Act.

(10) Not been a person of any conditions defined in Article 30 of the Company Law.

2. Compensation Committee Meeting Status

(1) The Compensation Committee consists of three members.

(2) Tenure of the Compensation Committee: July 26, 2018 to June 25, 2021. The committee convened four times in 2020. (A)

Title	Name	Attendance (in person)	Attendance (by proxy)	In person attendance rate (%)	Note
Chairperson/ Independent Director	Tung-Shan Lin	3	0	100%	-
Independent Director	Eliza Wang	3	1	66.67%	-
Independent Director	Yueh-Hsuan Chiang	3	0	100%	-

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: 1.To establish and regularly review the policies, systems, standards, and structures of performance evaluation and remuneration of directors, supervisors and managers. 2. Regularly assess and determine the remuneration of directors, supervisors and managers. 3. Review the Company's procedures and make recommendations for amendments from time to time.

(3) Main Points of Discussion and Agreements by the Compensation Committee as well as the Company’s handling of the opinions:

Meeting date	Agenda and subsequent actions	Resolution	Company reaction base on the opinion of Compensation Committee
Year 3: The 6nd meeting 2020/01/20	1. Proposals for year-end bonus payments for managers.	Passed by a unanimous vote	Reported to The Board; Passed by a unanimous vote of the attended directors
Year 3: The 7d meeting 2020/02/20	1.Allocation of the remuneration of the directors and supervisors serving during year 2019 in accordance with the articles of regulations of the Company.	Passed by a unanimous vote	Reported to The Board; Passed by a unanimous vote of the attended directors
Year 3: The 8th meeting 2020/09/20	1. Proposals for managers’ salary increase in 2020. 2. Review the details of dividends for our managers and employees. 3. Review the details of the remuneration paid to the Board of Supervisors.	Passed by a unanimous vote	Reported to The Board; Passed by a unanimous vote of the attended directors

3.4.5 The State of the Company's Performance of Social Responsibilities, Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance：

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td>1. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)</td><td>V</td><td></td><td>1.Environment:
(1) The Company has incorporated environmental management, greenhouse gases and energy conservation and carbon reduction issues as the company's continuous improvement targets. Through open source and energy savings, the Company aims to ensure continuous progress, to ensure sustainable production, and to take on more social and environmental responsibilities.
(2) The Company also actively imports and develops more environmentally friendly operating processes and products in processes, products, services and concepts to meet the need of “green” from customers from each country. The need of green refers to energy resource management, climate change, RoHS and toxic chemical controls. The Company strives for continuous improvement with sustainable operation, aiming to achieve the objective of green industry.
(3) The internal management is also committed to maintaining environmental control inside and outside of the manufacturing plants. The plants reduce environmental impacts, and continuously implements the 5S management campaign to optimize the plants’ environment and work efficiency.
2.Social:
(1)Occupational Safety:
A: The Company has planned to set up an occupational safety management system to identify risks for the plant-wide operational hazards. Using the occurrence rate and the severity of the hazard to identify the risk level. The Company would continuously improve and formulate relevant regulations to strengthen the implementation of occupational safety mechanisms.
B: The Company abides by the laws and regulations of the government authorities. The Company implements the</td><td>None</td></tr>
</table>

Assessment Item	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary (Note 2)	
			construction management of contractors' entry into the factory and regularly implements the education and training of employees to strengthen internal communication and continuous improvement. All the efforts aim to reduce the occurrence of occupational disasters, and avoid the situation in which the Company is forced to stop manufacturing, which would result in operational interruption. (2)Product Safety: A:Quality is the core responsibility and principle of every employee. The Company established a good corporate quality culture. With constant innovation, rigorous design, and development capabilities, the Company continuously improve innovative products and service quality management. B: In recent years, through the introduction of ISO9001 and other quality management systems, the Company constructed perfect and rigorous "design and development", "supplier management", "process management", "quality control" and "efficiency services" and other key processes. Through monitoring and statistical analysis technology, the Company continuously bring up proposals and improvements in order to ensure the company's product quality, and to maintain the Company's competitive advantage to achieve a win-win goal of customer satisfaction. 3.Corporate Governance: Through the establishment of governance organizations and the implementation of internal control mechanisms, the Company ensures that all personnel and operations do comply with the relevant laws and regulations.	
2.Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	V		The President's Office is responsible for planning to promote corporate social responsibility of the Company.	Currently President's office is responsible for promoting the corporate social responsibility and

Assessment Item	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary (Note 2)	
				reporting to the President. The office might be reporting to directors in the future.
3.Environmental Issues (1) Has the Company set an Environmental management system designed to industry characteristics?	V		The Company also actively imports and develops more environmentally friendly operating processes and products in processes, products, services and concepts to meet the need of "green" from customers from each country. The need of green refers to energy resource management, climate change, RoHS and toxic chemical controls. The Company strives for continuous improvement with sustainable operation, aiming to achieve the objective of green industry.	None
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		The Company applied the strictest restriction of waste generation control in the production of its products and promotes the recycling and recycling of pallets.	None
(3) Has the company evaluated the potential risk and opportunity induced by climate change and deploy possible solutions to face the problem?	V		The Company pays attention to climate change, promote carbon reduction, and adjust plant and office air conditioning temperature according to the season.	None
(4) Did the company collect the data of the past two years on GHG emission, water consumption and the weight of waste as well as set up related environmental impact reduction policy?	V		In addition to the whole plant using LED energy-saving lamps, air-conditioning equipment are applied with variable frequency energy-saving type. Other machinery and equipment also are	None

Assessment Item	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary (Note 2)	
			gradually updated with energy-saving functions. Although the Company has not yet set energy-saving carbon reduction management policy, the Company has put actions in practice for implementation.	
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 customer health and safety, customer privacy, and marketing and labeling of products and	V		The Company values customer opinions. In addition to daily	None

Assessment Item	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary (Note 2)	
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		visits, the company's website provides contact information (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

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td>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?</td><td></td><td>V</td><td>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.</td><td>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.</td></tr>
<tr><td colspan="5">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</td></tr>
<tr><td colspan="5">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.</td></tr>
</table>

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:

<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>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?
(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?
(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?</td><td>V
V
V</td><td></td><td>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.
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.
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.</td><td>In Compliance
In Compliance
In Compliance</td></tr>
<tr><td>2.Ethic Management Practice
(1) Does the company assess the ethics records of whom it has business relationship with and include business</td><td>V</td><td></td><td>When the Company signs contracts with others, we fully understand the other parties' state of business</td><td>In Compliance</td></tr>
</table>

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 our ethical code of conducts from time to time.	In Compliance

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
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 TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation:				

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
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.				
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				

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. 93 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	Status of execution
Year 6: the 14th Boar meeting 2020/01/20	(1) Motion: managers' year-end bonuses - Passed.
Year 6: the 15th Board meeting 2020/02/20	(1)Motion: accountant independence and 2020 accounting assurance service expense - Passed. (2) Motion: remuneration amount of board of directors, supervisors, and employees for year 2019 – Passed. (3) Motion: financial report of 2019 – Passed. (4) Motion: Extension of the financing quota of Citi (Taiwan) Commercial Bank and the provision of endorsement guarantees to subsidiaries – Passed.
Year 6: the 16th Board meeting 2020/03/26	(1) Motion: Internal Control Disclaimer of year 2019 – Passed. (2)Motion: Operating report of year 2019 – Passed. (3) Motion: Amendment of board of directors meeting regulation – Passed. (4) Motion: Amendment of Integrity of Management Regulations – Passed. (5) Motion: Amendment of shareholders meeting regulation – Passed. (6) Motion: Amendment of Article of Incorporation – Passed. (7) Motion: the revision of the internal control system for the recycling of real estate and factory plants and equipment – Passed. (8) Motion: Amendment of Asset Management Regulations – Passed. (9) Motion: Surplus allocation for year 2019 – Passed. (10) Motion: Establishment of shareholders' proposal rights – Passed. (11) Motion: confirmation of regular shareholders meeting

	dates, time, location, and meeting reasons of year 2020– Passed.
Year 6: the 17th Board meeting 2020/05/05	(1) Motion: Financial report of year 2019 Q1 – Passed. (2) Motion: Extension of the quota of China Trust Commercial Bank and the provision of endorsement guarantees to the transfer investment company – Passed.
Shareholders' meeting 2020/06/24	(1)Motion: Recognition of operating report and financial report of year 2019. (2)Motion: Allocation of cash dividend paid through capital surplus – Passed. Condition: The base date for interest relief is set to be 2020/7/25 for the surplus allocation and cash dividend 2020/8/13. (3)Motion: Amendment of shareholders meeting regulation – Passed. (4)Motion: Amendment of Article of Incorporation – Passed.
Year 6: the 18th Board meeting 2019/08/01	(1) Motion: Financial report of year 2019 Q2 – Passed.
Year 6: the 19th Board meeting 2020/09/29	(1) Motion: manager's annual salary increase – Passed. (2) Motion: Dividend of managers and employees – Passed. (3) Motion: board of directors' remuneration payment – Passed. (4) Motion:Formulate the "Board of Directors' Self-evaluation or Peer Evaluation" method.-Passed. (5) Motion: Revised the "Management Measures for the Preparation Process of Financial Statements".-Passed.
Year 6: the 20th Board meeting 2020/11/04	(1)Motion: Financial report of year 2019 Q3 – Passed. (2)Motion: Annual audit plan for year 2020 – Passed.
Year 6: the 21th Board meeting 2020/12/24	(1) Motion: Budget for year 2020 – Passed.
Year 6: the 22th Board meeting 2021/02/4	(1)Motion:managers' year-end bonuses - Passed. (2)Motion:Change CPA.-Passed. (3)Motion: accountant independence and 2021 accounting assurance service expense - Passed.
Year 6: the 23th Board meeting 2021/02/25	(1) Motion: remuneration amount of board of directors, supervisors for year 2020 – Passed. (2) Motion: remuneration amount of employees for year 2020 – Passed. (3) Motion: financial report of 2020 – Passed. (4) Motion: Extension of the financing quota of Citi (Taiwan) Commercial Bank and the provision of endorsement guarantees to subsidiaries – Passed.

	(5)Motion:Internal Control Disclaimer of year 2020 – Passed.
Year 6: the 24th Board meeting 2021/03/25	(1) Motion: Operating report of year 2020 – Passed. (2) Motion: Amendment of board of directors meeting regulation – Passed. (3)Motion:Amendments to part of "Rules of the election of directors and supervisors."-Passed. (4) Motion: Amendment of Asset Management Regulations – Passed. (5)Motion:Amendment to part of "Procedures for Loaning of Company Funds."-Passed. (6)Motion:Amendment to part of "Procedures for Endorsements & Guarantees."-Passed. (7) Motion: Surplus allocation for year 2020 – Passed. (8)Motion: To elect nine Directors (including four independent directors)-Passed. (9)Motion: Accept the nomination of director candidates.-Passed. (10)Motion: Proposal of release the prohibition on Directors and their representatives from participation in competitive business.-Passed. (11)Motion: Establishment of shareholders' proposal rights – Passed. (12)Motion: Motion: confirmation of regular shareholders meeting dates, time, location, and meeting reasons of year 2021– Passed. (13)Motion: Extension of the quota of China Trust Commercial Bank and the provision of endorsement guarantees to the transfer investment company – Passed.
Year 6: the 25th Board meeting 2021/05/04	(1) Motion: Financial report of year 2020 – Passed. (2)Motion:Nomination and review of the list of director candidates.-Passed.

3.4.12 Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2020 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 Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
KPMG Taiwan	Kuan-Ying Kuo and Hsing-Fu Yen	2020.01.01~2020.12.31	

Unit: NTD$ thousand

Fee details / Range of fee	Audit service fee	Non-audit service fee	Total
Lower than 2,000		268	268
2,000 (included)~4,000	3,887		3,887
4,000 (included)~6,000			
6,000 (included)~8,000			
8,000 (included)~10,000			
10,000 or above			

Accounting fee information

Unit: NTD$ thousand

<table>
<tr><th rowspan="2">Accounting Firm</th><th rowspan="2">Name of CPA</th><th rowspan="2">Audit fee</th><th colspan="5">Non-audit fee</th><th rowspan="2">Period Covered by CPA's Audit</th><th rowspan="2">Remarks</th></tr>
<tr><th>System of Design</th><th>Company Registration</th><th>Human Resources</th><th>Other</th><th>Subtotal</th></tr>
<tr><td rowspan="3">KPMG Taiwan</td><td>Kuan-Ying Kuo</td><td rowspan="2">3,887</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2"></td><td rowspan="2">3,887</td><td rowspan="3">2020/01/01~
2020/12/31</td><td rowspan="3"></td></tr>
<tr><td>Hsing-Fu Yen</td></tr>
<tr><td>Chih Chang</td><td>0</td><td>0</td><td>18</td><td>0</td><td>250
(Note 2)</td><td>268</td></tr>
</table>

Note 1: Translation Service Fee for Mandarin to English version of the financial report.
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: Not Applicable.

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	2020		As of April 26, 2021	
		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	0	0	0	0
Director	Yung-Chang Chiang	0	0	0	0
Director	Guang-Jiu Gao	0	0	0	0
Independent Director	Eliza Wang	0	0	0	0
Independent Director	Yueh-Hsuan Chiang	0	0	0	0
Independent Director	Tung-Shan Lin	0	0	0	0
Supervisor	Sheng-Ming Pu	0	0	0	0
Supervisor	Han-Pin Cheng	0	0	0	0
Supervisor	San-Lu Su	0	0	0	0
Vice-President	Chien-Liang Lin	0	0	0	0
Associate Director	Chen-Chia Chang	0	0	0	0
Manager	Chen-Jung Chen	(45,000)	0	0	0
Manager	Ching-Hsiang Yeh	(5,000)	0	0	0

3.8.2 Shares Trading with Related Parties: None.

3.8.3 Shares Pledge with Related Parties:

2021/4/30；Unit: NTD$ thousand

Name	Reason for Pledge	Date of change	Trading counterpart	Trading counterparts' relationship with Director, Supervisors, and Shareholders with more than 10% holdings	Number of shares	Shareholding ratio	Pledge ratio	Pledge (redemption) amount
Yung-Chang Chiang	Pledge	2018/1	Yuanta Commercial Bank Co., Ltd.	None	630,000	1.21%	69.92 %	9,350

3.9 Relationship among the Top Ten Shareholders:

As of 4/26/2021

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	
CATCHER TECHNOLOGY CO., LTD.	6,255,917	8.41%	0	0	0	0	None	None	
Ting-Hung Su	6,028,359	8.10%	1,500,000	2.02%	0	0	Chin-Hao Chen	Spouse	
King-Tung Huang	2,632,029	3.54%	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	1,500,000	2.02%	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 2021/4/30

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 4/26/2021; 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 4/26/2021; Unit: Shares

Shareholders Status / Quantity	Governmental Organizations	Financial Institutions	Other juridical persons	Individuals	Foreign Institutional Shareholders and Individuals	Total
Number of shareholders	0	7	231	20,728	67	21,033
Holding Shares	0	2,019,000	7,583,003	60,751,227	4,063,970	74,417,200
Holding Stake	0%	2.71%	10.19%	81.64%	5.46%	100.00%

4.1.3 Shareholding Distribution Status (NTD$10 per share)

As of 4/26/2021; Unit: Shares

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1～ 999	13,605	131,006	0.18
1,000～ 5,000	5,962	11,881,265	15.97
5,001～ 10,000	765	6,161,675	8.28
10,001～ 15,000	219	2,845,575	3.82
15,001～ 20,000	146	2,747,717	3.69
20,001～ 30,000	124	3,269,251	4.39
30,001～ 40,000	54	1,968,726	2.65
40,001～ 50,000	34	1,571,608	2.11
50,001～ 100,000	64	4,722,508	6.35
100,001～ 200,000	29	4,479,866	6.02
200,001～ 400,000	10	2,948,915	3.96
400,001～ 600,000	4	1,972,117	2.65
600,001～ 800,000	5	3,641,937	4.89
800,001～ 1,000,000	2	1,719,984	2.31
1,000,001 or over	10	24,355,050	32.73
Total	21,033	74,417,200	100.00%

4.1.4List of Major Shareholders

As of 4/26/2020

Shareholders' name \ Shareholding	Shares	Percentage
CATCHER TECHNOLOGY CO., LTD.	6,255,917	8.41%
Ting-Hung Su	6,028,359	8.10%
King-Tung Huang	2,632,029	3.54%
Han-Pin Cheng	1,988,456	2.67%
Chin-Hao Chen	1,500,000	2.02%
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

Item \ Year			2019	2020	Current Year to April 30, 2021
Market Price per Share	Highest		55.40	50.10	62.90
	Lowest		41.15	25.70	46.70
	Average		47.73	45.05	56.87
Net Worth per Share	Before distribution		44.29	47.56	45.19
	After distribution		41.79	44.56	-
Earnings per Share	Weighted average shares (1,000 shares)		74,222	74,417	74,417
	Earnings per Share	Before adjustment	2.78	5.66	0.71
		After adjustment	2.78	5.66	0.71
Dividends per Share	Cash Dividend		2.5	3(Note 2)	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	0	-
		Stock Dividends Appropriated from Capital Reserve	0.3	0	-
	Accumulated Undistributed Dividends		0	0	-
Return on Investment Analysis	Price/Earnings Ratio		16.37	7.56	-
	Price/Dividend Ratio		18.20	14.26	-
	Cash Dividend Yield Rate		5.49%	7.01%	-

Note1: Will be finalized at the shareholders' meeting next year with the decided distribution situation.
Note2: The cash dividends for 2020 were approved by the Board of Directors, yet have not been approved by shareholders.

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 2021/03/25. 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 2020.

Assigned items	Amount (NTD$)
Shareholders’ dividend (earnings distribution cash at $3 per share)	223,251,600
The total number of allocated items	223,251,600

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:

2020

Unit: NTD$ thousand

	Resolution of Board meeting Director	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) 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 2020, 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 2018 employee remuneration and remuneration of Directors and Supervisors:

2019

Unit: NTD$ thousand

	Actual allocation at the shareholders' meeting	The amount recognized by the financial report	Difference
Employee Remuneration	$15,942	$15,942	$0
Directors and supervisors' remuneration	1,739	1,739	0
	$17,681	$17,681	$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 2019 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 2020:

Unit: NTD$ thousand

Year / Product Name	2020	
	Sales amount	Percentage
Hinge Components	2,910,936	98.99%
mold components (internal and external)	16,198	0.55%
Others	13,610	0.46%
Total	2,940,744	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.

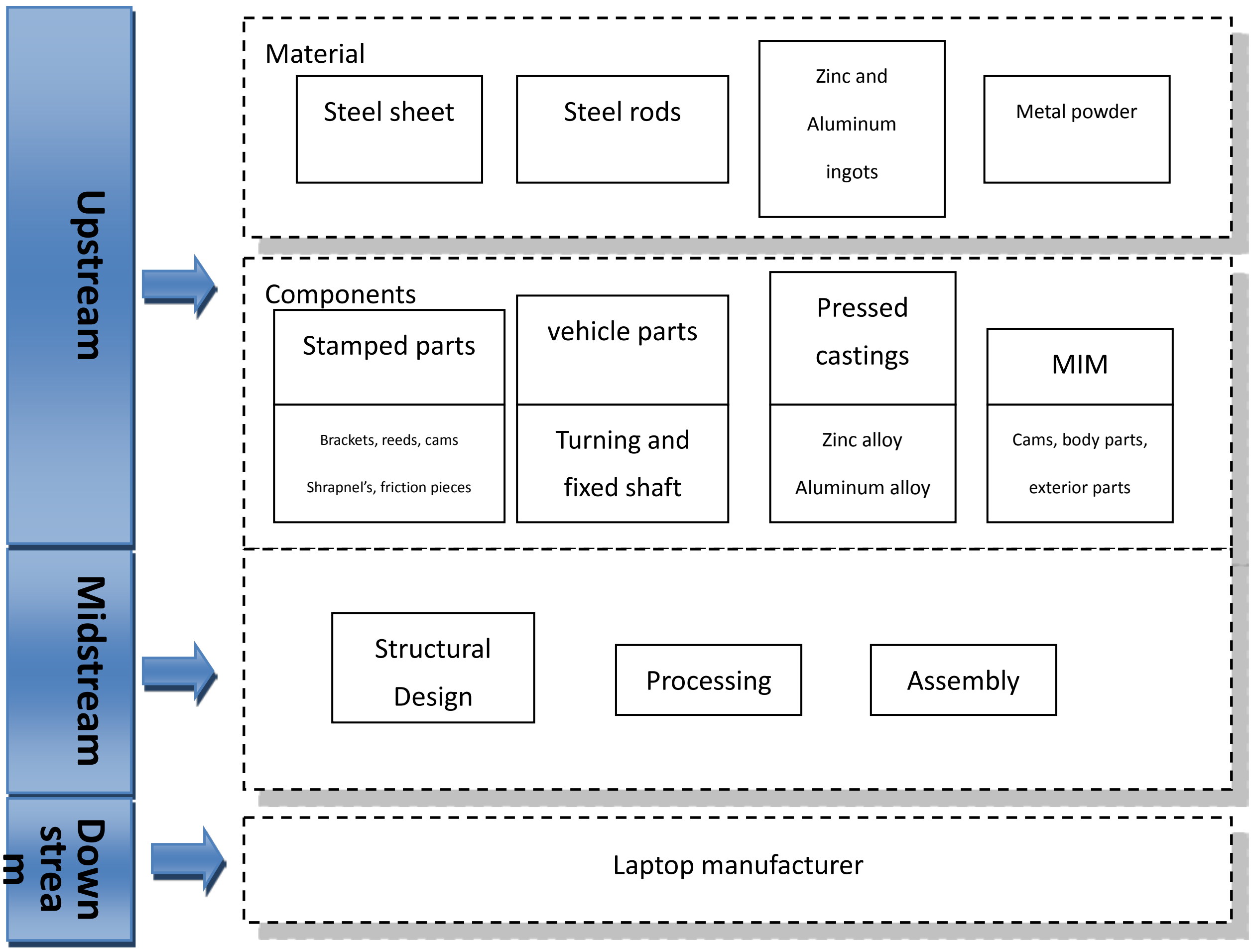
The current consumer market demand is still there, and the overall demand and shipment of the industrial chain are still in a gap. There are still short supplies of panels, all kinds of board-end IC and IC substrate. In Europe and the United States, vaccination is expected to gradually improve the epidemic 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	2020	2021 Q1
Research and development expenses	123,388	27,818
Net operating revenue	2,940,744	737,095
As a % of total revenue	4.20%	3.77%

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	2019		2020	
	Sales	Percentage	Sales	Percentage
Domestic	40,074	1.78%	44,665	1.52%
Asia-Pacific	2,207,283	98.22%	2,896,079	98.48%
Total	2,247,357	100.00%	2,940,744	100.00%

2.Market Shares:

The Company's main products are the hinge products for notebook computers. The Company's NB hinge shipments of year 2020 are about 40.86 million sets. According to DigiTimes, it is estimated that global laptop shipments are201 million units in 2020 (removable machines defined as tablet, not included in NB statistics). The Company has a certain market share in the market of notebook computer hinge products.

3. Future market supply and demand and growth potential

In terms of supply and demand, the unfavorable factors in the global laptops market in the first quarter of 2021 are mainly due to insufficient upstream supply capacity, which is the main bottleneck for shipments in the first quarter. There has been a shortage of IC and panel materials in the middle of 2020, and the automobile market is warming up at the end of the fourth quarter of 2020. The urgent demand for production capacity of fabs by automobile manufacturers at the end of 2020 will make the fabs start to shift the capacity in 2021. Part of the production capacity shift has aggravated the shortage of laptop-related ICs.

Under the shortage of materials and uneven sets, the global NB shipments (excluding detachable models) in the first quarter of 2021 declined by 8.7% compared with the previous quarter, but still grew compared with the same period last year. The overall demand in the consumer market has not weakened. At present, the main demand force in the laptop market is the type of telecommuting and online learning driven by the epidemic situation. The second quarter enters the peak season for education tender season. There will also be new demand stimulus in the business and consumer markets. The overall demand will be higher than the previous quarter. Although the shortage of materials is serious, the brand is still trying its best to pull goods, the global laptop shipments are expected to increase by 10% quarterly.

In the second half of 2021, due to the penetration rate of vaccination in Europe and the United States, it is expected that the epidemic will gradually improve. European and American countries have also proposed economic stimulus plans. However, the growth and decline in demand for the laptop market still need to be observed. The epidemic in emerging markets is still worsening, and there is still demand for telecommuting and online learning. However, the deterioration of the epidemic situation has brought about unfavorable factors for the economy.

In 2021, the laptop market is still affected by the demand for telecommuting and online learning. In the first quarter, although it declined compared with the previous quarter due to the lack of upstream IC materials, the demand strength of consumers, schools and enterprises did not weaken due to the traditional off-season in the second quarter; Due to the unabated market demand and the deferred effect of some orders in the previous quarter, it is estimated that the overall demand will be higher than that in the first quarter. In the second half of the year, we still need to pay attention to the shortage of upstream supply chains, and the European and American markets are expected to reduce the epidemic situation due to vaccination, and the emerging markets epidemic situation is still worsening. These uncertain factors affecting the global economy still need to be continuously observed in the future development.

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.

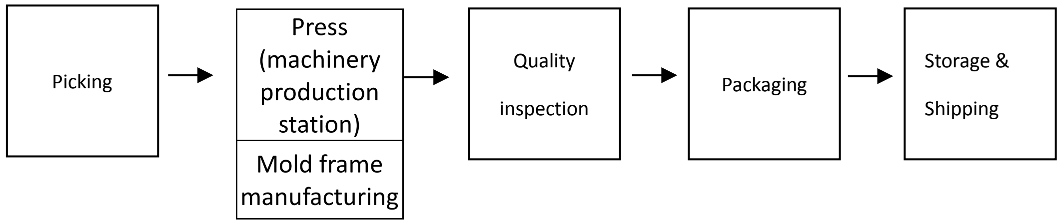
5.2.2 The important use and production process of the main products

1. Important Applications of main products

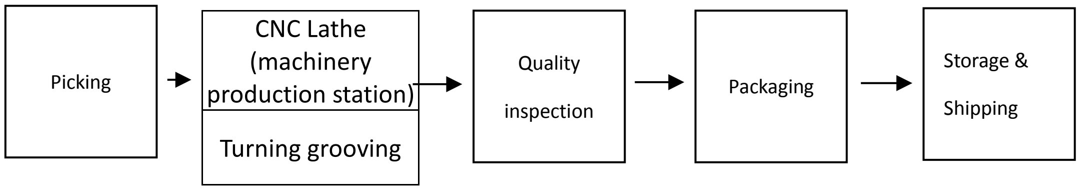
The company's main products are notebook computers’ hinge components and their parts. The main purpose of hinge components is for the laptop screen and hinge junction shaft to linked bases.

2.Production process for main products:

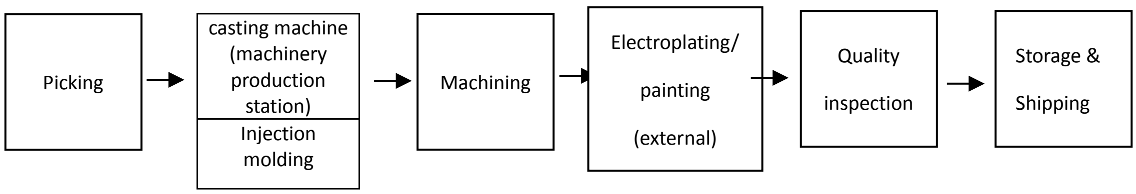
A. Manufacturing process for hinge parts (stamped parts)



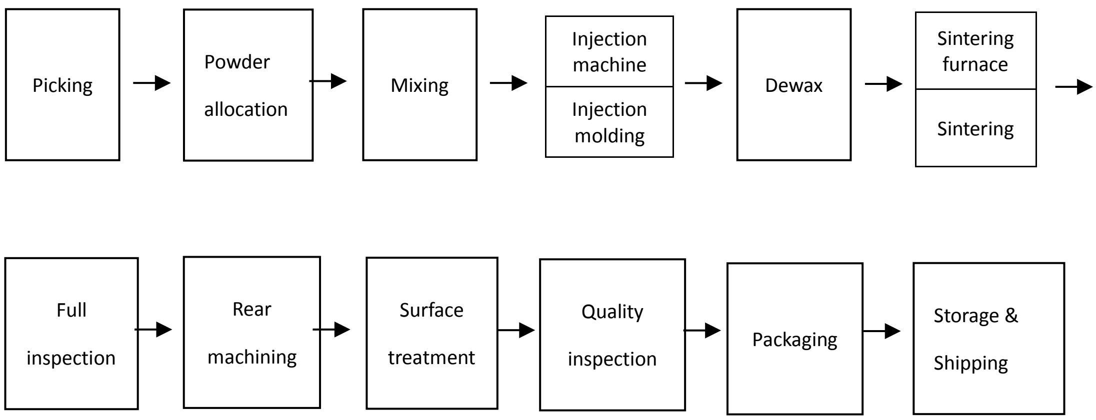
B. Manufacturing process for hinge parts (lathe parts)



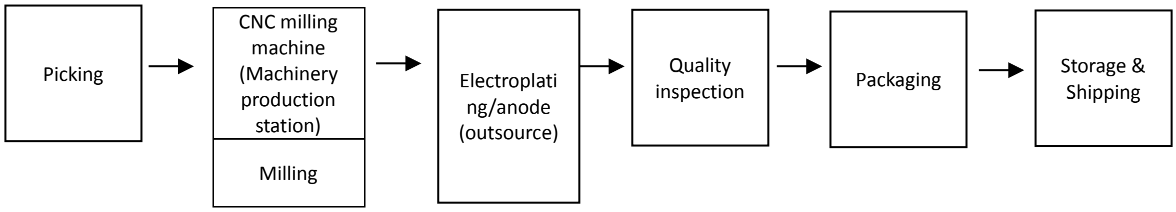
C. Manufacturing process for hinge parts (pressed castings)



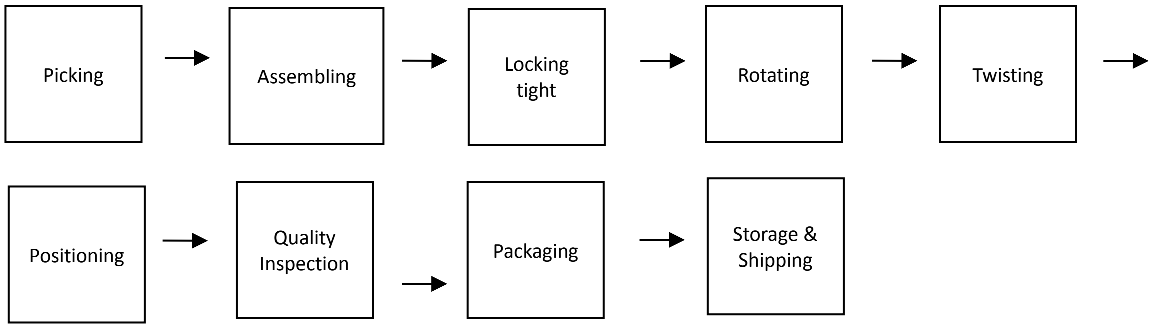
D. Manufacturing process for MIM



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 Rili Electronic Co., Ltd、Kunshan Ximneter Precision Electronic Co., Ltd、Suzhou Gaoao Precision 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	2019				2020				2021 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	Gaowanchang Armor Plate Limited Company	58,407	12.27	NA	Gaowanchang Armor Plate Limited Company	51,759	5.75	NA	Kunshan Ximneter Precision Electronic Co., Ltd	28,917	10.36	NA
	Other	417,698	87.73	-	Other	847,938	94.25	-	Other	250,324	89.64	-
	Net Purchase	476,105	100.00	-	Net Purchase	899,697	100.00	-	Net Purchase	279,241	100.00	-

No major change between Y2020 and Y2019.

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	2019				2020				2021 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	585,213	26.04	NA	00107	825,709	28.08	NA	16600	188,328	25.55	NA
2	16600	408,164	18.16	NA	16600	580,458	19.74	NA	00107	177,416	24.07	NA
3	00303	368,682	16.41	NA	00303	421,674	14.34	NA	00303	96,111	13.04	NA
	Other	885,298	39.39	-	Other	1,112,903	37.84	-	Other	275,240	37.34	-
	net sales	2,247,357	100.00	-	net sales	2,940,744	100.00	-	net sales	737,095	100.00	-

In 2020, 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

Year / Output / Major Products	2019			2020		
	Capacity	Output	Amount	Capacity	Output	Amount
Hinge components and mold components	110,000	64,531	1,641,942	110,000	87,144	2,068,725
Total	110,000	64,531	1,641,942	110,000	87,144	2,068,725

5.2.6 Sales in the Last Two Years

Unit: K set; NTD$ thousands

Year / Sales / Major Products	2019				2020			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Hinge components	741	28,692	60,480	2,143,644	646	33,996	81,389	2,876,940
Mold components (internal and external)	-	-	523	22,729	-	-	390	16,198
Others	1	11,382	1,749	40,910	38	10,669	13	2,941
Total	742	40,074	62,752	2,207,283	684	44,665	81,792	2,896,079

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

Year		2019	2020	2021 (as of April 30)
Number of employees	Direct Labor	1,637	1,978	2,222
	Indirect Labor	439	438	434
	Total	2,076	2,416	2,656
Average Age		31.19	32.34	33.68
Average Years of Service		2.7	2.38	2.25
Education	Ph.D.	0.00%	0%	0%
	Masters	1.00%	0.91%	0.91%
	Bachelor’s	10.86%	12.28%	10.64%
	Senior High School	23.44%	23.43%	27.93%
	Below Senior High School	64.70%	63.38%	60.52%

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 2020, the total number of hours of education and training for employees was 670 hours, of which the cost of external training was NTD$100,000. 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: No.

5.6 Important Contracts:

Nature of contract	Contracting parties	Contract commencement and expiration dates	Main content	Limitation clauses
Short-term borrowings	Citi Bank Taipei	2021/2/5-2022/01/31	Short-term borrowings and financial transactions	Guaranteed by the parent company
Short-term borrowings	CTBC Bank	2021/03/25-2022/05/31	Short-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, 2021
		2016	2017	2018	2019	2020	
Current assets		2,770,865	2,661,707	2,863,026	2,608,292	3,110,638	3,201,903
Property, Plant, and Equipment		1,027,570	1,131,744	1,110,403	1,014,741	1,122,081	1,119,703
Intangible assets		-	-	-	-	-	-
Other assets		175,263	203,308	225,329	229,256	185,177	189,044
Total assets		3,973,698	3,996,759	4,198,758	3,852,289	4,417,896	4,510,650
Current liabilities	Before distribution	796,823	780,744	641,000	479,593	810,520	1,077,968
	After distribution	1,024,791	1,003,996	901,460	665,636	1,033,772	1,077,968
Non-current liabilities		165,829	146,882	161,111	76,394	68,034	69,469
Total liabilities	Before distribution	962,652	927,626	802,111	555,987	878,554	1,147,437
	After distribution	1,190,620	1,150,878	1,062,571	742,030	1,101,806	1,147,437
Equity attributable to owners of the parent company		3,011,046	3,069,133	3,396,647	3,296,302	3,539,342	3,363,213
Share Capital		744,172	744,172	744,172	744,172	744,172	744,172
Capital surplus	Before distribution	476,353	476,353	462,360	440,035	440,035	440,035
	After distribution	476,353	454,028	440,035	440,035	440,035	440,035
Retained earnings	Before distribution	1,761,709	1,917,843	2,187,074	2,156,035	2,390,714	2,220,243
	After distribution	1,533,741	1,716,916	1,948,939	1,969,992	2,167,462	2,220,243
Other equity		65,201	(32,846)	3,041	(43,940)	(35,579)	(41,237)
Treasury shares		(36,389)	(36,389)	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	3,011,046	3,069,133	3,396,647	3,296,302	3,539,342	3,363,213
	After distribution	2,783,078	2,845,881	3,136,187	3,110,259	3,316,090	3,363,213

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				
		2016	2017	2018	2019	2020
Current assets		1,183,989	1,179,161	1,529,557	1,743,680	1,981,228
Property, Plant, and Equipment		701,836	858,157	856,760	789,780	817,296
Intangible assets		-	-	-	-	-
Other assets		1,609,481	1,506,725	1,517,147	1,053,911	1,109,235
Total assets		3,495,306	3,544,043	3,903,464	3,587,371	3,907,759
Current liabilities	Before distribution	318,431	328,028	345,706	214,675	300,383
	After distribution	546,399	551,280	606,166	400,718	523,635
Non-current liabilities		165,829	146,882	161,111	76,394	68,034
Total liabilities	Before distribution	484,260	474,910	506,817	291,069	368,417
	After distribution	712,228	698,162	767,277	477,112	591,669
Equity attributable to owners of the parent company		3,011,046	3,069,133	3,396,647	3296,302	3,539,342
Share Capital		744,172	744,172	744,172	744,172	744,172
Capital surplus	Before distribution	476,353	476,353	462,360	440,035	440,035
	After distribution	476,353	454,028	440,035	440,035	440,035
Retained earnings	Before distribution	1,761,709	1,917,843	2,187,074	2,156,035	2,390,714
	After distribution	1,533,741	1,716,916	1,948,939	1,969,992	2,167,462
Other equity		65,201	(32,846)	3,041	(43,940)	(35,579)
Treasury shares		(36,389)	(36,389)	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	3,011,046	3,069,133	3,396,647	3,296,302	3,539,342
	After distribution	2,783,078	2,845,881	3,136,187	3,110,259	3,316,090

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

Item \ Year	Financial Summary for the last five years					As of March 31, 2021
	2016	2017	2018	2019	2020	
Operating Revenue	2,456,940	2,515,960	2,438,666	2,247,357	2,940,744	737,095
Gross Profit	881,212	917,043	859,858	633,369	980,930	170,258
Operating Income	578,641	601,431	539,609	307,782	655,253	75,455
Non-operating Income and Expenses	36,945	(96,505)	100,880	(35,542)	(110,178)	101
Profit Before Income Tax	615,586	504,926	640,489	272,240	545,075	75,556
Net Profit of continued-operating units	451,299	384,032	470,172	207,093	420,879	52,781
Losses of discontinued-units	-	-	-	-	-	-
Net Profit	451,299	384,032	470,172	207,093	420,879	52,781
Other Comprehensive income (loss) for the period, Net of Income Tax	(22,279)	(97,977)	35,873	(46,978)	8,204	(5,658)
Total Comprehensive income	429,020	286,055	506,045	160,115	429,083	47,123
Net Profit Attributable to Owners of the Parent Company	451,299	384,032	470,172	207,093	420,879	52,781
Net Income (Loss) Attributable to Non-controlling Interests	-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent Company	429,020	286,055	506,045	160,115	429,083	47,123
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-	-
Earnings Per Share	6.14	5.22	6.33	2.78	5.66	0.71

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

Unit: NTD$ thousand

Item \ Year	Financial Summary for the last five years				
	2016	2017	2018	2019	2020
Operating Revenue	1,000,931	1,102,051	1,245,897	1,467,895	1,467,341
Gross Profit	685,037	730,118	794,135	909,306	783,174
Operating Income	526,479	574,954	608,590	727,212	572,375
Non-operating Income and Expenses	44,051	(84,734)	13,221	(455,043)	(58,097)
Profit Before Income Tax	570,530	490,220	621,811	272,169	514,278
Net Profit of continued-operating units	451,299	384,032	470,172	207,093	420,879
Losses of discontinued-units	-	-	-	-	-
Net Profit	451,299	384,032	470,172	207,093	420,879
Other Comprehensive income (loss) for the period, Net of Income Tax	(22,279)	(97,977)	35,873	(46,978)	8,204
Total Comprehensive income	429,020	286,055	506,045	160,115	429,083
Net Profit Attributable to Owners of the Parent Company	451,299	384,032	470,172	207,093	420,879
Net Income (Loss) Attributable to Non-controlling Interests	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent Company	429,020	286,055	506,045	160,115	429,083
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Earnings Per Share	6.14	5.22	6.33	2.78	5.66

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

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

Year	CPA firm	Name of CPA	Audit Opinion
2016	KPMG Taiwan	Kuan-Ying Kuo and Jui-Lan Lo	No Reserved Opinions
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

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:

Year	Previous Accountants	Replaced Accountants	Reasons and explanations for replacement
2014	Hsing-Fu Yen and Jui-Lan Lo	Kuan-Ying Kuo and Jui-Lan Lo	Regulatory requirements on rotation at KPMG Taiwan
2016	Kuan-Ying Kuo and Jui-Lan Lo	Kuan-Ying Kuo and Hsing-Fu Yen	Regulatory requirements on rotation at KPMG Taiwan

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 2016	2017	2018	2019	2020	As of March 31, 2021
Financial structure (%)	Debt-to-asset ratio	24.23	23.21	19.10	14.43	19.89	25.44
	Ratio of long-term capital to property, plant, and equipment	309.16	286.02	320.40	332.37	321.49	306.57
Solvency (%)	Current ratio	347.74	340.92	446.65	543.86	383.78	297.03
	Quick ratio	311.92	312.61	391.72	482.19	317.09	237.72
	Interest earned ratio	296.10	224.72	219.22	1,355.43	8,136.45	641.31
Operating performance	Trade receivable turnover (times)	2.24	2.17	2.18	2.12	2.47	2.22
	Average collection period (day)	162.94	168.20	167.43	172.16	147.77	164.41
	Inventory turnover (times)	6.25	6.53	5.81	5.22	4.84	3.95
	Trade payable turnover (times)	6.76	5.83	6.88	8.54	6.80	5.71
	Average days in sales	58.40	55.89	62.82	69.92	75.41	92.40
	Property, plant, and equipment turnover (times)	2.64	2.33	2.18	2.12	2.75	2.63
	Total assets turnover (times)	0.65	0.63	0.60	0.56	0.71	0.66
Profitability	Return on total assets (%)	12.06	9.68	11.53	5.15	10.18	4.74
	Return on stockholders' equity (%)	15.53	12.63	14.54	6.19	12.31	6.12
	Pre-tax income to paid-in capital (%)	82.72	67.85	86.07	36.58	73.25	40.61
	Profit ratio (%)	18.37	15.26	19.28	9.21	14.31	7.16
	Earnings per share (NTD$)	6.14	5.22	6.33	2.78	5.66	0.71
Cash flow	Cash flow ratio (%)	48.60	76.93	75.25	80.60	29.58	6.21
	Cash flow adequacy ratio (%)	97.71	111.22	103.48	105.43	81.55	82.88
	Cash reinvestment ratio (%)	4.86	17.28	6.57	3.28	1.31	1.70
Leverage	Operation leverage	1.22	1.24	1.31	1.56	1.25	1.57
	Financial leverage	1.00	1.00	1.01	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.Increase in the total of debt-to-asset ratio: due to the increase in accounts payable as well as the amount of liabilities.
2.Decrease in current ratio: due to short-term borrowings and the increase in accounts payable.
3.Decrease in quick ratio: due to short-term borrowings and the increase in accounts payable.
4.Increase in interest earned ratio: due to the decrease in interest expenses.
5. Decrease in the turnover rate of accounts payable: due to the increase in cost of sales and the increase in accounts payable at the end of the period.
6. Increase in Property, plant, and equipment turnover (times): due to increase in operating revenue.
7.Increase in total assets turnover (times): due to increase in operating revenue.
8. Increase in return on total assets and return on stockholders' equity: due to the increase in net profit after tax.
9.Increase in pre-tax income to paid-in capital and profit ratio: due to the increase in operating revenue, and the increase in net profits before tax.
10.Increase in earnings per share: due to the increase in net profit for the current period.
11. Dcrease in cash flow ratio: due to decrease in current liabilities.
12. Dcrease in cash flow adequacy ratio: due to cash flow from operating activities decreased in the past five years, increase in capital expenditure and inventory.
13.Decrease in cash reinvestment ratio: due to the decrease in cash flow from the operation activities.
14.Decrease in operation leverage: due to increase in operating income.

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

Item	Year	Financial Analysis for the last five years 2016	2017	2018	2019	2020
Financial structure (%)	Debt ratio	13.85	13.40	12.98	8.11	9.43
	Ratio of long-term capital to property, plant, and equipment	452.65	374.76	415.26	427.04	441.38
Solvency (%)	Current ratio	371.82	359.47	442.44	812.24	659.57
	Quick ratio	340.46	311.70	383.45	713.96	583.21
	Interest earned ratio	1,968.34	591.63	800.24	1,355.07	34,286.20
Operating performance	Trade receivable turnover (times)	20.84	36.20	14.58	4.91	2.20
	Average collection period (day)	17.51	10.08	25.03	74.31	165.81
	Inventory turnover (times)	3.80	2.95	2.58	2.78	3.22
	Trade payable turnover (times)	16.49	19.18	19.84	23.96	12.08
	Average days in sales	96.04	123.60	141.38	131.52	113.48
	Property, plant, and equipment turnover (times)	1.70	1.41	1.45	1.78	1.83
	Total assets turnover (times)	0.30	0.31	0.33	0.39	0.39
Profitability	Return on total assets (%)	13.60	10.93	12.64	5.53	11.23
	Return on stockholders' equity (%)	15.53	12.63	14.54	6.19	12.31
	Pre-tax income to paid-in capital (%)	76.67	65.87	83.56	36.57	69.11
	Profit ratio (%)	45.09	34.85	37.74	14.11	28.68
	Earnings per share (NTD$)	6.14	5.22	6.33	2.78	5.66
Cash flow	Cash flow ratio (%)	163.89	131.21	142.22	145.92	55.01
	Cash flow adequacy ratio (%)	99.94	98.14	96.54	98.49	84.86
	Cash reinvestment ratio (%)	9.08	6.00	7.03	1.42	(0.53)
Leverage	Operation leverage	1.14	1.17	1.20	1.19	1.23
	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.Increase in interest earned ratio: due to the decrease in interese expenses.
2.Decrease in the turnover rate of accounts receivable and Increase in average collection period (day) of the accounts receivable: due to the increase in the amount of accounts receivable (including related parties) at the end of the period.
3.Decrease in the turnover rate of accounts payable: due to the increase in account payable at the end of the period.
4.Increase in profitability(including return on total assets,return on stockholders' equity, pre-tax income to paid-in capital, profit ratio and earnings per share) : due to the increase in share of profit or loss of associates & joint ventures accounted for using equity method.
5.Decrease in cash flow ratio: due to the decrease in cash flow from the operation activities, and increase in current liabilities.
6.Decrease in cash reinvestment ratio:due to decrease in cash flow from the operation activities.

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 Supervisors: Please refer to p.94.

6.4 Consolidated Financial Statements for the Most Recent Year (certified by Independent Auditors): Please refer to p.96-146.

6.5 Standalone Financial Statements for the Most Recent Year (certified by Independent Auditors): Please refer to p.147-204.

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	2019	2020	Difference	
			Amount	%
Current assets	2,608,292	3,110,638	502,346	19.26
Non-current assets	1,243,997	1,307,258	63,261	5.09
Total assets	3,852,289	4,417,896	565,607	14.68
Current liabilities	479,593	810,520	330,927	69.00
Non-current liabilities	76,394	68,034	(8,360)	(10.94)
Total liabilities	555,987	878,554	322,567	58.02
Share capital	744,172	744,172	0	0.00
Capital surplus	440,035	440,035	0	0.00
Retained earnings	2,156,035	2,390,714	234,679	10.88
The exchange difference converted by foreign financial institution	(43,940)	(35,579)	8,361	(19.03)
Stockholders' equity	3,296,302	3,539,342	243,040	7.37

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 current liabilities: due to increase in short-term borrowings and accounts payable .
2. Inecrease in total liabilities: due to increase in short-term borrowings and accounts payable.

7.2 Financial performance

Unit: NTD$ thousand

Item \ Year	2019	2020	Difference	
			Amount	%
operating revenue	2,247,357	2,940,744	693,387	30.85
operating cost	1,613,988	1,959,814	345,826	21.43
gross profit	633,369	980,930	347,561	54.87
operating expenses	325,587	325,677	90	0.03
operating income	307,782	655,253	347,471	112.90
non-operating income and expenses	(35,542)	(110,178)	(74,636)	209.99
profit before income tax	272,240	545,075	272,835	100.22
income tax expense	65,147	124,196	59,049	90.64
net profit	207,093	420,879	213,786	103.23

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. Increase in operating revenue: the impact of the COVID-19, the increase in the demand for home work and school, and the growth of the NB market
2. Increase in operating cost: due to increase in operating revenue.
3. Inecrease in gross profit: due to increase in operating revenue and improve the yield of certain machine types .
4. Increase in operating income: due to the increase in operating revenue and gross margin.
5. Increase in non-operating expenses: due to the exchange losses from the exchange rate fluctuations in the current period.
6. Increase in profit before income tax: due to the increase in operating income.
7. Increase in income tax expense: due to the increase in the earned profit this period.
8. Increase in net profit: due to the inecrease in operating income .

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

According to the production and sales survey data of DIGITIMES research in April 2021, global laptop shipments in the first quarter of 2021 declined by 8.7% compared with the fourth quarter of 2020, but still grew compared to the same period last year.

The second quarter enters the peak season for education tender season. There will also be new demand stimulus in the business and consumer markets. The overall demand will be higher than the previous quarter. Although the shortage of materials is serious, the brand is still trying its best to pull goods, the global laptop shipments are expected to increase by 10% quarterly.

For the whole year of 2021, although home isolation or telecommuting is conducive to the demand for laptops, the uncertainties of COVID-19 and the IC shortage are still needed to be observed. After comprehensive consideration, we estimate that the sales volume in 2021 will increase by about 5% to 10% compared with that in 2020.

7.3 Cash Flow

7.3.1. Cash flow analysis:

Unit: NTD$ thousand

Item	Cash inflow (outflow)		Change	
	2019	2020	Amount	%
operation activities	386,573	239,741	(146,832)	(37.98)
investment activities	(97,421)	(264,850)	(167,429)	171.86
fundraising activities	(341,836)	(129,897)	211,939	(62.00)

Explanation of the increased or decreased ratio:

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

(2) Increase in net cash outflow of the investment activities: due to the increase in purchasing real estate, plants, and equipment in 2020 compared to 2019.

(3) Decrease in cash outflow of the fundraising activities: due to the decrease in cash dividend revealed in 2020.

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
1,146,401	519,133	323,881	1,470,282	-	-

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 2020 is NTD $40,610 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$67,000. 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 2020 was NTD$132,832,000, representing net operating income and net profit after tax ratios of 4.52% and 31.56% 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$129,808,000 in research and development costs in 2021.

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.

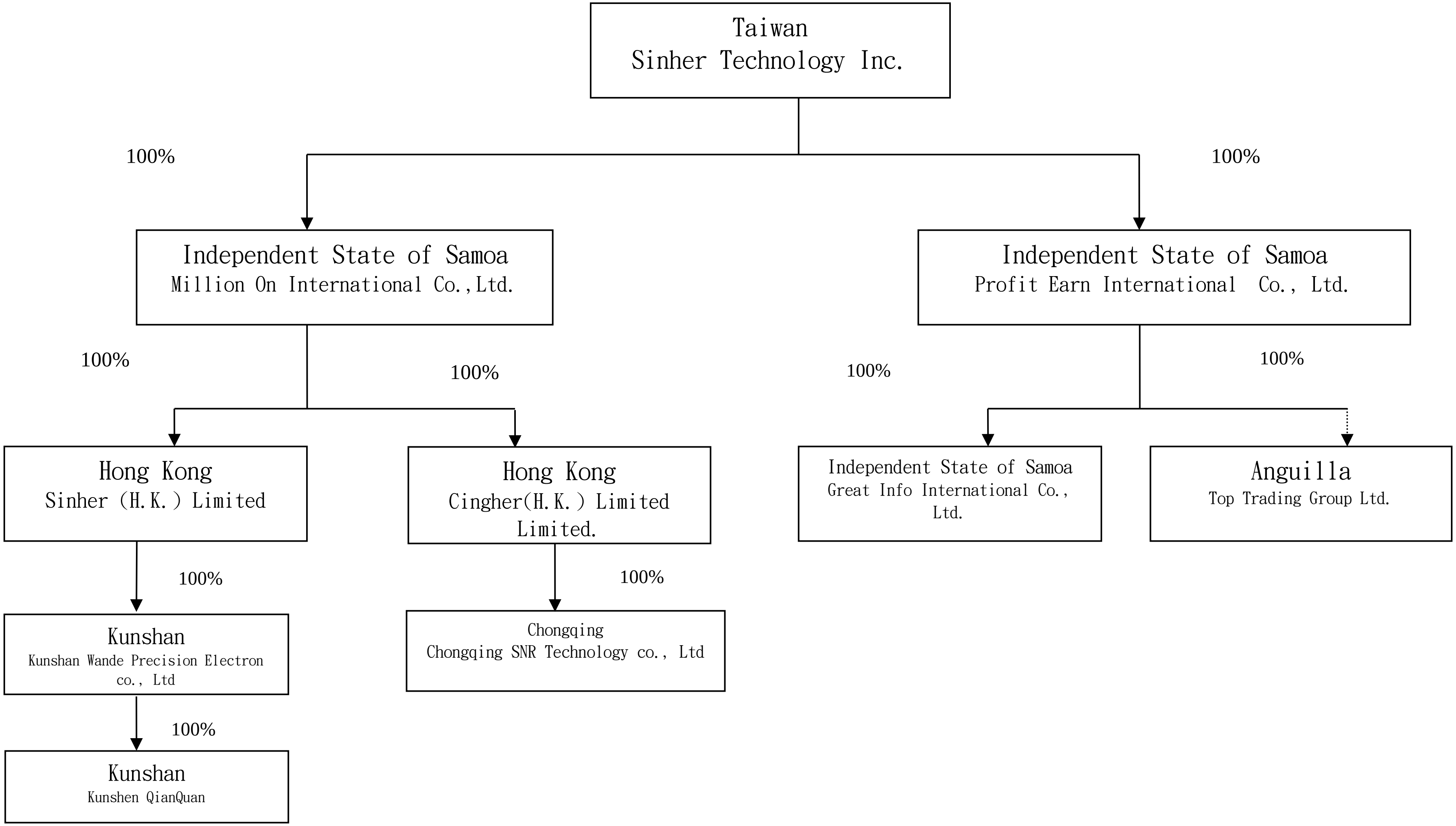
7.7 Other Important Issues: None.

8. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 The consolidated report of the affiliated companies:

1.Affiliated companies organization chart: 04/30/2020; Unit: shareholding percentage (%)



2.Basic information of affiliated companies:

2020/04/30; Unit: NTD$ thousand

Company name	Date of Incorporation	Location	Capital Receivable (thousand)	Major operation or production
Sinher Technology Inc.	91/1/18	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.	96/7/26	Independent State of Samoa	USD23,800	General Investment
Profit Earn International Ltd.	97/6/6	Independent State of Samoa	-	General Investment
Sinher (H.K) Limited	96/11/22	Hong Kong	USD10,600	General Investment
Cingher (H.K.) Limited	99/12/31	Hong Kong	USD13,200	General Investment
Great Info International Co., Ltd.	97/5/19	Independent State of Samoa	-	Sales of hinge components
Top Trading Group Ltd.	99/5/24	Anguilla	-	Sales of hinge components
Kunshan Wanhe Precision Electronics Co., Ltd.	95/12/8	Kunshan City, Jiangsu Province	USD10,600	Manufacturing and sales of hinge components
Chongqing Shuanghe Technology Co., Ltd.	100/5/9	Bishan District, Chongqing City	USD13,200	Manufacturing and sales of hinge components
Kunshen QianQuan	105/5/25	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:

2021/04/26; 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	2,632,029	3.54

	Director	Guang-Jiu Gao	0	0
	Director	Yung-Chang Chiang	901,007	1.21
	Independent Director	Eliza Wang	0	0
	Independent Director	Yueh-Hsuan Chiang	0	0
	Independent Director	Tung-Shan Lin	0	0
	Supervisor	Han-Pin Cheng	1,988,456	2.67
	Supervisor	San-Lu Su	1,387,398	1.86
	Supervisor	Sheng-Ming Pu	0	0

Company name	Title	Name or representative	Shareholding	
			Share (receivable)	Shareholding ratio(%)
Million On International Co., Ltd.	Director	Sinher Technology Inc. legal representative: Ting-Hung Su	21,800,000	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 2020/12/31; 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	3,907,759	368,417	3,539,342	1,467,341	572,375	420,879	5.66
Million On International Co., Ltd.	727,957	914,868	0	914,868	0	0	53,502	2.25
Profit Earn International Co., Ltd.	0	87,144	0	87,144	0	0	(3,064)	(Note2)
Sinher (H.K.) Limited	325,579	771,382	0	771,382	0	0	60,556	(Note1)
Kunshan Wanhe Precision Electronics Co., Ltd.	319,176	1,608,456	840,210	768,246	1,563,014	98,465	60,556	(Note1)
Great Info International Co,Ltd.	0	49,224	29,770	19,454	(47,741)	19,029	18,486	(Note2)
Cingher (H.K.) Limited	402,378	143,461	0	143,461	0	0	(7,054)	(Note1)
Chongqing Shuanghe Technology Co., Ltd.	391,042	1,399,614	1,256,169	143,445	1,582,780	(14,353)	(7,054)	(Note1)
Top Trading Group Ltd.	0	169,517	101,826	67,691	225,898	(20,566)	(21,550)	(Note2)
Kunshen QianQuan	13,299	7,710	5,990	1,720	8,499	(27)	(86)	(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 95 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 25, 2021

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 25, 2021, with 0 of the 7 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

Supervisor's Review Report

The Board of Directors has made a resolution of the Company's 2020 financial statements, business report and earnings distribution. Of which, the Company's 2020 financial statements have been audited by CPA Kuan-Ying Kao and CPA Hsing-Fu Ye from KPMG through entrustment by the Board of Directors, and an audit report with unqualified opinion was issued.

The Company's 2020 financial statements, business report and earnings distribution resolved by the Board of Directors have been reviewed by the Supervisor and deemed to comply with relevant laws and regulations. This report was made in accordance with Article 219 of the Company Act.

Submitted to：

The Company’s 2021 Annual Shareholders’ Meeting

Sinher Technology Inc.
Supervisor：San-Lu Su
Han-Pin Cheng
Sheng-Ming Pu

On the Date of March 25, 2011

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, 2020 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: February 25, 2021

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, 2020 and 2019, 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, 2020 and 2019, 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 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)(m) "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, 2020 and 2019, 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 supervisors) 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 Kuan-Ying Kuo and Hsing-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2021

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 1,146,401	26	1,297,167	34
1150	Notes receivable (note (6)(b))	262	-	295	-
1170	Accounts receivable, net (note (6)(b))	1,385,218	31	996,199	26
1310	Inventories (note (6)(c))	523,377	12	285,674	7
1476	Other current financial assets	38,207	1	18,877	1
1479	Other current assets	17,173	-	10,080	-
		3,110,638	70	2,608,292	68
	Non-current assets:				
1600	Property, plant and equipment (note (6)(d))	1,122,081	26	1,014,741	26
1755	Right-of-use assets (note (6)(e))	71,024	2	72,748	2
1840	Deferred tax assets (note (6)(j))	97,196	2	142,200	4
1920	Guarantee deposits paid	4,230	-	1,251	-
1990	Other non-current assets	12,727	-	13,057	-
		1,307,258	30	1,243,997	32
	Total assets	$ 4,417,896	100	3,852,289	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(f))	$ 57,119	1	-	-
2170	Accounts payable	407,549	9	168,526	4
2219	Other payables (note (7))	269,723	6	231,789	6
2230	Current tax liabilities	75,442	2	78,278	2
2280	Current lease liabilities (note (6)(g))	687	-	1,000	-
		810,520	18	479,593	12
	Non-Current liabilities:				
2570	Deferred tax liabilities	67,214	2	74,935	2
2580	Non-current lease liabilities (note (6)(g))	256	-	943	-
2640	Net defined benefit liability, non-current	564	-	516	-
		68,034	2	76,394	2
	Total liabilities	878,554	20	555,987	14
	Equity: (note (6)(k))				
3110	**Ordinary share**	744,172	17	744,172	19
3200	**Capital surplus**	440,035	10	440,035	12
	Retained earnings:				
3310	Legal reserve	423,519	10	402,810	10
3320	Special reserve	43,940	1	-	-
3350	Unappropriated retained earnings	1,923,255	43	1,753,225	46
		2,390,714	54	2,156,035	56
3410	**Exchange differences on translation of foreign financial statements**	(35,579)	(1)	(43,940)	(1)
	Total equity	3,539,342	80	3,296,302	86
	Total liabilities and equity	$ 4,417,896	100	3,852,289	100

See accompanying notes to consolidated financial statements.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4100	**Operating revenues** (note (6)(m))	$ 2,940,744	100	2,247,357	100
5110	**Cost of sales** (notes (6)(c), (6)(i), (6)(n), (7) and (12))	1,959,814	67	1,613,988	72
5900	**Gross profit**	980,930	33	633,369	28
	Operating expenses (notes (6)(i), (6)(n), (7) and (12))				
6100	Selling expenses	75,938	3	70,971	3
6200	Administrative expenses	126,351	4	126,722	5
6300	Research and development expenses	123,388	4	127,894	6
		325,677	11	325,587	14
6900	**Net operating income**	655,253	22	307,782	14
	Non-operating income and expenses:				
7100	Interest income	9,578	-	19,262	1
7190	Other income	16,395	1	6,368	-
7230	Foreign exchange gains, net (note (6)(o))	(132,832)	(5)	(60,087)	(3)
7050	Finance costs	(67)	-	(201)	-
7590	Miscellaneous disbursements	(3,252)	-	(884)	-
		(110,178)	(4)	(35,542)	(2)
7900	**Profit before tax**	545,075	18	272,240	12
7950	Less: Tax expenses (note (6)(j))	124,196	4	65,147	3
	Profit	420,879	14	207,093	9
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(i))	(196)	-	3	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (note (6)(j))	(39)	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(157)	-	3	-
8360	**Items that will be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	10,451	-	(58,726)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (note (6)(j))	2,090	-	(11,745)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss	8,361	-	(46,981)	(2)
8300	**Other comprehensive income**	8,204	-	(46,978)	(2)
8500	**Comprehensive income**	$ 429,083	14	160,115	7
	Earnings per common share (note (6)(l))				
9750	**Basic earnings per share (expressed in dollars)**	$	5.66		2.78
9850	**Diluted earnings per share (expressed in dollars)**	$	5.6		2.77

See accompanying notes to consolidated financial statements.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings			
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
A1	**Balance at January 1, 2019**	$ 744,172	462,360	355,793	32,846	1,798,435	3,041	3,396,647
	Appropriation and distribution of retained earnings:							
B1	Legal reserve appropriated	-	-	47,017	-	(47,017)	-	-
B5	Cash dividends of ordinary share	-	(22,325)	-	-	(238,135)	-	(260,460)
B17	Reversal of special reserve	-	-	-	(32,846)	32,846	-	-
		-	(22,325)	47,017	(32,846)	(252,306)	-	(260,460)
D1	Profit for the year ended December 31, 2019	-	-	-	-	207,093	-	207,093
D3	Other comprehensive income for the year ended December 31, 2019	-	-	-	-	3	(46,981)	(46,978)
D5	Total comprehensive income for the year ended December 31, 2019	-	-	-	-	207,096	(46,981)	160,115
Z1	Balance at December 31, 2019	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**

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit before tax**	$ 545,075	272,240
A20000	**Adjustments:**		
A20010	**Adjustments to reconcile profit (loss):**		
A20100	Depreciation expense	153,532	163,626
A20200	Amortization expense	6,567	6,324
A20300	Expected credit loss (gain)	214	(474)
A20900	Interest expense	67	201
A21200	Interest income	(9,578)	(19,262)
A29900	Others	1,148	738
A20010	**Total adjustments to reconcile profit (loss)**	151,950	151,153
A30000	**Changes in operating assets and liabilities:**		
A31000	**Changes in operating assets:**		
A31130	Decrease in notes receivable	33	426
A31150	Decrease (increase) in accounts receivable	(389,268)	124,435
A31200	Decrease (increase) in inventories	(237,703)	47,374
A31240	Decrease (increase) in other current assets	(7,093)	8,952
A31250	Decrease (increase) in other current financial assets	(21,619)	3,485
A31000	**Total changes in operating assets**	(655,650)	184,672
A32000	**Changes in operating liabilities:**		
A32150	Increase (decrease) in accounts payable	239,023	(41,035)
A32180	Increase (decrease) in other payables	39,816	(15,573)
A32240	Decrease in net defined benefit liability	(148)	(144)
A32000	**Total changes in operating liabilities**	278,691	(56,752)
A30000	**Total changes in operating assets and liabilities**	(376,959)	127,920
A20000	**Total adjustments**	(225,009)	279,073
A33000	Cash inflow (outflow) generated from operations	320,066	551,313
A33100	Interest received	11,867	20,893
A33300	Interest paid	(67)	(201)
A33500	Income taxes paid	(92,125)	(185,432)
AAAA	**Net cash flows from (used in) operating activities**	239,741	386,573
BBBB	**Cash flows from (used in) investing activities:**		
B02700	Acquisition of property, plant and equipment	(255,868)	(96,145)
B02800	Proceeds from disposal of property, plant and equipment	227	303
B03800	Decrease (increase) in guarantee deposits paid	(2,979)	243
B04500	Acquisition of intangible assets	(6,230)	(1,822)
BBBB	**Net cash flows from (used in) investing activities**	(264,850)	(97,421)
CCCC	**Cash flows from (used in) financing activities:**		
C00100	Increase in short-term borrowings	57,119	-
C00200	Decrease in short-term borrowings	-	(80,000)
C03000	Increase (decrease) in guarantee deposits received	27	(239)
C04020	Payment of lease liabilities	(1,000)	(1,137)
C04500	Cash dividends paid	(186,043)	(260,460)
CCCC	**Net cash flows from (used in) financing activities**	(129,897)	(341,836)
DDDD	**Effect of exchange rate changes on cash and cash equivalents**	4,240	(16,292)
EEEE	**Net increase (decrease) in cash and cash equivalents**	(150,766)	(68,976)
E00100	**Cash and cash equivalents at beginning of period**	1,297,167	1,366,143
E00200	**Cash and cash equivalents at end of period**	**$ 1,146,401**	**1,297,167**

See accompanying notes to consolidated financial statements.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Sinher Technology Inc. (the "Company") was incorporated in January, 2002 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 27-1, Ln. 169, Kangning St., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.). The consolidated financial statements 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 25, 2021.

(3) New standards, amendments and interpretations adopted

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

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

(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, 2021, would not have a significant impact on its consolidated financial statements:

- 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”

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

(Continued)

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.

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"
- IFRS 17 "Insurance Contracts"
- 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"

(4) Summary of significant accounting policies

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

(Continued)

(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 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 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, 2020**	**December 31, 2019**
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	Chongqing SNR Technology Co., Ltd. (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.

(Continued)

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 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 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.

(Continued)

(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 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 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

(Continued)

・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 it is 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 in full.

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;

(Continued)

- 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.

(Continued)

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 the estimated costs of completion and selling expenses.

(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 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 comparative periods 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.

(j) Leases

(i) Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represents substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

● the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

● the relevant decisions about how and for what purpose the asset is used are predetermined and:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) 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 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 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:

- 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 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.

(iii) 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 is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers 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.

(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 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 in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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 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.

(m) Revenue recognition

(i) 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 when it 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.

1) 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 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 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.

2) Financing components

The Group 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 Group 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 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.

(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 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 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.

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.

The Group'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 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.

(r) 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 financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The 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, 2020	December 31, 2019
Cash on hand	$ 1,389	2,094
Checking accounts and demand deposits	732,052	365,693
Time deposits	412,960	929,380
	$ 1,146,401	1,297,167

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

(b) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 262	295
Accounts receivable	1,387,300	998,032
Less: loss allowance	(2,082)	(1,833)
	$ 1,385,480	$ 996,494
Notes receivable	$ 262	$ 295
Accounts receivable, net	$ 1,385,218	996,199

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, 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

	December 31, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Aging under 120 days	$ 907,362	0.025%	226
Aging 121~150 days	67,098	0.387%	260
Aging 151~240 days	22,742	0.976%	222
Aging over 241 days	1,125	100.00%	1,125
	$ 998,327		1,833

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

	2020	**2019**
Balance on January 1	$ 1,833	2,378
Impairment loss recognized (reversed)	214	(474)
Foreign exchange (gains) losses	35	(71)
Balance on December 31	$ 2,082	1,833

As of December 31, 2020 and 2019, the Group did not provide any receivables as collaterals for its loans.

(c) Inventories

	December 31, 2020	**December 31, 2019**
Raw materials	$ 191,312	63,943
Work in progress	64,274	27,633
Finished goods	267,791	194,098
	$ 523,377	285,674

The write-down of the inventories to net realizable value amounted to $53,492 and $197,475, which was recorded as cost of sales for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, 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, 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
Balance on January 1, 2019	$	362,813	546,646	715,130	60,653	16,019	1,701,261
Additions		-	2,574	44,833	5,815	44,100	97,322
Disposals		-	(3,380)	(30,369)	(5,309)	-	(39,058)
Effect of movements in exchange rates		-	(33,429)	(22,450)	(3,957)	(302)	(60,138)
Reclassifications		-	11,523	25,926	3,696	(41,630)	(485)
Balance on December 31, 2019	$	362,813	523,934	733,070	60,898	18,187	1,698,902
Depreciation and impairments loss:							
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
Balance on January 1, 2019	$	-	152,458	396,497	41,903	-	590,858
Depreciation for the year		-	41,706	111,305	7,516	-	160,527
Disposals		-	(3,380)	(29,853)	(5,269)	-	(38,502)
Effect of movements in exchange rates		-	(10,567)	(15,206)	(2,949)	-	(28,722)
Balance on December 31, 2019	$	-	180,217	462,743	41,201	-	684,161
Book value:							
Balance on December 31, 2020	$	362,813	318,660	311,059	21,087	108,462	1,122,081
Balance on January 1, 2019	$	362,813	394,188	318,633	18,750	16,019	1,110,403
Balance on December 31, 2019	$	362,813	343,717	270,327	19,697	18,187	1,014,741

As of December 31, 2020 and 2019, the property, plant and equipment of the Group had not been pledged as collateral.

(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, 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**
Balance on January 1, 2019	$ 83,667	3,080	86,747
Effect of movements in exchange rates	(10,973)	-	(10,973)
Balance on December 31, 2019	**$ 72,694**	**3,080**	**75,774**
Depreciation and impairment loss:			
Balance on January 1, 2020	$ 1,879	1,147	3,026
Depreciation for the year	1,868	999	2,867
Effect of movements in exchange rates	$ 73	-	73
Balance on December 31, 2020	**$ 3,820**	**$ 2,146**	**$ 5,966**
Balance on January 1, 2019	$ -	-	-
Depreciation for the year	1,952	1,147	3,099
Effect of movements in exchange rates	(73)	-	(73)
Balance on December 31, 2019	**$ 1,879**	**1,147**	**3,026**
Carrying amounts:			
Balance on December 31, 2020	**$ 70,090**	**934**	**71,024**
Balance on January 1, 2019	**$ 83,667**	**3,080**	**86,747**
Balance on December 31, 2019	**$ 70,815**	**1,933**	**72,748**

(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 amounts were paid.

(f) Short-term borrowings

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

	December 31, 2019		
	Currency	**Range of interest rates**	**Amount**
Unsecured bank loans	NTD	1.01%	$ -
Unused short-term credit lines			$ 349,860

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

(ii) As of December 31, 2020 and 2019, the Company provides endorsements and guarantees for the credit loans and the credit lines of the subsidiaries of the Group, please refer to note (13)(a) for details.

(iii) As of December 31, 2020 and 2019, the Group did not provide any assets pledged as collaterals.

(g) Lease liabilities

The lease liabilities of the Group were as follows:

	December 31, 2020	**December 31, 2019**
Current	$ 687	1,000
Non-current	$ 256	943

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

The amounts recognized in profits or losses were as follows:	**2020**	**2019**
Interest on lease liabilities	$ 15	26
Income from sub-leasing of use assets	$ (52)	(92)
Expenses relating to short-term leases	$ 2,898	2,661
Expenses relating to leases of low-value assets, (excluding short-term leases of low-value assets)	$ 181	175

The amounts recognized in the statement of cash flows for the Company was as follows:	**2020**	**2019**
Total cash outflow for leases	$ 4,094	3,999

(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(h).

(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.

(h) Operating lease - as lessor

The Group leased out several 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, 2020 and 2019, the income recognized in profit or loss under operating lease were $186 and $154, respectively.

(i) 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, 2020	December 31, 2019
Present value of defined benefit obligations	$	2,942	2,657
Fair value of plan assets		(2,378)	(2,141)
Net defined benefit liabilities (assets)	**$**	**564**	**516**

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 $2,378 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:

		2020	2019
Defined benefit obligation at January 1	$	2,657	2,570
Current service costs and interest		27	28
Remeasurement in net defined benefit liabilities (assets)			
—Actuarial loss (gain) arising from: financial assumptions		258	59
Defined benefit obligation at December 31	**$**	**2,942**	**2,657**

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:

		2020	2019
Fair value of plan assets at January 1	$	2,141	1,907
Interest income		23	22
Remeasurement in net defined benefit liability (assets)			
—Return on plan assets excluding interest income		62	62
Contributions paid by the employer		152	150
Fair value of plan assets at December 31	**$**	**2,378**	**2,141**

4) Movements of the effect of the asset ceiling

As of December 31, 2020 and 2019, 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:

		2020	2019
Net interest of net liabilities for defined benefit obligations	**$**	**4**	**6**
Operating cost	$	2	2
Administration expenses		1	2
Research and development expenses		1	2
	$	**4**	**6**

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, 2020 and 2019 was as follows:

		2020	2019
Accumulated amount at January 1	$	(1,365)	(1,368)
Recognized during the period		(196)	3
Accumulated amount at December 31	$	(1,561)	(1,365)

7) Actuarial assumptions

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

	December 31, 2020	December 31, 2019
Discount rate	0.625%	1.000%
Future salary increase rate	4.000%	4.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $155.

The weighted average lifetime of the defined benefits plans is 11.54 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, 2020			
Discount rate	$	(92)	96
Future salary increasing rate		91	(88)
December 31, 2019			
Discount rate		(87)	91
Future salary increasing rate		87	(83)

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 2020 and 2019.

(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 $7,699 and $7,025 for the years ended December 31, 2020 and 2019, respectively. The pension expenses recognized by the other subsidiaries included in the consolidated financial statements for the years ended December 31, 2020 and 2019 were amounted to $2,487 and $32,044, respectively.

(j) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2020 and 2019 was as follows:

		2020	2019
Current tax expense			
Current period	$	88,927	148,168
Undistributed earnings additional tax		-	7,796
Adjustment for prior periods		37	2,731
		88,964	158,695
Deferred tax expense			
Origination and reversal of temporary differences		25,404	(93,734)
The difference from unrealized gains (losses) tax rates between the trade of companies		9,828	186
		35,232	(93,548)
Income tax expense	$	124,196	65,147

2) The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

		2020	2019
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement from defined benefit plans	$	(39)	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$	2,090	(11,745)

3) Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

		2020	2019
Profit excluding income tax	$	545,075	272,240
Income tax using the Company's domestic tax rate	$	109,015	54,448
Effect of tax rates in foreign jurisdiction		14,222	(14)
The difference from unrealized gains (losses) tax rates between the trade of companies		9,828	186
Under (over) provision in prior periods		37	2,731
Non-deductible expenses		12	-
Foreign dividends income		(15,842)	-
Substantive investment tax rate of 8%		6,336	-
Undistributed earnings additional tax		-	7,796
Others		588	-
Income tax expense	$	124,196	65,147

(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 2020 and 2019 were as follows:

		Investment income recognized under the equity method (overseas)	Exchange difference on translation	Others	Total
Deferred tax liabilities:					
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
Balance on January 1, 2019	$	159,492	956	-	160,448
Recognized in (profit) or loss		(84,557)	-	-	(84,557)
Recognized in other comprehensive income		-	(956)	-	(956)
Balance on December 31, 2019	$	74,935	-	-	74,935

		Defined benefit plans	Exchange difference on translation	Unrealized gross profit	Others	Total
Deferred tax assets:						
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

Balance on January 1, 2019	$	100	-	96,213	26,107	122,420
Recognized in (profit) or loss		(29)	-	(745)	9,765	8,991
Recognized in other comprehensive income		-	10,789	-	-	10,789
Balance on December 31, 2019	**$**	**71**	**10,789**	**95,468**	**35,872**	**142,200**

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

(k) Capital and other equities

As of December 31, 2020 and 2019, 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, 2020	December 31, 2019
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.

The distribution of cash dividend from capital surplus amounting to $22,325 ($0.3 per shares) was decided via the annual meeting of shareholders held on June 25, 2019.

(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

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, 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 shareholders' equity. Similarly, 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. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2020 and 2019, the special reserve amounted to $43,940 and $0, respectively.

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 24, 2020 and June 25, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Cash dividends distributed to ordinary shareholders	$ 2.5	186,043	3.2	238,135

(l) Earnings per share

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

	2020	2019
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 420,879	207,093
Weighted average number of outstanding ordinary shares (in thousands)	74,417	74,417
Basic earnings per share (in dollars)	$ 5.66	2.78
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	420,879	207,093
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	697	471
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	75,114	74,888
Diluted earnings per share (in dollars)	$ 5.60	2.77

(m) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Primary geographical markets:		
Taiwan	$ 44,665	40,074
China	2,125,440	1,664,345
Singapore	580,458	408,164

Japan		190,181	134,774
	$	2,940,744	2,247,357
Major product:			
Hinge components	$	2,940,744	2,247,357

(ii) Contract balances

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

(n) 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, 2020 and 2019, 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 2020 and 2019. 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 2020 and 2019.

		2020	2019
The employees compensation remuneration	$	30,123	15,942
The directors and supervisors		3,286	1,739
	$	33,409	17,681

(o) 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 Group are centralized in the computer industry. To minimize credit risk, the Group periodically evaluates the customers' financial positions and the possibility of collecting trade receivables.

As of December 31, 2020 and 2019, 61% and 60% 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, 2020 and 2019, 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, 2020						
Non-derivative financial liabilities:						
Short-term borrowings	$	57,119	(57,119)	(57,119)	-	-
Accounts payable		407,549	(407,549)	(407,549)	-	-
Other payables		269,723	(269,723)	(269,723)	-	-
Lease liabilities (including current and non-current)		943	(950)	(693)	(257)	-
	$	**735,334**	**(735,341)**	**(735,084)**	**(257)**	**-**
December 31, 2019						
Non-derivative financial liabilities:						
Short-term borrowings	$	168,526	(168,526)	(168,526)	-	-
Accounts payable		231,789	(231,789)	(231,789)	-	-
Other payables		1,943	(1,965)	(1,015)	(693)	(257)
	$	**402,258**	**(402,280)**	**(401,330)**	(693)	(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:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 66,343	USD/NTD =28.48	1,889,463	71,173	USD/NTD =29.98	2,133,778
USD	53,302	USD/CNY =6.5249	1,522,288	36,500	USD/CNY =6.9762	1,098,902
Financial liabilities						
Monetary items						
USD	47,108	USD/CNY =6.5249	1,345,387	38,059	USD/CNY =6.9762	1,143,022

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, 2020 and 2019 would have affected the net profit before tax as follows, the analysis is performed on the same basis for both periods.

	2020	2019
USD (against the NTD)	$ 94,473	106,689
USD (against the CNY)	8,845	(2,206)

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:

	2020		2019	
Functional currency	Exchange gain (loss)	Average rate	Exchange gain (loss)	Average rate
NTD	$ (110,550)	-	(53,891)	-
CNY	CNY(5,204)	CNY/TWD =4.2816	CNY(1,385)	CNY/TWD =4.4722

(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 $1,687 and $914 for the years ended December 31, 2020 and 2019, respectively, which would be mainly resulted from the bank savings, and borrowings with variable interest rates.

(v) Fair value

1) Categories and the fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets measured 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	-	-	-	-

	December 31, 2019				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 1,297,167	-	-	-	-
Notes receivable	295	-	-	-	-
Accounts receivable	996,199	-	-	-	-
Other current financial assets	18,877	-	-	-	-
Guarantee deposits paid	1,251	-	-	-	-
	$ 2,313,789	-	-	-	-
Financial liabilities measured at amortized cost:					
Accounts payable	$ 168,526	-	-	-	-
Other payables	231,789	-	-	-	-
Lease liabilities (current and non-current)	1,943	-	-	-	-
	$ 402,258	-	-	-	-

There were no transfers of financial instruments between any levels for the years ended December 31, 2020 and 2019.

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.

(p) 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, 2020 and 2019, 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)(f) for unused short-term credit lines as of December 31, 2020 and 2019.

(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.

(q) 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, 2020 and 2019, is as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 878,554	555,987
Total assets	4,417,896	3,852,289
Liability ratio	20%	14%

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

There are no non-cash investing and financing activities for the years ended December 31, 2020 and 2019. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flow	Non-cash changes 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

	January 1, 2019	Cash flow	Non-cash changes Exchange movement	December 31, 2019
Short-term borrowings	$ 80,000	(80,000)	-	-
Guarantee deposits received	1,744	(239)	-	1,505
Lease liabilities	3,080	(1,137)	-	1,943
Total liabilities from financing activities	$ 84,824	(81,376)	-	3,448

(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, 2020 and 2019, the Group purchased some fixtures and consumable material from its related parties – Daher, amounting to $26,131 and $23,150, respectively, and were, recognized as operating cost and researching and developing cost, respectively. As of December 31, 2020 and 2019, the outstanding balance amounting to $8,243 and $9,575, respectively, were recognized as other payables.

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2020	2019
Short-term employee benefits	$	17,977	15,407
Post-employment benefits		366	365
	$	18,343	15,772

(8) Pledged assets: None.

(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, 2020 and 2019, the future payments for the purchase of the Company's significant equipment and constructions amounted to $79,970 and $149,445, 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	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	731,726	139,377	871,103	578,528	126,271	704,799
Labor and health insurance	26,670	7,452	34,122	28,601	7,340	35,941
Pension	6,773	3,417	10,190	33,534	5,295	38,829
Others	41,843	6,617	48,460	38,464	5,447	43,911
Depreciation	136,447	17,085	153,532	146,780	16,846	163,626
Amortization	180	6,387	6,567	124	6,200	6,324

(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 year ended December 31, 2020:

(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)	1,061,803	99,680 (US$3,500)	99,680 (US$3,500)	-	-	2.82 %	1,769,671	Y	-	Y
0	〃	Chongqing SNR	(Note 2)	1,061,803	185,120 (US$6,500)	185,120 (US$6,500)	56,960 (US$2,000)	-	5.23 %	1,769,671	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, 2020 (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:

			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)	(741,305)	(51) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 476,371	54 %	Note1
〃	Kunshan Wanhe	〃	(Sales)	(536,349)	(37) %	〃	〃	〃	Accounts Receivable 334,033	38 %	〃
〃	〃	〃	Purchases	167,351	59 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (12,998)	(14) %	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	(Sales)	(262,804)	(17) %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Receivable 293,778	34 %	〃
〃	The Company	The parent company	(Sales)	(167,351)	(11) %	〃	〃	〃	Accounts Receivable 12,998	1 %	〃
〃	〃	〃	Purchases	536,349	52 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (334,033)	(60) %	〃
Chongqing SNR	Kunshan Wanhe	With the same ultimate parent company	Purchases	262,804	21 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (293,778)	(33) %	〃
〃	The Company	The parent company	Purchases	741,305	60 %	〃	〃	〃	Accounts Payable (476,371)	(53) %	〃
〃	Top Trading	With the same ultimate parent company	(Sales)	(187,383)	(12) %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Receivable 55,096	8 %	〃
Top Trading	Chongqing SNR	〃	Purchases	187,383	82 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (55,096)	(64) %	〃

Note：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)

					Overdue				
Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Amount	Action taken	Amounts received in subsequent (Note1)	Allowance for bad debts	Note
The Company	Chongqing SNR	100% owned sub-subsidiary	476,371	1.92	-	-	Accounts Receivable 70,278	-	Note 2
〃	Kunshan Wanhe	〃	334,033	3.17	-	-	Accounts Receivable 20,375	-	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	293,778	0.97	-	-	Accounts Receivable 50,166	-	〃

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	741,305	The price is marked-up based on operating cost. Depending on the funding demand, and the credit term is OA 120 days.	25.21%
0	〃	〃	1	Accounts Receivable	476,371	〃	10.78%
0	〃	Kunshan Wanhe	1	Sales Revenue	536,349	〃	18.24%
0	〃	〃	1	Accounts Receivable	334,033	〃	7.56%
1	Kunshan Wanhe	Chongqing SNR	3	Sales Revenue	262,804	〃	8.94%
1	〃	〃	3	Accounts Receivable	293,778	〃	6.65%
1	〃	The Company	3	Sales Revenue	167,351	〃	5.69%
2	Chongqing SNR	Top Trading	3	Sales Revenue	187,383	〃	6.37%
2	〃	〃	3	Accounts Receivable	55,096	〃	1.25%

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 investees for the year ended December 31, 2020 (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, 2020	Original investment amount: December 31, 2019	Balance as of December 31, 2020: Shares	Balance as of December 31, 2020: Percentage of ownership	Balance as of December 31, 2020: Carrying amount	The highest holding in the period: Shares	The highest holding in the period: Percentage of ownership	Net income (losses) of investee	Share of profit/losses of investee	Note
The Company	MOI	Samoa	Investment activities	$ 710,218	590,418	23,800,000	100%	928,907	23,800,000	100%	53,502	43,674	Subsidiary
〃	Profit	Samoa	〃	-	-	-	100%	87,144	-	100%	(3,064)	(3,064)	〃
	Total			$ 710,218	590,418			1,016,051				40,610	
MOI	Sinher (H.K.) Limited	Hong Kong	Investment activities	$ 319,176 (USD10,600)	319,176 (USD10,600)	10,600,000	100%	771,382	10,600,000	100%	60,556	60,556	A sub-subsidiary company
〃	Cingher (H.K.) Limited	Hong Kong	〃	391,042 (USD13,200)	271,242 (USD9,200)	13,200,000	100%	143,461	13,200,000	100%	(7,054)	(7,054)	〃
	Total			$ 710,218	590,418			914,843				53,502	
Profit	Great Info	Samoa	Sale of hinge components	USD -	USD -	-	100%	19,454 (USD683)	-	100%	18,486 (USD626)	18,486 (USD626)	〃
〃	Top Trading	Anguilla	〃	USD -	USD -	-	100%	67,691 (USD2,377)	-	100%	(21,550) (USD(729))	(21,550) (USD(729))	〃
								87,145				(3,064)	

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:

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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	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)	60,556 (CNY14,143)	100.00%	60,556 (CNY14,143)	771,311	-
Chongqing SNR	Manufacturing and selling hinges components	391,042 (USD13,200)	(Note 1) & (Note 5)	271,242 (USD9,200)	119,800 (USD4,000)	-	391,042 (USD13,200)	(7,054) (CNY(1,648))	100.00%	(7,054) (CNY(1,648))	143,445	-
Qianquan	Manufacturing and selling hinges components	13,299 (CNY2,700)	(Note 6)	(Note 6)	-	-	(Note 6)	(86) (CNY(20))	100.00%	(86) (CNY(20))	1,721 (CNY393)	-

(In thousands of foreign currency)

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 2020.
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, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
710,218 (USD23,800)	710,218 (USD23,800)	2,123,605

(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:

Shares / Major	Total Shares Owned	Ownership Percentage
Catcher Technology Co., Ltd	7,439,917	9.99%
Su, Ting Hung	6,028,359	8.10%
Taiwan Life Insurance Co., Ltd.	3,912,000	5.25%

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 basis 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:

Geographical information		2020	2019
Taiwan	$	44,665	40,074
China		2,125,440	1,664,345
Singapore		580,458	408,164
Japan		190,181	134,774
Total	**$**	**2,940,744**	**2,247,357**

(ii) Non-current asset:

Geographical information		2020	2019
Taiwan	$	827,323	800,572
China		382,739	301,225
Total	**$**	**1,210,062**	**1,101,797**

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 revenue in the consolidated statement of comprehensive income were as follows:

		2020	2019
00107Company	$	825,709	585,213
16600Company		580,458	408,164
00303Company		421,674	368,682
	$	**1,827,841**	**1,362,059**

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, 2020 and 2019, 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, 2020 and 2019, 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 supervisors) 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 Kuan-Ying Kuo and Hsing-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2021

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 Parent Company Only Financial Statements Originally Issued in Chinese.)

SINHER TECHNOLOGY INC.

Balance Sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 846,272	22	1,068,984	30
1150	Notes receivable (note (6)(b))	262	-	295	-
1170	Accounts receivable, net (note (6)(b))	73,383	2	57,395	2
1180	Accounts receivable due from related parties (notes (6)(b) and (7))	810,404	21	391,379	11
1210	Other receivables due from related parties (note (7))	9,822	-	8,734	-
1310	Inventories (note (6)(c))	219,398	6	206,015	6
1476	Other current financial assets	11,714	-	5,911	-
1479	Other current assets	9,973	-	4,967	-
		1,981,228	51	1,743,680	49
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(d))	1,016,051	26	924,786	26
1600	Property, plant and equipment (note(6)(e))	817,296	21	789,780	22
1755	Right-of-use assets (note (6)(f))	934	-	1,933	-
1840	Deferred tax assets (note (6)(k))	83,157	2	118,333	3
1920	Guarantee deposits paid	53	-	53	-
1900	Other non-current assets	9,040	-	8,806	-
		1,926,531	49	1,843,691	51
	Total assets	**$ 3,907,759**	**100**	**3,587,371**	**100**

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2170	Accounts payable	$ 39,275	1	12,184	1
2180	Accounts payable to related parties (note (7))	53,675	1	8,137	-
2200	Other payables (note (7))	146,214	4	115,076	3
2230	Current tax liabilities	60,532	2	78,278	2
2280	Current lease liabilities (note (6)(h))	687	-	1,000	-
		300,383	8	214,675	6
	Non-Current liabilities:				
2570	Deferred tax liabilities (note (6)(k))	67,214	2	74,935	2
2580	Non-current lease liabilities (note (6)(h))	256	-	943	-
2640	Net defined benefit liability, non-current (note(6)(j))	564	-	516	-
		68,034	2	76,394	2
	Total liabilities	368,417	10	291,069	8
	Equity: (note (6)(l))				
3110	**Ordinary share**	744,172	19	744,172	21
3200	**Capital surplus**	440,035	11	440,035	12
	Retained earnings:				
3310	Legal reserve	423,519	11	402,810	11
3320	Special reserve	43,940	1	-	-
3350	Unappropriated retained earnings	1,923,255	49	1,753,225	49
		2,390,714	61	2,156,035	60
3410	**Exchange differences on translation of foreign financial statements**	(35,579)	(1)	(43,940)	(1)
	Total equity	3,539,342	90	3,296,302	92
	Total liabilities and equity	**$ 3,907,759**	**100**	**3,587,371**	**100**

See accompanying notes to financial statements.

(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, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4100	**Operating revenues** (notes (6)(o) and (7))	$ 1,467,341	100	1,467,895	100
5110	**Cost of sales** (notes (6)(c), (6)(j), (6)(p), (7) and (12))	684,167	47	558,589	38
5900	**Gross profit**	783,174	53	909,306	62
	Operating expenses (notes (6)(j), (6)(p), (7) and (12))				
6100	Selling expenses	42,451	3	28,782	2
6200	Administrative expenses	77,021	5	68,387	5
6300	Research and development expenses	91,327	6	84,925	6
		210,799	14	182,094	13
6900	**Net operating income**	572,375	39	727,212	49
	Non-operating income and expenses:				
7100	Interest income	8,695	1	18,314	1
7190	Other income (notes (6)(i))	3,608	-	3,571	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	40,610	3	(422,794)	(29)
7050	Finance costs	(15)	-	(201)	-
7590	Miscellaneous disbursements	(445)	-	(42)	-
7630	Foreign exchange losses, net (note (6)(q))	(110,550)	(8)	(53,891)	(3)
		(58,097)	(4)	(455,043)	(31)
7900	**Profit before tax**	514,278	35	272,169	18
7950	Less: Tax expenses (note (6)(k))	93,399	6	65,076	4
	Profit	420,879	29	207,093	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))	(196)	-	3	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss (notes (6)(k))	(39)	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(157)	-	3	-
8360	**Items that will be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	10,451	1	(58,726)	(4)
8399	Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (notes (6)(k))	2,090	-	(11,745)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss	8,361	1	(46,981)	(3)
8300	**Other comprehensive income**	8,204	1	(46,978)	(3)
8500	**Comprehensive income**	**$ 429,083**	**30**	**160,115**	**11**
	Earnings per common share (note (6)(n))				
9750	**Basic earnings per share (expressed in dollars)**	**$**	**5.66**		**2.78**
9850	**Diluted earnings per share (expressed in dollars)**	**$**	**5.60**		**2.77**

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, 2020 and 2019

(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, 2019**	$ 744,172	462,360	355,793	32,846	1,798,435	3,041	3,396,647
	Appropriation and distribution of retained earnings:							
B1	Legal reserve appropriated	-	-	47,017	-	(47,017)	-	-
B5	Cash dividends of ordinary share	-	(22,325)	-	-	(238,135)	-	(260,460)
B17	Reversal of special reserve	-	-	-	(32,846)	32,846	-	-
		-	(22,325)	47,017	(32,846)	(252,306)	-	(260,460)
D1	Profit for the year ended December 31, 2019	-	-	-	-	207,093	-	207,093
D3	Other comprehensive income for the year ended December 31, 2019	-	-	-	-	3	(46,981)	(46,978)
D5	Total comprehensive income for the year ended December 31, 2019	-	-	-	-	207,096	(46,981)	160,115
Z1	Balance at December 31, 2019	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**

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, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

		2020	2019
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit before tax**	$ 514,278	272,169
A20000	**Adjustments:**		
A20010	**Adjustments to reconcile profit (loss):**		
A20100	Depreciation expense	124,002	129,741
A20200	Amortization expense	5,856	5,240
A20300	Expected credit loss	(39)	22
A20900	Interest expense	15	201
A21200	Interest income	(8,695)	(18,314)
A22400	Share of loss of associates and joint ventures accounted for using equity method	(40,610)	422,794
A29900	Others	783	485
A20010	**Total adjustments to reconcile profit (loss)**	81,312	540,169
A30000	**Changes in operating assets and liabilities:**		
A31000	**Changes in operating assets:**		
A31150	Increase in notes and accounts receivable	(434,941)	(300,514)
A31200	Increase in inventories	(13,383)	(9,485)
A31240	Decrease (increase) in other current assets	(5,006)	2,459
A31250	Decrease in other current financial assets	(8,092)	(300)
A31000	**Total changes in operating assets**	(461,422)	(307,840)
A32000	**Changes in operating liabilities:**		
A32150	Increase (decrease) in accounts payable	72,629	(5,978)
A32180	Increase (decrease) in other payables	33,370	(19,316)
A32240	Decrease in net defined benefit liabilities	(148)	(144)
A32000	**Total changes in operating liabilities**	105,851	(25,438)
A30000	**Total changes in operating assets and liabilities**	(355,571)	(333,278)
A20000	**Total adjustments**	(274,259)	206,891
A33000	Cash inflow generated from operations	240,019	479,060
A33100	Interest received	10,984	19,945
A33300	Interest paid	(15)	(201)
A33500	Income taxes paid	(85,741)	(185,547)
AAAA	**Net cash flows from (used in) operating activities**	165,247	313,257
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	(153,153)	(62,099)
B04400	Increase in other receivables due from related parties	(1,088)	(8,258)
B04500	Acquisition of intangible assets	(6,090)	(1,625)
B07600	Cash dividends received	79,215	-
BBBB	**Net cash flows from (used in) investing activities**	(200,916)	(71,982)
CCCC	**Cash flows from (used in) financing activities:**		
C00200	Decrease in short-term borrowings	-	(80,000)
C04020	Payment of lease liabilities	(1,000)	(1,137)
C04500	Cash dividends paid	(186,043)	(260,460)
CCCC	**Net cash flows from (used in) financing activities**	(187,043)	(341,597)
EEEE	**Net increase (decrease) in cash and cash equivalents**	(222,712)	(100,322)
E00100	**Cash and cash equivalents at beginning of period**	1,068,984	1,169,306
E00200	**Cash and cash equivalents at end of period**	**$ 846,272**	**1,068,984**

See accompanying notes to financial statements.

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

SINHER TECHNOLOGY INC.

Notes to Parent-Company-Only Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

Sinher Technology Inc. (the "Company") was incorporated in January, 2002 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 27-1, Ln. 169, Kangning St., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.) The 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 25, 2021.

(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, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

(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, 2021, would not have a significant impact on its parent-company-only financial statements:

- 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"

(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.

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 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”

(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

(i) Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represents substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

  — the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

— the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) 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.

(iii) As a leasor

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 intangible assets, other than goodwill, from the date that they are available for use.

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 recognition

(i) 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.

1) 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.

2) 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 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.

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.

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 in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The 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, 2020	December 31, 2019
Cash on hand	$ 150	150
Checking accounts and demand deposits	433,162	139,454
Time deposits	412,960	929,380
	$ 846,272	1,068,984

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

(b) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 262	295
Accounts receivable	883,802	448,828
Less: loss allowance	(15)	(54)
	$ 884,049	449,069
Notes receivable	$ 262	295
Accounts receivable, net	$ 73,383	57,395
Accounts receivable due from related parties	$ 810,404	391,379

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, 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

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	$ 448,069	0.005%	23
Aging 121~150 days	1,041	1.729%	18
Aging over 241 days	13	100%	13
	$ 449,123		54

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

	2020	2019
Balance on January 1	$ 54	32
Impairment loss recognized (reversed)	(39)	22
Balance on December 31	$ 15	54

As of December 31, 2020 and 2019, the Company did not provide any receivables as collaterals for its loans.

(c) Inventories

	December 31, 2020	December 31, 2019
Raw materials	$ 215,396	204,435
Work in progress	2,233	411
Finished goods	1,769	1,169
	$ 219,398	206,015

The write-down of the inventories to net realizable value amounted to $11,934 which was recorded as cost of sales in 2020, respectively.

The Company reversal its allowance for inventory valuation loss amounting to $533 due to the sale and disposal of its obsolete inventories in 2019.

As of December 31, 2020 and 2019, 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, 2020	December 31, 2019
Subsidiaries	$ 1,016,051	924,786

Please refer to note(4)(c)(ii) of the consolidated financial statement for the year ended December 31, 2020.

As of December 31, 2020 and 2019, 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, 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
Balance on January 1, 2019	$ 362,813	227,331	488,559	20,703	15,483	1,114,889
Additions	-	-	21,761	2,599	37,739	62,099
Disposals	-	(3,380)	(26,231)	(2,168)	-	(31,779)
Reclassifications	-	11,523	25,926	3,696	(41,630)	(485)
Balance on December 31, 2019	$ 362,813	235,474	510,015	24,830	11,592	1,144,724
Depreciation and impairments loss:						
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
Balance on January 1, 2019	$ -	41,933	209,856	6,340	-	258,129
Depreciation for the year	-	23,115	99,611	5,868	-	128,594
Disposals	-	(3,380)	(26,231)	(2,168)	-	(31,779)
Balance on December 31, 2019	$ -	61,668	283,236	10,040	-	354,944

Book value:							
Balance on December 31, 2020	$	362,813	160,126	268,892	15,911	9,554	817,296
Balance on January 1, 2019	$	362,813	185,398	278,703	14,363	15,483	856,760
Balance on December 31, 2019	$	362,813	173,806	226,779	14,790	11,592	789,780

As of December 31, 2020 and 2019, 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, 2020 and 2019, were as follows:

		Vehicles
Cost:		
Balance on January 1, 2020 (as balance on December 31, 2020)	$	3,080
Balance on January 1, 2019 (as balance on December 31, 2019)	$	3,080
Accumulated depreciation and impairments:		
Balance on January 1, 2020	$	1,147
Depreciation for the period		999
Balance on December 31, 2020	$	2,146
Balance on January 1, 2019		-
Depreciation for the period		1,147
Balance on December 31, 2019	$	1,147
Carry amounts:		
Balance on December 31, 2020	$	934
Balance on December 31, 2019	$	1,933
Balance on January 1, 2019	$	3,080

(g) Short-term borrowings

	December 31, 2020		
	Currency	Range of interest rates	Amount
Unsecured bank loans	NTD	1.01%	$ -
Unused short-term credit lines			$ 40,000

	December 31, 2019		
	Currency	Range of interest rates	Amount
Unsecured bank loans	NTD	1.01%	$ -
Unused short-term credit lines			$ 140,000

As of December 31, 2020 and 2019, the Company did not provide any assets pledged as collaterals.

(h) Lease liabilities

The lease liabilities of the Company were as follows:

	December 31, 2020	December 31, 2019
Current	$ 687	1,000
Non-current	$ 256	943

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

The amounts recognized in profits or losses were as follows:	2020	2019
Interest on lease liabilities	$ 15	26
Income from sub-leasing of use assets	$ (52)	(92)
Expenses relating to short-term leases	$ 1,781	1,565
Expenses relating to leases of low-value assets, (excluding short-term leases of low-value assets)	$ 181	175

The amounts recognized in the statement of cash flows for the Company was as follows:	2020	2019
Total cash outflow for leases	$ 2,977	2,903

(i) Leases of vehicles

The Company leases vehicles, with lease terms of 1 to 5 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 Group leases office equipment, employee’s dormitory, vehicles and parking spaces with contract terms of one year. These leases are short-term or lower values. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(i) Operating lease - as lessor

The Company leased out 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, 2020 and 2019, the income recognized in profit or loss under operating lease were $186 and $154, 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, 2020	December 31, 2019
Present value of the defined benefit obligations	$	2,942	2,657
Fair value of plan assets		(2,378)	(2,141)
Net defined benefit liabilities (assets)	$	564	516

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 $2,378 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:

		2020	2019
Defined benefit obligation at January 1	$	2,657	2,570
Current service costs and interest		27	28
Remeasurement in net defined benefit liabilities (assets)			
－Actuarial loss (gain) arising from: financial assumptions		258	59
Defined benefit obligation at December 31	$	2,942	2,657

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:

		2020	2019
Fair value of plan assets at January 1	$	2,141	1,907
Interest income		23	22

Remeasurement in net defined benefit liabilities (assets)			
－Return on plan assets excluding interest income		62	62
Contributions paid by the employer		152	150
Fair value of plan assets at December 31	$	2,378	2,141

4) Movements of the effect of the asset ceiling

As of December 31, 2020 and 2019, 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:

		2020	2019
Net interest of net liabilities for defined benefit obligations	$	4	6
Operating cost	$	2	2
Administration expenses		1	2
Research and development expenses		1	2
	$	4	6

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, 2020 and 2019 was as follows:

		2020	2019
Accumulated amount at January 1	$	(1,365)	(1,368)
Recognized during the period		(196)	3
Accumulated amount at December 31	$	(1,561)	(1,365)

7) Actuarial assumptions

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

	December 31, 2020	December 31, 2019
Discount rate	0.625%	1.000%
Future salary increase rate	4.000%	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 $155.

The weighted average lifetime of the defined benefits plans is 11.54 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, 2020		
Discount rate	$ (92)	96
Future salary increasing rate	91	(88)
December 31, 2019		
Discount rate	(87)	91
Future salary increasing rate	87	(83)

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 2020 and 2019.

(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 $7,699 and $7,025 for the years ended December 31, 2020 and 2019, respectively.

(k) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2020 and 2019 was as follows:

		2020	2019
Current tax expense			
Current period	$	67,958	148,168
Undistributed earnings additional tax		-	7,796
Adjustment for prior periods		37	2,846
		67,995	158,810
Deferred tax expense			
Origination and reversal of temporary differences		25,404	(93,734)
		25,404	(93,734)
Income tax expense	$	93,399	65,076

2) The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

		2020	2019
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement from defined benefit plans	$	(39)	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$	2,090	(11,745)

3) Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

		2020	2019
Profit excluding income tax	$	514,278	272,169
Income tax using the Company's domestic tax rate	$	102,856	54,434
Under (over) provision in prior periods		37	2,846
Non-deductible expenses		12	-
Foreign dividends income		(15,842)	-
Substantive investment tax rate of 8%		6,336	-
Undistributed earnings additional tax		-	7,796
Income tax expense	$	93,399	65,076

(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 2020 and 2019 were as follows:

	Investment income recognized under the equity method (overseas)	Exchange difference on translation	Others	Total
Deferred tax liabilities:				
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
Balance on January 1, 2019	$ 159,492	956	-	160,448
Recognized in (profit) or loss	(84,557)	-	-	(84,557)
Recognized in other comprehensive income	-	(956)	-	(956)
Balance on December 31, 2019	$ 74,935	-	-	74,935

	Defined benefit plans	Exchange difference on translation	Unrealized gross profit	Others	Total
Deferred tax assets:					
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
Balance on January 1, 2019	$ 100	-	96,213	2,054	98,367
Recognized in (profit) or loss	(29)	-	(745)	9,951	9,177
Recognized in other comprehensive income	-	10,789	-	-	10,789
Balance on December 31, 2019	$ 71	10,789	95,468	12,005	118,333

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, 2020 and 2019, 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, 2020	December 31, 2019
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.

The distribution of cash dividend from capital surplus amounting to $22,325 ($0.3 per shares) was decided via the annual meeting of shareholders held on June 25, 2019.

(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

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, 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 shareholders' equity. Similarly, 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. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2020 and 2019, the special reserve amounted to $43,940 and $0, respectively.

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 24, 2020 and June 25, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Cash dividends distributed to ordinary shareholders	$ 2.5	186,043	3.2	238,135

(m) Earnings per share

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

	2020	2019
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 420,879	207,093
Weighted average number of outstanding ordinary shares (in thousands)	74,417	74,417
Basic earnings per share(in dollars)	$ 5.66	2.78

Diluted earnings per share:

	2020	2019
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	$ 420,879	207,093
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	697	471
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	75,114	74,888
Diluted earnings per share(in dollars)	$ 5.60	$ 2.77

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Primary geographical markets:		
Taiwan	$ 34,291	40,074
China	1,241,900	1,291,386
Singapore	969	1,661
Japan	190,181	134,774
	$ 1,467,341	1,467,895
Major product:		
Hinge components	$ 1,467,341	1,467,895

(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, 2020 and 2019, 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 2020 and 2019. 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 2020 and 2019.

		2020	2019
The employees compensation remuneration	$	30,123	15,942
The directors and supervisors		3,286	1,739
	$	33,409	17,681

(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, 2020 and 2019, 94% and 86% 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, 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, 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)**	**-**
December 31, 2019						
Non-derivative financial liabilities:						
Accounts payable	$	12,184	(12,184)	(12,184)	-	-
Accounts payable to related parties		8,137	(8,137)	(8,137)	-	-
Other payables		115,076	(115,076)	(115,076)	-	-
Lease liabilities (current and non-current)		1,943	(1,965)	(1,015)	(693)	(257)
	$	**137,340**	**(137,362)**	**(136,412)**	**(693)**	**(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:

		December 31, 2020			**December 31, 2019**		
		Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets							
Monetary items							
USD	$	66,343	USD/NTD =28.48	1,889,463	71,173	USD/NTD =29.98	2,133,778

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, 2020 and 2019 would have affected the net profit before tax by $95,101 and $106,689, 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, 2020 and 2019, the Company's monetary items were foreign currency gain (include realized and unrealized) $110,550 and foreign currency loss (include realized and unrealized) $53,891, 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 $1,083 and $349 for the years ended December 31, 2020 and 2019, 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, 2020				
	Carrying amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value 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	-	-	-	-

	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Accounts payable	39,275	-	-	-	-
Accounts payable to related parties	53,675	-	-	-	-
Other payables	146,214	-	-	-	-
Lease liabilities (current and non-current)	943	-	-	-	-
	$ 240,107	-	-	-	-

	December 31, 2019				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:					
Cash and cash equivalents	$ 1,068,984	-	-	-	-
Notes receivable	295	-	-	-	-
Accounts receivable	57,395	-	-	-	-
Accounts receivable due from related parties	391,379	-	-	-	-
Other receivables due from related parties	8,734	-	-	-	-
Other current financial assets	5,911	-	-	-	-
Guarantee deposits paid	53	-	-	-	-
	$ 1,532,751	-	-	-	-
Financial liabilities measured at amortized cost:					
Accounts payable	$ 12,184	-	-	-	-
Account payable to related parties	8,137	-	-	-	-
Other payables	115,076	-	-	-	-
Lease liabilities (current and non-current)	1,943	-	-	-	-
	$ 137,340	-	-	-	-

There was no transfer of financial instruments between any levels for the years ended December 31, 2020 and 2019.

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, 2020 and 2019, respectively.

(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, 2020 and 2019.

(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, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 368,417	291,069
Total assets	3,907,759	3,587,371
Liability ratio	10%	8%

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

They are no non-cash investing and financing activities for the years ended December 31, 2020 and 2019. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flow	Non-cash changes Exchange movement	December 31, 2020
Lease liabilities (Liabilities from financing activities)	$ 1,943	(1,000)	-	943

Non-cash

	January 1, 2019	Cash flow	changes Exchange movement	December 31, 2019
Short-term borrowings	$ 80,000	(80,000)	-	-
Lease liabilities	3,080	(1,137)	-	1,943
Total liabilities from financing activities	$ 83,080	(81,137)	-	1,943

(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:

	2020	2019
Subsidiary－Great Info	$ (36,760)	958,658
Subsidiary－Chongqing SNR	741,305	318,075
Subsidiary－Kunshan Wanhe	536,349	12,653
	$ 1,240,894	1,289,386

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:

	2020	2019
Subsidiary－Kunshan Wanhe	$ 167,351	106,495

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, 2020	December 31, 2019
Subsidiary－Great Info	$ -	91,652
Subsidiary－Chongqing SNR	476,371	295,002
Subsidiary－Kunshan Wanhe	334,033	4,725
	$ 810,404	391,379

(iv) Payables to related parties

The payables to related parties were as follows:

	December 31, 2020	December 31, 2019
Subsidiary－Great Info	$ 40,677	-
Subsidiary－Kunshan Wanhe	12,998	8,137
	$ 53,675	8,137

(v) Property transactions

1) The purchase of property, plant and equipment to related parties were summarized as follows:

	2020		2019	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Subsidiary－Great Info	$ -	-	4,308	2,754
Subsidiary－Chongqing	4,952	1,266	3,742	464

SNR					
Subsidiary－Kunshan Wanhe		4,323	2,132	2,652	953
	$	9,275	3,398	10,702	4,171

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, 2020	December 31, 2019
Subsidiary－Great Info	$	-	2,575
Subsidiary－Chongqing SNR		5,034	3,597
Subsidiary－Kunshan Wanhe		4,788	2,562
	$	9,822	8,734

3) For the years ended December 31, 2020 and 2019, the Company purchased some fixtures and consumable material from other related parties－Daher, amounting to $26,131 and $23,150, respectively, and were recognized as operating cost and researching and developing cost, respectively. As of December 31, 2020 and 2019, the outstanding balances amounting to $8,243 and $9,575, respectively, were recognized as other payables.

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2020	2019
Short-term employee benefits	$	14,932	12,010
Post-employment benefits		366	365
	$	15,298	12,375

(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, 2020 and 2019, the future payments for the purchase of the Company's significant equipment and constructions amounted to $15,786 and $7,490, 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	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	145,815	95,675	241,490	131,699	86,052	217,751
Labor and health insurance	11,133	6,487	17,620	10,224	6,024	16,248
Pension	4,454	3,249	7,703	3,879	3,152	7,031
Remuneration of directors	-	3,772	3,772	-	2,649	2,649
Others	7,352	2,802	10,154	7,143	2,582	9,725
Depreciation	113,128	10,874	124,002	119,939	9,802	129,741
Amortization	70	5,786	5,856	12	5,228	5,240

The followings are additional information of numbers of the Company's employees and employee benefits:

	2020	2019
Number of employees	323	301
Number of directors who were not employees	4	4
The average employee benefit	$ 868	844
The average salaries and wages	$ 757	733
Average salary expense adjustment	3%	
The supervisors remuneration	$ 1,482	883

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, 2020

(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)	1,061,803	99,680 (US$3,500)	99,680 (US$3,500)	-	-	2.82 %	1,769,671	Y	-	Y
0	〃	Chongqing SNR	(Note 2)	1,061,803	185,120 (US$6,500)	185,120 (US$6,500)	56,960 (US$2,000)	-	5.23 %	1,769,671	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, 2020 (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)

			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)	(741,305)	(51) %	Depending on the demand for funding, OA 120	Same as selling to other clients	Depending on the demand for funding, OA 120	Accounts Receivable 476,371	54 %	Note1
〃	Kunshan Wanhe	〃	(Sales)	(536,349)	(37) %	〃	〃	〃	Accounts Receivable	38 %	〃

									334,033		
〃	〃	〃	Purchases	167,351	59 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (12,998)	(14) %	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	(Sales)	(262,804)	(17) %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Receivable 293,778	34 %	〃
〃	The Company	The parent company	(Sales)	(167,351)	(11) %	〃	〃	〃	Accounts Receivable 12,998	1 %	〃
〃	〃	〃	Purchases	536,349	52 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (334,033)	(60) %	〃
Chongqing SNR	Kunshan Wanhe	With the same ultimate parent company	Purchases	262,804	21 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (293,778)	(33) %	〃
〃	The Company	The parent company	Purchases	741,305	60 %	〃	〃	〃	Accounts Payable (476,371)	(53) %	〃
〃	Top Trading	With the same ultimate parent company	(Sales)	(187,383)	(12) %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Receivable 55,096	8 %	〃
Top Trading	Chongqing SNR	〃	Purchases	187,383	82 %	Depending on the demand for funding, OA 120	〃	Depending on the demand for funding, OA 120	Accounts Payable (55,096)	(64) %	〃

(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	476,371	1.92	-	-	Accounts Receivable 0	-	Note 2
〃	Kunshan Wanhe	〃	334,033	3.17	-	-	Accounts Receivable 0	-	〃
Kunshan Wanhe	Chongqing SNR	With the same ultimate parent company	293,778	0.97	-	-	Accounts Receivable 18,013	-	〃

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, 2020 (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, 2020	Original investment amount December 31, 2019	Balance as of December 31, 2020 Shares	Balance as of December 31, 2020 Percentage of ownership	Balance as of December 31, 2020 Carrying amount	Net income (losses) of investee	Share of profit/losses of investee	Note
The Company	MOI	Samoa	Investment activities	$ 710,218	590,418	23,800,000	100%	928,907	53,502	43,674	Subsidiary
〃	Profit	Samoa	〃	-	-	-	100%	87,144	(3,064)	(3,064)	〃
	Total			$ 710,218	590,418			1,016,051		40,610	
MOI	Sinher (H.K.) Limited	Hong Kong	Investment activities	$ 319,176 (USD10,600)	319,176 (USD10,600)	10,600,000	100%	771,382	60,556	60,556	A sub-subsidiary company
〃	Cingher (H.K.) Limited	Hong Kong	〃	391,042 (USD13,200)	271,242 (USD9,200)	13,200,000	100%	143,461	(7,054)	(7,054)	〃
	Total			$ 710,218	590,418			914,843		53,502	
Profit	Great Info	Samoa	Sell of hinge components	USD -	USD -	-	100%	19,454 (USD683)	18,486 (USD626)	18,486 (USD626)	〃
〃	Top Trading	Anguilla	〃	USD -	USD -	-	100%	67,691 (USD2,377)	(21,550) (USD(729))	(21,550) (USD(729))	〃
								87,145		(3,064)	

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, 2020	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	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)	60,556 (CNY14,143)	100.00%	60,556 (CNY14,143)	771,311	-
Chongqing SNR	Manufacturing and selling hinges components	391,042 (USD13,200)	(Note 1) & (Note 5)	271,242 (USD9,200)	119,800 (USD4,000)	-	391,042 (USD13,200)	(7,054) (CNY(1,648))	100.00%	(7,054) (CNY(1,648))	143,445	-
Qianquan	Manufacturing and selling hinges components	13,299 (CNY2,700)	(Note 6)	(Note 6)	-	-	(Note 6)	(86) (CNY(20))	100.00%	(86) (CNY(20))	1,721 (CNY393)	-

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 2020.
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:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
710,218(USD23,800)	710,218(USD23,800)	2,123,605

(iii) Significant transactions:

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

(d) Information of main shareholders:

Major \ Shares	Total Shares Owned	Ownership Percentage
Catcher Technology Co., Ltd	7,439,917	9.99%
Su, Ting Hung	6,028,359	8.10%
Taiwan Life Insurance Co., Ltd.	3,912,000	5.25%

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, 2020.

SINHER TECHNOLOGY INC.

Statement of Cash and Cash Equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Petty cash and cash on hand		$ 150
Checking accounts		10
Demand deposits	New Taiwan Dollars	309,971
Demand deposits	USD4,325 thousand	123,181
Time deposits	USD14,500 thousand(Maturity date: 2021.01.10~2021.05.18)	412,960
		846,122
		$ 846,272

Note：The exchange rate is 28.48 New Taiwan Dollars for 1 US Dollar.

Statement of Notes Accounts Receivable

Client Name	Description	Amount
Notes receivable：		
Others (Note)	Operating revenue of non-related parties	$ 262
Accounts receivable due from non-related parties, net:		
17000 Company	Operating revenue of non-related parties	65,207
Others (Note)	〃	8,191
		73,398
Less：Loss allowance		(15)
		73,383
Total		**$ 73,645**

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, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Cost	Net realizable value
Finished goods	$ 2,078	1,769
Work-in process	2,233	2,233
Raw materials	225,363	498,322
Subtotal	229,674	**502,324**
Less：Loss allowance	(10,276)	
Total	**$ 219,398**	

SINHER TECHNOLOGY INC.

Statement of Changes in investments Accounted for Using the Equity Methoc

For the year ended December 31, 2020

(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, 2020 Net Value	Collaterals or Pledged Assets
MOI	19,800	$ 799,166	4,000	119,800	43,674	-	23,800	100.00%	962,640	914,868	None
Profit	-	179,571	-	(79,596)	(3,064)	-	-	100.00%	96,911	87,144	〃
Exchange differences on translation of foreign financial statements		(53,951)	-	-	-	10,451			(43,500)		
		$ 924,786		**40,204**	**40,610**	**10,451**			**1,016,051**		

SINHER TECHNOLOGY INC.

Statement of Changes in Property, Plant and Equipment

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(e).

Statement of Accounts Payable to Non-Related Parties

Item	Description	Amount
SC008 Company	Payments to non-related parties	$ 9,901
SJ027 Company	〃	5,993
SG024 Company	〃	5,668
SC020 Company	〃	4,734
SJ025 Company	〃	3,710
SJ001 Company	〃	2,579
Others (Note)	〃	6,690
		$ 39,275

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, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Accrued payroll and bonuses	Wages and salaries expenses of December 2020 and estimated year-end bonuses of 2020	$ 54,491
Accrued employee compensation and directors and supervisors remuneration	Employee compensation and directors and supervisors remuneration of year ended December 31, 2020	33,409
Others (Note)	Accrued shipping expenses, consumables and sample expenses	58,314
		$ 146,214

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, 2020

Item	Quantity (thousands)	Amount
Raw materials		$ 1,289,478
Hinge components	4,788	163,441
Others		14,976
Net operating revenues		**$ 1,467,895**

SINHER TECHNOLOGY INC.

Statement of Operating Costs

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of the year	$ 208,596
Add：Purchases	113,924
Transfer-in from work-in process	624,336
Less：Raw materials, end of the year	(225,363)
Segment used	(6,619)
Loss on physical inventory	(304)
Sales of costs of raw materials	(427,987)
Raw materials scrapped	(19,328)
Raw materials used for the current period	267,255
Direct labor	116,562
Manufacturing expenses	272,265
Costs of goods manufactured for the current period	656,082
Add：Work-in process, beginning of the year	411
Transfer-in from finished good	221
Less：Work-in process, end of the year	(2,233)
Others	80
Transfer-out to raw materials	(624,336)
Cost of goods manufactured	30,225
Add：Finished goods, beginning of the year	1,605
Purchase of finished goods	165,203
Less：Finished goods, end of the year	(2,078)
Transfer-out to work-in process	(221)
Segment used	1,165
Finished goods scrapped	(376)
Sales of costs of finished goods	195,523
Add：Sales of costs of raw materials	427,987
Loss on physical inventory	304
Allowance for inventory obsolescence	11,934
Revenue from sale of scraps	(2,532)
Inventories Scrapped	19,704
Others	31,247
Total operating costs	**$ 684,167**

SINHER TECHNOLOGY INC.

Statement of Operating Expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Selling Expenses	Administrative Expenses	Research and] Expenses
Payroll expenses	$ 14,112	49,254	36,081
Export expenses	11,638	-	-
Marketing expenses	6,347	-	-
Amortization	177	914	4,695
Depreciation	564	7,763	2,547
Consumables	-	-	38,896
Professional service expenses	-	5,686	967
Others (Note)	9,613	13,404	8,141
Total	$ 42,451	77,021	91,327

Note：The amounts of individual item included in others does not exceed 5％ of the account balance.

Statement of Non-Operating Revenue and Expenses

Item	Description	Amount
Interest income		$ 8,695
Foreign exchange loss, net		(110,550)
Share of profit (loss) of associates and joint ventures accounted for using equity method		40,610
Finance costs		(15)
Other income (Note)	Miscellaneous revenues	3,608
Other expenses (Note)	Miscellaneous disbursements	(445)
		$ (58,097)

Note：The amounts of individual item included in others does not exceed 5％ of the account balance.