

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

Address: No. 27-1, Ln. 169, Kangning St., Xizhi. Dist., New Taipei
City 221, Taiwan (R.O.C.)
Telephone: (02)2692-6960

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3~4
4. Consolidated Balance Sheets	5
5. Consolidated Statements of Comprehensive Income	6
6. Consolidated Statements of Changes in Equity	7
7. Consolidated Statements of Cash Flows	8
8. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of significant accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~29
(7) Related-party transactions	29~30
(8) Pledged assets	30
(9) Commitments and contingencies	30
(10) Losses Due to Major Disasters	30
(11) Subsequent Events	30
(12) Other	30~31
(13) Other disclosures	
(a) Information on significant transactions	31~32
(b) Information on investees	32
(c) Information on investment in mainland China	33
(d) Information of main shareholders	33
(14) Segment information	34

Independent Auditors' Review Report

To the Board of Directors SINHER TECHNOLOGY INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of SINHER TECHNOLOGY INC. and its subsidiaries (the “Group”) as of March 31, 2024 and 2023 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 6(4) of the consolidated financial statements, the investments accounted for the Group using equity method were \$12,284 thousand and \$35,200 thousand as of March 31, 2024 and 2023, respectively, and the shares of losses of associates and joint ventures accounted for using the equity method amounted to \$2,191 thousand and \$3,120 thousand for the three months ended March 31, 2024 and 2023, respectively, and were recognized solely on the financial statements prepared by these investee companies but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of SINHER TECHNOLOGY INC. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of

Notes to Readers

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

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

China.

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

KPMG

Taipei, Taiwan (Republic of China)

May 9, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
SINHER TECHNOLOGY INC. AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2024, December 31, 2023, and March 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (note (6)(a))	\$	1,690,755	42	1,734,159	43	1,848,485	45	2100	Short-term borrowings (note (6)(i))	\$	28,652	1	101,684	2	150,880	4
1170	Notes receivable and Accounts receivable, net (note (6)(b))		640,789	16	677,623	17	647,826	16	2170	Accounts payable		215,350	5	187,258	5	196,327	5
1310	Inventories (note (6)(c))		308,111	8	260,462	7	348,226	8	2216	Dividends payable (note (6)(o))		73,617	2	-	-	128,830	3
1476	Other current financial assets		16,388	1	20,706	1	22,127	1	2219	Other payables (note (7))		131,992	3	163,641	4	178,333	4
1479	Other current assets		8,053	-	11,847	-	11,356	-	2230	Current tax liabilities		28,309	1	24,964	1	32,866	1
			2,664,096	67	2,704,797	68	2,878,020	70	2280	Current lease liabilities (note (6)(k))		257	-	256	-	256	-
	Non-current assets:								2322	Long-term borrowings, current portion (note(6)(j) and (8))		57,304	1	51,924	1	-	-
1550	Investments accounted for using equity method (note (6)(d))		12,284	-	14,230	-	35,200	1		Non-Current liabilities:		535,481	13	529,727	13	687,492	17
1600	Property, plant and equipment (note (6)(e) and (8))		1,038,112	26	946,666	24	908,498	22	2540	Long-term borrowings (note (6)(j) and (8))		48,488	1	-	-	-	-
1755	Right-of-use assets (note (6)(f))		119,322	3	117,984	3	63,161	1	2570	Deferred tax liabilities		65,487	2	65,487	2	89,559	2
1760	Investment property, net (note (6)(g) and (8))		101,663	3	101,290	3	108,320	3	2580	Non-current lease liabilities (note (6)(k))		1,498	-	1,755	-	1,755	-
1840	Deferred tax assets		45,877	1	50,363	1	50,464	1	2645	Guarantee deposits received		1,243	-	1,220	-	1,250	-
1920	Guarantee deposits paid		8,929	-	9,038	-	6,908	-				116,716	3	68,462	2	92,564	2
1990	Other non-current assets (note (6)(h))		13,599	-	42,589	1	79,323	2		Total liabilities		652,197	16	598,189	15	780,056	19
			1,339,786	33	1,282,160	32	1,251,874	30		Equity: (note (6)(o))							
									3110	Ordinary share		744,172	19	744,172	19	744,172	18
									3200	Capital surplus		440,035	11	440,035	11	440,035	11
										Retained earnings:							
									3310	Legal reserve		504,399	13	504,399	12	483,811	12
									3320	Special reserve		27,116	1	27,116	1	42,710	1
									3350	Unappropriated retained earnings		1,695,123	42	1,750,151	44	1,692,868	41
												2,226,638	56	2,281,666	57	2,219,389	54
									3410	Exchange differences on translation of foreign financial statements		(28,060)	(1)	(46,005)	(1)	(22,658)	(1)
									3500	Treasury shares		(31,100)	(1)	(31,100)	(1)	(31,100)	(1)
										Total equity		3,351,685	84	3,388,768	85	3,349,838	81
	Total assets	\$	4,003,882	100	3,986,957	100	4,129,894	100		Total liabilities and equity	\$	4,003,882	100	3,986,957	100	4,129,894	100

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars , except for earnings per common share)

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4100	Operating revenues (note (6)(q))	\$ 415,863	100	412,050	100
5110	Cost of sales (notes (6)(c), (6)(m), (6)(r), (7) and (12))	354,000	85	359,111	87
5900	Gross profit	61,863	15	52,939	13
	Operating expenses (notes (6)(b), (6)(m), (6)(r), (7) and (12))				
6100	Selling expenses	25,874	6	25,869	6
6200	Administrative expenses	32,453	8	34,849	9
6300	Research and development expenses	18,060	4	24,217	6
		76,387	18	84,935	21
6900	Net operating income (loss)	(14,524)	(3)	(31,996)	(8)
	Non-operating income and expenses:				
7100	Interest income	6,377	2	8,532	2
7190	Other income	388	-	1,526	-
7110	Rental income (note (6)(l))	29	-	4,478	1
7230	Foreign exchange gains (losses), net (note (6)(s))	34,589	8	(18,791)	(4)
7050	Finance costs	(1,137)	-	(1,660)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method (note (6)(d))	(2,191)	(1)	(3,120)	(1)
7590	Miscellaneous disbursements	(199)	-	(4,570)	(1)
		37,856	9	(13,605)	(3)
7900	Profit (loss) before tax	23,332	6	(45,601)	(11)
7950	Less: Tax expenses (note (6)(n))	4,743	1	12,881	3
	Profit (loss)	18,589	5	(58,482)	(14)
8300	Other comprehensive income:				
8360	Items that will be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation	22,431	5	5,573	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (note (6)(n))	4,486	1	1,115	-
	Components of other comprehensive income that will be reclassified to profit or loss	17,945	4	4,458	1
8300	Other comprehensive income	17,945	4	4,458	1
8500	Comprehensive income	\$ 36,534	9	(54,024)	(13)
	Earnings (loss) per common share (note (6)(p))				
9750	Basic earnings per share (expressed in dollars)	\$ 0.25		(0.79)	
9850	Diluted earnings per share (expressed in dollars)	\$ 0.25		(0.79)	

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 three months ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
A1	Balance at January 1, 2023	\$ 744,172	440,035	483,811	42,710	1,880,180	(27,116)	3,532,692
	Appropriation and distribution of retained earnings:							
B5	Cash dividends of ordinary share	-	-	-	-	(128,830)	-	(128,830)
		-	-	-	-	(128,830)	-	(128,830)
D1	Profit for the three months ended March 31, 2023	-	-	-	-	(58,482)	-	(58,482)
D3	Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	4,458	4,458
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	(58,482)	4,458	(54,024)
Z1	Balance at March 31, 2023	<u>\$ 744,172</u>	<u>440,035</u>	<u>483,811</u>	<u>42,710</u>	<u>1,692,868</u>	<u>(22,658)</u>	<u>3,349,838</u>
A1	Balance at January 1, 2024	\$ 744,172	440,035	504,399	27,116	1,750,151	(46,005)	3,388,768
	Appropriation and distribution of retained earnings:							
B5	Cash dividends of ordinary share	-	-	-	-	(73,617)	-	(73,617)
		-	-	-	-	(73,617)	-	(73,617)
D1	Profit for the three months ended March 31, 2024	-	-	-	-	18,589	-	18,589
D3	Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	17,945	17,945
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	18,589	17,945	36,534
Z1	Balance at March 31, 2024	<u>\$ 744,172</u>	<u>440,035</u>	<u>504,399</u>	<u>27,116</u>	<u>1,695,123</u>	<u>(28,060)</u>	<u>3,351,685</u>

See accompanying notes to consolidated financial statements.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

		For the three months ended March 31	
		2024	2023
AAAA	Cash flows from (used in) operating activities:		
A10000	Profit (loss) before tax	\$ 23,332	(45,601)
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	32,371	35,787
A20200	Amortization expense	1,086	1,343
A20300	Expected credit loss	931	35
A20900	Interest expense	1,137	1,660
A21200	Interest income	(6,377)	(8,532)
A22300	Shares of loss of associates and joint ventures accounted for using equity method	2,191	3,120
A29900	Others	166	112
A20010	Total adjustments to reconcile profit (loss)	31,505	33,525
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31150	Decrease in notes receivable and accounts receivable	35,876	110,784
A31200	Increase in inventories	(47,649)	(38,470)
A31240	Decrease in other current assets	3,794	2,596
A31250	Decrease (increase) in other current financial assets	2,235	(4,635)
A31000	Total changes in operating assets	(5,744)	70,275
A32000	Changes in operating liabilities:		
A32150	Increase in accounts payable	28,092	34,643
A32180	Decrease in other payables	(29,641)	(42,529)
A32000	Total changes in operating liabilities	(1,549)	(7,886)
A30000	Total changes in operating assets and liabilities	(7,293)	62,389
A20000	Total adjustments	24,212	95,914
A33000	Cash inflow generated from operations	47,544	50,313
A33100	Interest received	8,460	8,591
A33300	Interest paid	(945)	(1,660)
A33500	Income taxes paid	(1,439)	(23,536)
AAAA	Net cash flows from (used in) operating activities	53,620	33,708
BBBB	Cash flows from (used in) investing activities:		
B02700	Acquisition of property, plant and equipment	(87,338)	(3,523)
B03700	Decrease in guarantee deposits paid	109	108
B04500	Acquisition of intangible assets	(2,021)	(1,215)
B06700	Increase in other non-current assets	-	(30,921)
BBBB	Net cash flows from (used in) investing activities	(89,250)	(35,551)
CCCC	Cash flows from (used in) financing activities:		
C00200	Decrease in short-term borrowings	(74,219)	-
C01600	Proceeds from long-term borrowings	56,755	-
C01700	Repayments of long-term borrowings	(4,366)	-
C03100	Increase in guarantee deposits received	23	7
C04020	Payment of lease liabilities	(256)	(254)
CCCC	Net cash flows used in financing activities	(22,063)	(247)
DDDD	Effect of exchange rate changes on cash and cash equivalents	14,289	2,606
EEEE	Net increase (decrease) in cash and cash equivalents	(43,404)	516
E00100	Cash and cash equivalents at beginning of period	1,734,159	1,847,969
E00200	Cash and cash equivalents at end of period	\$ 1,690,755	1,848,485

See accompanying notes to consolidated financial statements.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

(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)(b) for related information. The major business activities of the Group 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 consolidated financial statements

These consolidated financial statements for the three months ended March 31, 2024 and 2023 were authorized for issuance by the Board of Directors on May 9, 2024.

(3) New standards, amendments and interpretations adopted

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

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

- (b) The impact of IFRSs 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:

New, Revised or Amended Standards and Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none">• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.• Management performance measures (MPMs): the new standard	January 1, 2027

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconciles it to an amount determined under IFRS Accounting Standards.

- Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

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” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2023.

(b) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include:

Name of investor	Name of subsidiary	Nature of operation	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Million On International Co., Ltd. (MOI)	General investing	100%	100%	100%	
The Company	Sinher Technology Vietnam Company Limited (Sinher Vietnam)	Manufacturing and selling hinges	100%	100%	-%	Note 1
MOI	Sinher (H.K.) Limited	General investing	100%	100%	100%	

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

MOI	Cingher (H.K.) Limited	General investing	100%	100%	100%
Sinher Limited	(H.K.) Kunshan Wanhe Precision Electron Co., Ltd. (Kunshan Wanhe)	Manufacturing and selling hinges	100%	100%	100%
Cingher Limited	(H.K.) Chongqing SNR Technology Co., Ltd. (Chongqing SNR)	Manufacturing and selling hinges	100%	100%	100%
The Company	Profit Earn International Co., Ltd. (Profit)	General investing	100%	100%	100%
Profit	Great Info International Co., Ltd. (Great Info)	Selling of hinges	100%	100%	100%
Profit	Top Trading Group Limited (Top Trading)	Selling of hinges	100%	100%	100%
Kunshan Wanhe	Kunshan Qianquan Precision Metal Co., Ltd. (Qianquan)	Manufacturing and selling hinges	100%	100%	100%

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

the consolidated financial statements for the year ended December 31, 2023. Please refer to note (6) of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,715	662	2,216
Checking accounts and demand deposits	583,365	635,325	802,389
Time deposits	1,105,675	1,098,172	1,043,880
	<u>\$ 1,690,755</u>	<u>1,734,159</u>	<u>1,848,485</u>

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

(b) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ -	195	-
Accounts receivable	642,694	678,375	648,475
	642,694	678,570	648,475
Less: loss allowance	(1,905)	(947)	(649)
	<u>\$ 640,789</u>	<u>677,623</u>	<u>647,826</u>

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

The loss allowance provision was determined as follows:

	March 31, 2024		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision
Aging under 120 days	\$ 573,432	0.023%	133
Aging 121~150 days	66,445	0.116%	77
Aging 151~240 days	1,150	2.435%	28
Aging over 241 days	1,667	100%	1,667
	<u>\$ 642,694</u>		<u>1,905</u>

	December 31, 2023		
	Gross carrying amount	Weighted-avera ge loss rate	Loss allowance provision

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

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

Aging under 120 days	\$	609,428	0.019%	118
Aging 121~150 days		57,618	0.059%	34
Aging 151~240 days		11,054	2.940%	325
Aging over 241 days		470	100%	470
	\$	678,570		947

	March 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	\$ 568,167	0.018%	105
Aging 121~150 days	64,854	0.005%	3
Aging 151~240 days	14,973	0.401%	60
Aging over 241 days	481	100%	481
	\$ 648,475		649

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

	For the three months ended March 31,	
	2024	2023
Balance on January 1	\$ 947	1,598
Impairment loss recognized	931	35
Amounts written off	-	(994)
Foreign exchange (gains) losses	27	10
Balance on March 31	\$ 1,905	649

As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any receivables as collaterals for its loans.

(c) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 108,771	105,934	122,670
Work in progress	60,626	37,251	61,666
Finished goods	138,714	117,277	163,890
	\$ 308,111	260,462	348,226

For the three months ended March 31, 2024 and 2023, the details of cost of goods sold were as follows:

	For the three months ended March 31,	
	2024	2023
Cost of goods sold	\$ 346,807	341,626

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

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

Loss for market price decline and obsolete and slow-moving inventories	8,667	20,462
Income from sale of scraps	(3,174)	(2,977)
Unallocated manufacturing overhead	1,700	-
	<u><u>\$ 354,000</u></u>	<u><u>359,111</u></u>

As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any inventories as collateral for its loans.

(d) Investments accounted for using equity method

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates	<u>\$ 12,284</u>	<u>14,230</u>	<u>35,200</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
The carrying amount of individually insignificant associates' equity	<u>\$ 12,284</u>	<u>14,230</u>	<u>35,200</u>

**For the three months ended
March 31,**

	<u>2024</u>	<u>2023</u>
Attributable to the Group:		
Loss from continuing operations	<u>\$ (2,191)</u>	<u>(3,120)</u>

- (iii) There was no significant change for investments accounted for using equity method for the three months ended March 31, 2024. For the related information, please refer to note (6)(d) of the consolidated financial statements for the year ended December 31, 2023
- (iv) Disclosures of contingent liability:
The Group does not have any contingent liabilities with other investors for joint ventures or contingent liabilities arising from individual obligations for liabilities of associates.
- (v) Pledged :
As of March 31, 2024 and December 31, 2023, the Group did not provide any investment accounted for using equity method as collateral for its loans.
- (vi) Unaudited investments accounted for using equity method
As of March 31, 2024 and 2023, the investments accounted for using equity method and the shares of gain (loss) of associates and joint ventures accounted for using the equity method for three months ended March 31, 2024 and 2023 are calculated based on financial reports

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

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

that have not been reviewed by independent auditors.

(e) Property, plant and equipment

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

		Land	Buildings and construction	Machinery equipment	Office and other facilities equipment	Unfinished construction and equipment under acceptance	Total
Cost:							
Balance on January 1, 2024	\$	362,813	515,219	565,693	59,694	118,824	1,622,243
Additions		-	51,664	1,747	550	31,177	85,138
Disposals		-	(3,370)	(22,174)	(2,606)	-	(28,150)
Effect of movements in exchange rates		-	6,249	5,168	637	2,360	14,414
Reclassifications		-	30,000	1,337	-	(1,501)	29,836
Balance on March 31, 2024	\$	362,813	599,762	551,771	58,275	150,860	1,723,481
Balance on January 1, 2023	\$	362,813	549,654	650,121	66,187	4,425	1,633,200
Additions		-	50	1,076	345	2,218	3,689
Reclassification to investment property		-	(21,781)	-	-	-	(21,781)
Disposals		-	-	(28,307)	(2,866)	-	(31,173)
Effect of movements in exchange rates		-	1,913	1,417	186	6	3,522
Reclassifications		-	450	-	-	(450)	-
Balance on March 31, 2023		362,813	530,286	624,307	63,852	6,199	1,587,457
Depreciation and impairments loss:							
Balance on January 1, 2024	\$	-	247,616	384,790	43,171	-	675,577
Depreciation for the year		-	7,517	20,369	2,134	-	30,020
Disposals		-	(3,370)	(22,174)	(2,604)	-	(28,148)
Effect of movements in exchange rates		-	3,365	4,015	540	-	7,920
Balance on March 31, 2024	\$	-	255,128	387,000	43,241	-	685,369
Balance on January 1, 2023	\$	-	233,757	399,142	42,677	-	675,576
Depreciation for the year		-	7,357	23,886	2,495	-	33,738
Reclassification to investment property		-	(1,377)	-	-	-	(1,377)
Disposals		-	-	(28,287)	(2,774)	-	(31,061)
Effect of movements in exchange rates		-	866	1,062	155	-	2,083
Balance on March 31, 2023	\$	-	240,603	395,803	42,553	-	678,959
Book value:							
Balance on January 1, 2024	\$	362,813	267,603	180,903	16,523	118,824	946,666
Balance on March 31, 2024	\$	362,813	344,634	164,771	15,034	150,860	1,038,112
Balance on January 1, 2023	\$	362,813	315,897	250,979	23,510	4,425	957,624
Balance on March 31, 2023	\$	362,813	289,683	228,504	21,299	6,199	908,498

- (i) The Group signed a factory purchase and sale contract with a non-related party on August 2023, with a total price of \$82,500 thousand. In January 2024, the

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

aforementioned amounts have been fully paid and the transfer procedures have been completed, , please refer to note 6(h) for details

(ii) Pledged as collateral

As of March 31, 2024, December 31, and March 31, 2023, the Group provides partial property, plant and equipment pledged as collateral for long-term borrowings and loan commitments of the Group, please refer to note (8) for details.

(f) Right-of-use assets

	<u>Land</u>
Cost:	
Balance on January 1, 2024	\$ 127,587
Effect of movements in exchange rates	<u>2,355</u>
Balance on March 31, 2024	<u>\$ 129,942</u>
Balance on January 1, 2023	\$ 71,865
Reclassified to investment property	(1,051)
Effect of movements in exchange rates	<u>363</u>
Balance on March 31, 2023	<u>\$ 71,177</u>
Depreciation and impairments loss:	
Balance on January 1, 2024	\$ 9,603
Depreciation for the year	842
Effect of movements in exchange rates	<u>175</u>
Balance on March 31, 2024	<u>\$ 10,620</u>
Balance on January 1, 2023	\$ 7,559
Depreciation for the year	514
Reclassified to investment property	(93)
Effect of movements in exchange rates	<u>36</u>
Balance on March 31, 2023	<u>\$ 8,016</u>
Book Value:	
Balance on January 1, 2024	<u>\$ 117,984</u>
Balance on March 31, 2024	<u>\$ 119,322</u>
Balance on January 1, 2023	<u>\$ 64,306</u>
Balance on March 31, 2023	<u>\$ 63,161</u>

(g) Investment property

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

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

Information about investment properties is presented below:

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

	Buildings and constructions	Land	Total
Cost or deemed cost:			
Balance on January 1, 2024	\$ 108,547	6,082	114,629
Effect of movements in exchange rates	2,032	114	2,146
Balance on March 31, 2024	\$ 110,579	6,196	116,775
Balance on January 1, 2023	\$ 88,960	5,153	94,113
Transfer-in from property, plant and equipment	21,781	-	21,781
Transfer-in from right-of-use asset	-	1,051	1,051
Effect of movements in exchange rates	415	24	439
Balance on March 31, 2023	\$ 111,156	6,228	117,384
Depreciation and impairments loss:			
Balance on January 1, 2024	\$ 12,663	676	13,339
Depreciation for the year	1,475	34	1,509
Effect of movements in exchange rates	251	13	264
Balance on March 31, 2024	\$ 14,389	723	15,112
Balance on January 1, 2023	\$ 5,577	458	6,035
Depreciation for the year	1,500	35	1,535
Transfer-in from property, plant and equipment	1,377	-	1,377
Transfer-in from right-of-use asset	-	93	93
Effect of movements in exchange rates	22	2	24
Balance on March 31, 2023	\$ 8,476	588	9,064
Carry Amount:			
Balance on January 1, 2024	\$ 95,884	5,406	101,290
Balance on March 31, 2024	\$ 96,190	5,473	101,663
Balance on January 1, 2023	\$ 83,383	4,695	88,078
Balance on March 31, 2023	\$ 102,680	5,640	108,320
Fair Value:			
Balance on March 31, 2024		\$ 198,516	
Balance on January 1, 2024		\$ 198,516	
Balance on March 31, 2023		\$ 176,675	
Balance on January 1, 2023		\$ 218,095	

There is no significant difference between the fair value of the investment property of the Group and the information disclosed in note 6(g) of the consolidated financial statements for the year ended December 31, 2023.

As of March 31, 2024, December 31, and March 31, 2023, the Group provides partial property, plant and equipment pledged as collateral for long-term borrowings and loan commitments of the Group, please refer to note (8) for details.

(h) Other non-current assets

SINHER TECHNOLOGY INC. AND SUBSIDIARIES**Notes to The Consolidated Financial Statements****March 31, 2024 and 2023****(Expressed in thousands of New Taiwan Dollars unless otherwise specified)**

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayment of right-of-use land	\$ -	-	64,203
Prepayment for contract signing of factory building	-	30,000	-
Other	13,599	12,589	15,120
Total other non-current assets	\$ 13,599	42,589	79,323

On November 3, 2022, the Board of Directors approved investing in a new factory in Vietnam in order to coordinate with the adjustment of the customers' production base. The Group signed a land use-of-right lease agreement with Vietnamese land developers on December 2022. The Group paid 45% of the advance payment of \$30,578 thousand on January, 2023 and 50% of the advance payment of \$33,625 thousand on December, 2022, respectively, which is not yet completed due to the legal procedures related to the establishment of the Vietnam plant investment and the acquisition of the land use-of-right, and is classified as other current assets as March 31, 2023. As of December 31, 2023, the subsidiary Sinher Vietnam has completed its establishment registration, and the prepayment of right-of-use land mentioned above have been transferred to investment accounted for using equity method.

The Group signed a factory purchase and sale contract with a non-related party on August 2023, with a total price of \$82,500 thousand. As of December 31, 2023, the cumulative payment was \$30,000 thousand. The transfer procedures have not been completed and are listed under other non-current assets. As of March 31, 2024, the aforementioned amounts have been fully paid and the transfer procedures have been completed, and have been transferred to property, plants and equipment.

(i) Short-term borrowings

March 31, 2024		
Currency	Range of interest rates	Amount
Unsecured bank loans	USD 2.85 %~ 3.25%	\$ 28,652
Unused short-term credit lines		\$ 395,348

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

March 31, 2023		
Currency	Range of interest rates	Amount
Unsecured bank loans	USD 2.37 ~ 5.57%	\$ 150,880
Unused short-term credit lines		\$ 376,320

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

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

- (i) For information on the Group's liquidity risk, please refer to note (6)(s).
- (ii) As of March 31, 2024, December 31 and March 31, 2023, 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 March 31, 2024, December 31 and March 31, 2023, the Group did not provide any assets pledged as collaterals.

(j) Long-term borrowings

The details of long-term borrowings were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank loans	\$ 105,792	51,924	-
Less: current portion	(57,304)	(51,924)	-
Total	<u>\$ 48,488</u>	<u>-</u>	<u>-</u>
Unused credit lines	<u>\$ 26,448</u>	<u>121,156</u>	<u>177,240</u>
Range of interest rate	<u>2.7% ~ 3.35%</u>	<u>2.9%</u>	<u>-</u>

- (i) The balance of long-term loans as of March 31, 2024, and future repayments are as follows:

Term	Amounts
2024/04/01 ~ 2025/03/31	\$ 57,304
2025/04/01 ~ 2025/07/11	48,488
	<u>\$ 105,792</u>

- (ii) For information on the Group's liquidity risk, please refer to note (6)(s)
- (iii) The Group provides assets pledged as collaterals for the credit loans and the credit lines of the Group, please refer to note (8) for details.

(k) Lease liabilities

The lease liabilities of the Group were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 257</u>	<u>256</u>	<u>256</u>
Non-current	<u>\$ 1,498</u>	<u>1,755</u>	<u>1,755</u>

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

The amounts recognized in profit or losses were as follows:

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

	For the three months ended March 31,	
	2024	2023
Interest on lease liabilities	<u>\$ 8</u>	<u>9</u>
Expenses relating to short-term leases	<u>\$ 1,072</u>	<u>1,459</u>
Expenses relating to leases of low-value assets, (excluding short-term leases of low-value assets)	<u>\$ 45</u>	<u>45</u>

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

	For the three months ended March 31,	
	2024	2023
Total cash outflow for leases	<u>\$ 1,381</u>	<u>\$ 1,767</u>

(i) Leases of land and vehicles

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

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

(ii) Other leases

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

(l) Operating lease- as lessor

The Group subleased several properties, vehicles and parking spaces. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets, or these leases are short-term leases and are adapted for exemption. For the three months ended March 31, 2024 and 2023, the income recognized in profit or loss under the operating lease were \$29 thousand and \$4,478 thousand, respectively.

(m) Employee benefits

(i) Defined benefit plans

Given there was no material volatility of the market or any significant reimbursement, settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

The expenses recognized in profit or loss for the Group was as follows:

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

	For the three months ended March 31,	
	2024	2023
Cost of sales and operating expenses	\$ 42	39

(ii) Defined contribution plans

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

	For the three months ended March 31,	
	2024	2023
Cost of sales and operating expenses	\$ 12,375	12,967

(n) Income taxes

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

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

	For the three months ended March 31,	
	2024	2023
Current tax expense	\$ 4,743	12,881

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

	For the three months ended March 31,	
	2024	2023
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ 4,486	1,115

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

(o) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2024 and 2023. For the related information, please refer to note (6)(o) of the consolidated financial statements for the year ended December 31, 2023.

(i) Retained Earnings

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

A. Offset the prior years' deficits.

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

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

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

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

1) Earnings distribution

Earnings distribution for 2023 and 2022 was decided by the resolution adopted, at the meeting of the Board of Directors held on March 7, 2024 and March 16, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share	Amount	Amount per share	Amount
Cash dividends distributed to ordinary shareholders	\$ 1.00	<u><u>73,617</u></u>	1.75	<u><u>128,830</u></u>

(p) Earnings (loss) per share

The Group's basic and diluted earnings (loss) per share are calculated as follows:

	For the three months ended March 31,	
	2024	2023
Basic earnings per share:		
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u><u>18,589</u></u>	<u><u>(58,482)</u></u>
Weighted average number of outstanding ordinary shares (in thousands)	<u><u>73,617</u></u>	<u><u>73,617</u></u>
Basic earnings (loss) per share (in dollars)	\$ <u><u>0.25</u></u>	<u><u>(0.79)</u></u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u><u>18,589</u></u>	<u><u>(58,482)</u></u>

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

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

(after adjustment of potential diluted ordinary shares)		
Weighted average number of outstanding ordinary shares (in thousands)	73,617	73,617
Effect of potential diluted ordinary shares (in thousands)		
Effect of employee stock compensation	<u>52</u>	<u>317</u>
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	<u>73,669</u>	<u>73,934</u>
Diluted earnings per share (in dollars)	<u>\$ 0.25</u>	<u>(0.79)</u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2024	2023
Primary geographical markets:		
Taiwan	\$ 15,732	18,757
China	206,505	206,343
Singapore	156,118	163,325
Japan	26,465	23,333
Others	<u>11,043</u>	<u>292</u>
	<u>\$ 415,863</u>	<u>412,050</u>
Major product:		
Hinge components	\$ 411,270	411,168
Others	<u>4,593</u>	<u>882</u>
Total	<u>\$ 415,863</u>	<u>412,050</u>

(ii) Contract balances

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

(r) Employee compensation and directors remuneration

According to the Company's article which no less than 2% of the annual profit shall be appropriated as employees' remuneration and no more than 1% as directors' remuneration. However, if the Company has accumulated losses, the amount of compensation shall be reserved in advance. The aforementioned employee compensation should be distributed by shares or by cash and the recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company has a net loss before tax from January 1, 2023 to March 31, 2023, therefore does not require estimated employee compensation and director remuneration.

The remuneration to employees amounted to \$1,366 thousand and the remuneration to directors amounted to \$224 thousand from January 1, 2024 to March 31, 2024. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to

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

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

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

The remunerations to employees amounted to \$530 thousand and \$14,739 thousand and the remuneration to directors amounted to \$0 thousand and \$2,412 thousand, respectively. The amounts are identical to those of the actual distributions for 2023 and 2022. The information is available on the Market Observation Post System website.

(s) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note (6)(s) of the 2023 annual consolidated financial statements.

(i) Credit risk

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

(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
March 31, 2024					
Non-derivative financial liabilities:					
Secured bank loan	\$ 105,792	(108,650)	(58,084)	(50,566)	-
Unsecured bank loan	28,652	(28,678)	(28,678)	-	-
Accounts payable	215,350	(215,350)	(215,350)	-	-
Other payables	131,992	(131,992)	(131,992)	-	-
Dividends payable	73,617	(73,617)	(73,617)	-	-
Lease liabilities (including current and non-current)	1,755	(1,776)	(263)	(263)	(1,250)
Guarantee deposits received	1,243	(1,243)	-	-	(1,243)
	<u>\$ 558,401</u>	<u>(561,306)</u>	<u>(507,984)</u>	<u>(50,829)</u>	<u>(2,493)</u>

December 31, 2023

Non-derivative financial liabilities:

Secured bank loan	\$ 51,924	(52,996)	(52,996)	-	-
Unsecured bank loan	101,684	(102,235)	(102,235)	-	-
Accounts payable	187,258	(187,258)	(187,258)	-	-

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

Other payables	163,641	(163,641)	(163,641)	-	-
Lease liabilities (including current and non-current)	2,011	(2,039)	(263)	(263)	(1,513)
Guarantee deposits received	1,220	(1,220)	-	-	(1,220)
	<u>\$ 507,738</u>	<u>(509,389)</u>	<u>(506,393)</u>	<u>(263)</u>	<u>(2,733)</u>

March 31, 2023

Non-derivative financial liabilities:

Short-term borrowings	\$ 150,880	(152,514)	(152,514)	-	-
Accounts payable	196,327	(196,327)	(196,327)	-	-
Other payables	178,333	(178,333)	(178,333)	-	-
Dividends payable	128,830	(128,830)	(128,830)	-	-
Lease liabilities (including current and non-current)	2,011	(2,039)	(263)	(263)	(1,513)
Guarantee deposits received	1,250	(1,250)	-	-	(1,250)
	<u>\$ 657,631</u>	<u>(659,293)</u>	<u>(656,267)</u>	<u>(263)</u>	<u>(2,763)</u>

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:

March 31, 2024			December 31, 2023			(In thousands of foreign currency) March 31, 2023		
Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets								
Monetary items								
USD	\$ 22,522 USD/NTD =32.00	720,697	20,269 USD/NTD =30.705	622,351	49,792 USD/NTD =30.45	1,516,158		
USD	24,628 USD/CNY =7.095	770,246	27,308 USD/CNY =7.0827	836,905	28,549 USD/CNY =6.8717	869,260		
Financial liabilities								
Monetary items								
USD	15,474 USD/CNY =7.095	483,943	14,767 USD/CNY =7.0827	452,558	19,800 USD/CNY =6.8717	602,870		

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 three months ended March

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

31, 2024 and 2023 would have affected the net profit before tax as follows, the analysis is performed on the same basis for both periods.

	For the three months ended March 31,	
	2024	2023
USD (against the NTD)		
5% of appreciation	\$ 36,035	75,808
5% of depreciation	(36,035)	(75,808)
USD (against the CNY)		
5% of appreciation	14,315	13,320
5% of depreciation	(14,315)	(13,320)

3) Exchange gains and losses of monetary items

Gains or losses on foreign exchange of the Group's monetary items are disclosed through consolidation due to the wide variety of trading currencies used by the Group. The foreign currency exchange gain and loss (including realized and unrealized) were \$34,589 thousand and \$(18,791) thousand for the three months ended March 31, 2024 and 2023, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net loss before tax would have increased or decreased by \$281 thousand for the three months ended March 31, 2024 and net profit before tax would have increased or decreased by \$407 thousand for the three months ended March 31, 2023, 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 :

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

		March 31, 2024				
		Carrying amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	1,690,755	-	-	-	-
Notes receivable and accounts receivable, net		640,789	-	-	-	-
Other current financial assets		16,388	-	-	-	-
Guarantee deposits paid		8,929	-	-	-	-
	\$	2,356,861	-	-	-	-
Financial liabilities measured at amortized cost:						
Secured bank loan	\$	105,792	-	-	-	-
Unsecured bank loan		28,652	-	-	-	-
Accounts payable		215,350	-	-	-	-
Other payables		131,992	-	-	-	-
Dividends payable		73,617	-	-	-	-
Lease liabilities (including current and non-current)		1,755	-	-	-	-
Guarantee deposits received		1,243	-	-	-	-
	\$	558,401	-	-	-	-
		December 31, 2023				
		Carrying amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	1,734,159	-	-	-	-
Notes receivable and accounts receivable, net		677,623	-	-	-	-
Other current financial assets		20,706	-	-	-	-
Guarantee deposits paid		9,038	-	-	-	-
	\$	2,441,526	-	-	-	-
Financial liabilities measured at amortized cost:						
Secured bank loan	\$	51,924	-	-	-	-
Unsecured bank loan		101,684	-	-	-	-
Accounts payable		187,258	-	-	-	-
Other payables		163,641	-	-	-	-
Lease liabilities (including		2,011	-	-	-	-

SINHER TECHNOLOGY INC. AND SUBSIDIARIES**Notes to The Consolidated Financial Statements****March 31, 2024 and 2023****(Expressed in thousands of New Taiwan Dollars unless otherwise specified)**

current and non-current)					
Guarantee deposits received	1,220	-	-	-	-
	\$ 507,738	-	-	-	-
March 31, 2023					
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 1,848,485	-	-	-	-
Notes receivable and accounts receivable, net	647,826	-	-	-	-
Other current financial assets	22,127	-	-	-	-
Guarantee deposits paid	6,908	-	-	-	-
	\$ 2,525,346	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 150,880	-	-	-	-
Accounts payable	196,327	-	-	-	-
Other payables	178,333	-	-	-	-
Dividends payable	128,830	-	-	-	-
Lease liabilities (including current and non-current)	2,011	-	-	-	-
Guarantee deposits received	1,250	-	-	-	-
	\$ 657,631	-	-	-	-

There were no transfers of financial instruments between any levels for the three months ended March 31, 2024 and 2023.

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

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

(t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(t) of the 2023 annual consolidated financial statements.

(u) Capital management

SINHER TECHNOLOGY INC. AND SUBSIDIARIES**Notes to The Consolidated Financial Statements****March 31, 2024 and 2023****(Expressed in thousands of New Taiwan Dollars unless otherwise specified)**

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in note (6)(u) of the 2023 annual consolidated financial statements. Also, Management believes that there were no significant changes in the Group's capital management information as disclosed in the 2023 annual financial statements.

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

The Group has non-cash investing and financing activities for right-of-use assets from leasing during 2024 and 2023, please refer to note (6)(f) for details. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flow	Non-cash changes Exchange movement	March 31, 2024
Short-term borrowings	\$ 101,684	(74,219)	1,187	28,652
Long-term borrowings	51,924	52,389	1,479	105,792
Guarantee deposits received	1,220	23	-	1,243
Lease liabilities	2,011	(256)	-	1,755
Total liabilities from financing activities	\$ 156,839	(22,063)	2,666	137,442

	January 1, 2023	Cash flow	Non-cash changes Exchange movement	March 31, 2023
Short-term borrowings	\$ 151,530	-	(650)	150,880
Guarantee deposits received	1,243	7	-	1,250
Lease liabilities	2,265	(254)	-	2,011
Total liabilities from financing activities	\$ 155,038	(247)	(650)	154,141

(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 three months ended March 31, 2024 and 2023, the Group purchased some fixtures and consumable material from Daher amounting to \$2,727 thousand and \$4,327 thousand, respectively, and was recognized as operating cost and researching and developing cost, respectively. As of March 31, 2024, December 31, and March 31, 2023 the outstanding balance amounting to \$4,078 thousand,

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

\$5,013 thousand and \$6,511 thousand, respectively, were recognized as other payables.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 6,315	4,025
Post-employment benefits	114	114
	\$ 6,429	4,139

(8) Pledged assets:

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

Pledged assets	Pledged to secure	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment	Long-term borrowings limit	\$ 95,098	94,517	100,072
Investment properties	Long-term borrowings limit	96,190	95,884	102,680
		\$ 191,288	190,401	202,752

(9) Commitments and contingencies:

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

(b) Unrecognized contractual commitments:

As of March 31, 2024, December 31, and March 31, 2023, the future payments for the purchase of the Group's plant and constructions amounted to \$146,119 thousand, \$225,120 thousand and \$14,638 thousand, respectively.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By item \ By function	For the three months ended March 31,					
	2024			2023		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	114,055	28,318	142,373	116,169	33,210	149,379
Labor and health insurance	9,249	2,155	11,404	9,794	2,167	11,961

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

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

Pension	10,716	1,701	12,417	11,318	1,688	13,006
Others	5,993	1,482	7,475	6,529	1,660	8,189
Depreciation	26,108	6,263	32,371	29,913	5,874	35,787
Amortization	392	694	1,086	297	1,046	1,343

(b) Seasonality of operations

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

(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 three months ended March 31, 2024:

(i) Lending to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of foreign currency)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Kunshan Wanhe	(Note 2)	1,005,506	187,740 (US\$6,000)	128,000 (US\$4,000)	-	-	3.82%	1,675,843	Y	-	Y
0	"	Chongqing SNR	(Note 2)	1,005,506	312,900 (US\$10,000)	252,800 (US\$7,900)	28,652 (CNY\$6,500)	-	7.54%	1,675,843	Y	-	Y

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

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

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

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

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

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

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

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: None.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES**Notes to The Consolidated Financial Statements****March 31, 2024 and 2023****(Expressed in thousands of New Taiwan Dollars unless otherwise specified)**

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

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent (note1)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Chongqing SNR	100% owned sub-subsidiary	176,338	1.13	83,821	Enhanced Collection	Accounts Receivable 20,407	-	Note 2

Note 1 : Information as of reporting date.

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

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

- (x) Business relationships and significant intercompany transactions:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of Relationship (Note 2)	Intercompany transactions				Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms		
0	The Company	Chongqing SNR	1	Accounts Receivable	176,338	The price is marked-up based on operating cost. Depending on the funding demand, and the credit term is OA 120 days.		4.40%
1	Kunshan Wanhe	Chongqing SNR	3	Accounts Receivable	91,422	"		2.28%

Note 1: The numbers are filled in as follows:

1.0 represents the Company.

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

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

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

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

3. Represents the transactions between the subsidiaries.

Note3: The transactions have been eliminated in the consolidated financial statement.

- (b) Information on investments:

The following are the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

(In thousands of foreign currency)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profit/losses of investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying amount			
The Company	MOI	Samoa	General Investing	\$ 727,957	727,957	23,800,000	100%	1,011,699	(1,967)	(1,967)	Subsidiary
"	Profit	Samoa	"	-	-	-	100%	1,310	-	-	"
"	Sinher Vietnam	Vietnam	Manufacturing and selling hinges components	217,077	217,077	-	100%	217,620	1,811	1,811	"
	Total			<u>\$ 945,034</u>	<u>945,034</u>			<u>1,230,629</u>		<u>(156)</u>	
MOI	Sinher (H.K.) Limited	Hong Kong	General Investing	\$ 325,579	325,579	10,600,000	100%	813,278	201	(3,521)	A sub-subsidiary company
"	Cingher (H.K.) Limited	Hong Kong	"	402,378	402,378	13,200,000	100%	193,222	1,554	1,554	"
	Total			<u>\$ 727,957</u>	<u>727,957</u>			<u>1,006,500</u>		<u>(1,967)</u>	
Profit	Great Info	Samoa	Sell of hinge components	USD -	USD -	-	100%	87 (USD3)	-	-	"
"	Top Trading	Anguilla	"	USD -	USD -	-	100%	1,223 (USD38)	-	-	"
								<u>1,310</u>		<u>-</u>	

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

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

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

(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, 2024	Investment flows		Accumulated Outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kunshan Wanhe	Manufacturing and selling hinges components	319,176 (USD10,600)	(Note 1) & (Note 4)	319,176 (USD10,600)	-	-	319,176 (USD10,600)	201 (CNY46)	100.00%	201 (CNY46)	809,334	-
Chongqing SNR	Manufacturing and selling hinges components	391,042 (USD13,200)	(Note 1) & (Note 5)	391,042 (USD13,200)	-	-	391,042 (USD13,200)	1,554 (CNY356)	100.00%	1,554 (CNY356)	193,204	-
Qianquan	Manufacturing and selling hinges components	13,299 (CNY2,700)	(Note 6)	-	-	-	-	77 (CNY18)	100.00%	77 (CNY18)	224 (CNY51)	-
SYTW	Research, manufacturing and selling fans related productions	88,640 (CNY20,000)	(Note 7)	-	-	-	-	(4,008) (CNY(918))	49%	(2,191) (CNY(502))	12,284 (CNY2,787)	-

Note 1: Indirect investment in Mainland China through companies registered in a third region.

Note 2: The gains and losses on investment of the companies were recognized according to the investees' financial statements, which had been reasonably audited by the certified public accountants of the parent company, except that SYTW is based on the financial quarterly report of the investee company that was self-settled during the same period and not reviewed by independent auditors. The amounts shown in the table were translated into New Taiwan Dollars at the average rate of the three months ended March 31, 2024.

Note 3: The amounts shown in the table were translated into New Taiwan Dollars at the exchange rates at the reporting date.

Note 4: Indirect investment in Mainland China through companies registered in Million On International Co., Ltd and Sinher (H.K.) Limited.

Note 5: Indirect investment in Mainland China through companies registered in Million On International Co., Ltd and Cingher (H.K.) Limited.

Note 6: Qianquan is established by Kunshan Wanhe with its own capital.

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

(ii) Upper limit on investment in Mainland China:

(In thousands of foreign currency)

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
710,218 (USD23,800)	710,218 (USD23,800)	2,011,011

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, for the time ended March 31, 2024, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships and significant inter-Company transactions".

(d) Information of main shareholders:

(Unit: Share)

Major	Shares	Total Shares Owned	Ownership Percentage
Su, Ting Hung		6,028,359	8.10%

Note:

- 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.
- 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.

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

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to The Consolidated Financial Statements

March 31, 2024 and 2023

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

(14) Segment information:

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