

SINBON ELECTRONICS CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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The reader is advised that parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To SINBON Electronics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of SINBON Electronics Co., Ltd. (the "Company") as of 31 December 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2021 and 2020, and its financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of 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 Attestation of Financial Statements by Certified Public Accountants and 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 Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation for inventories (Including inventories of the subsidiaries under the equity method)

The amount of inventories of the Company and its subsidiaries was significant to the financial statements. As the fluctuation in market demand and the fast-changing technology could cause losses of obsolete and slow-moving inventories, the assessment of the inventory write-downs require significant management judgement. We therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the adequacy of accounting policy around obsolete and slow-moving inventories, evaluating stocktaking plan and selecting important storage locations to observe inventory counts to ensure inventory quantities and status; obtaining inventory aging schedule to test whether inbound and outbound records are accurate; re-calculating the unit cost of inventories; and evaluating and testing net realizable value adopted by management. We also assessed the adequacy of disclosures of financial assets. Please refer to Notes 5 and 6 to the parent company only financial statements.

2. Impairment of accounts receivable

As of 31 December 2021, gross accounts receivable and loss allowance by the Company amounted to NT\$1,520,495 thousand and NT\$1,166 thousand, respectively. Net accounts receivable accounted for 9% of total assets. Since the loss allowance of account receivables is measured by the expected credit loss for the duration of the account receivables, it is necessary to divide account receivables into groups in the process of measurement and analyze the application of related assumptions, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, analyzing the appropriateness of the grouping of account receivables and confirming whether customers with significantly different credit loss types are grouped by similar risk characteristics. The Company is tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; testing the related statistics information of loss rate based on the rolling rate within one year, including the average loss rate and standard deviation; considering the reasonableness of the forward-looking information which takes into account loss rate, such as economic growth rate and unemployment rate; assessing whether such forward-looking information affected the loss rate. We also assessed the adequacy of disclosures of financial assets. Please refer to Notes 5 and 6 to the parent company only financial statements.

Other Matter– Making Reference to the Audits of Component Auditors

As explained in Note 6(6), we did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT\$2,399,257 thousand and NT\$1,872,100 thousand, representing 14% and 12% of the total assets as of 31 December 2021 and 2020, respectively. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$1,114,335 thousand and NT\$799,383 thousand, representing 41% and 33% of the income before tax for the years ended 31 December 2021 and 2020, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$59,102 thousand and NT\$63,134 thousand, representing 309% and 63% of the comprehensive income (loss) for the years ended 31 December 2021 and 2020, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 parent company only 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 parent company only 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 auditor's 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 parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Huang, Tzu Ping

Chen, Ming Hung

Ernst & Young, Taiwan

11 March 2022

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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.

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2021	2020
Current assets			
Cash and cash equivalents	4,6(1)	\$1,451,590	\$1,188,125
Financial assets at fair value through profit or loss, current	4,6(2)	247,358	251,537
Notes receivable, net		23,550	8,653
Accounts receivable, net	4,6(3)	1,046,853	959,819
Accounts receivable-related parties, net	4,6(3),7	472,476	634,782
Other receivables	7	227,349	593,893
Inventories	4,6(4)	2,375,294	1,766,177
Other current assets		236,587	105,388
Total current assets		<u>6,081,057</u>	<u>5,508,374</u>
Non-current assets			
Financial assets at fair value through profit or loss, noncurrent	4,6(2)	2,333	-
Financial assets at fair value through other comprehensive income, noncurrent	4,6(5)	321,734	251,245
Investments accounted for under the equity method	4,6(6)	9,454,470	8,413,347
Property, plant and equipment	4,6(7)	704,798	673,018
Right-of-use assets	4,6(16)	255,644	207,289
Deferred tax assets	4,6(20)	129,199	124,315
Other non-current assets	4,6(8)	198,328	99,479
Total non-current assets		<u>11,066,506</u>	<u>9,768,693</u>
Total assets		<u>\$17,147,563</u>	<u>\$15,277,067</u>

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2021	2020
Current liabilities			
Short-term loans	4,6(9)	\$1,952,450	\$1,458,588
Financial liabilities at fair value through profit or loss, current	4,6(10)	241	22,112
Contract liabilities, current	4,6(14)	1,009,680	581,495
Notes payable		568	391
Accounts payable		903,856	965,448
Accounts payable-related parties	7	401,136	455,087
Other payables	7	558,826	459,751
Current tax liabilities	4	108,120	154,380
Lease liabilities, current	4,6(16),7	45,532	38,549
Current portion of long-term loans		300,000	-
Other current liabilities		2,829	23,028
Total current liabilities		<u>5,283,238</u>	<u>4,158,829</u>
Non-current liabilities			
Financial liabilities at fair value through profit or loss, noncurrent	4,6(10)	-	2,470
Bonds payable	4,6(11)	994,351	1,256,981
Long-term loans		-	300,000
Deferred tax liabilities	4,6(20)	233,557	161,976
Lease liabilities, noncurrent	4,6(16),7	211,048	169,056
Net defined benefit obligation, noncurrent	4,6(12)	67,561	72,965
Other non-current liabilities-others		62	2
Total non-current liabilities		<u>1,506,579</u>	<u>1,963,450</u>
Total liabilities		<u>6,789,817</u>	<u>6,122,279</u>
Equity			
Capital			
Common stock	6(13)	2,333,770	2,327,775
Certificates of bond-to-stock conversion		8,290	-
Subtotal		<u>2,342,060</u>	<u>2,327,775</u>
Additional Paid-in Capital	6(13)	<u>2,190,472</u>	<u>1,885,096</u>
Retained earnings			
Legal reserve		1,493,995	1,280,774
Special reserve		399,729	481,223
Unappropriated earnings		4,313,466	3,579,649
Subtotal		<u>6,207,190</u>	<u>5,341,646</u>
Other components of equity			
Exchange differences on translation of foreign operations		(561,279)	(501,613)
Unrealized gains or losses measured at fair value through other comprehensive income		179,303	101,884
Subtotal	4	<u>(381,976)</u>	<u>(399,729)</u>
Total equity		<u>10,357,746</u>	<u>9,154,788</u>
Total liabilities and equity		<u>\$17,147,563</u>	<u>\$15,277,067</u>

(The accompanying notes are an integral part of the parent company only financial statements)

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

SINBON ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2021 and 2020

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

		For the years ended 31 December	
	Notes	2021	2020
Operating revenues	4,6(14),7	\$6,928,235	\$5,570,753
Operating costs	6(4.18),7	(5,242,802)	(4,220,171)
Gross profit-net		1,685,433	1,350,582
Operating expenses	6(18),7		
Sales and marketing expenses		(466,789)	(405,564)
General and administrative expenses		(445,417)	(412,450)
Research and development expenses		(280,860)	(207,626)
Expected credit loss	6(15)	-	-
Subtotal		(1,193,066)	(1,025,640)
Operating income		492,367	324,942
Non-operating income and expenses	6(18),7		
Interest revenue		853	1,813
Other income		190,263	157,471
Other gains and losses		22,540	(21,966)
Finance costs		(28,940)	(15,351)
Share of profit or loss of subsidiaries, associates and joint ventures	4,6(6)	2,063,726	1,999,372
Subtotal		2,248,442	2,121,339
Income from continuing operations before income tax		2,740,809	2,446,281
Income tax expense	4,6(20)	(409,307)	(332,413)
Net income		2,331,502	2,113,868
Other comprehensive income (loss)	6(19)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(178)	526
Unrealized gains on equity instruments measured at fair value through other comprehensive income		9,387	18,743
Share of other comprehensive income of subsidiaries, associates and joint ventures which will not be reclassified subsequently to profit or loss		69,609	59,367
Income tax related to items that will not be reclassified subsequently		36	(104)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(74,034)	19,213
Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures which may be reclassified subsequently to profit or loss		(911)	5,199
Income tax related to items that may be reclassified subsequently		15,249	(3,107)
Total other comprehensive income, net of tax		19,158	99,837
Total comprehensive income		\$2,350,660	\$2,213,705
Earnings per share (NTD)			
Earnings per share-basic	4,6(21)	\$10.00	\$9.08
Earnings per share-diluted		\$9.80	\$9.07

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Capital			Retained earnings			Other components of equity		
	Common stock	Certificates of Bond-to-Stock Conversion	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Total Equity
Balance as of 1 January 2020	\$2,325,237	\$1,457	\$1,228,781	\$1,108,150	\$341,933	\$2,993,072	\$(522,918)	\$41,695	\$7,517,407
Appropriation and distribution of 2019 retained earnings									
Legal reserve				172,624		(172,624)			-
Special reserve					139,290	(139,290)			-
Cash dividends						(1,233,720)			(1,233,720)
Other changes in additional paid-in capital									
Embedded conversion options derived from convertible			143,735						143,735
Share of changes in net assets of associates and joint ventures accounted for using the equity method			136,974						136,974
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries			6,457						6,457
Changes in ownership interests in subsidiaries			363,080						363,080
Net income in 2020						2,113,868			2,113,868
Other comprehensive income, net of tax in 2020						422	21,305	78,110	99,837
Total comprehensive income	-	-	-	-	-	2,114,290	21,305	78,110	2,213,705
Proceeds from disposal of equity instruments at fair value through other comprehensive income of associates and joint ventures						1,571		(1,571)	-
Proceeds from disposal of equity instruments at fair value through other comprehensive income						16,350		(16,350)	-
Bonds converted to stock	2,538	(1,457)	6,069						7,150
Balance as of 31 December 2020	\$2,327,775	\$ -	\$1,885,096	\$1,280,774	\$481,223	\$3,579,649	\$(501,613)	\$101,884	\$9,154,788
Balance as of 1 January 2021	\$2,327,775	\$ -	\$1,885,096	\$1,280,774	\$481,223	\$3,579,649	\$(501,613)	\$101,884	\$9,154,788
Appropriation and distribution of 2020 retained earnings									
Legal reserve				213,221		(213,221)			-
Cash dividends						(1,467,504)			(1,467,504)
Special reserve reversal					(81,494)	81,494			-
Other changes in additional paid-in capital									
Disposal of investments accounted for under the equity method			(2,415)			472	30	(472)	(2,385)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries			33,203						33,203
Changes in ownership interests in subsidiaries			10,174						10,174
Net income in 2021						2,331,502			2,331,502
Other comprehensive income (loss), net of tax in 2021						(142)	(59,696)	78,996	19,158
Total comprehensive income (loss)	-	-	-	-	-	2,331,360	(59,696)	78,996	2,350,660
Proceeds from disposal of equity instruments at fair value through other comprehensive income of associates and joint ventures						(748)		748	-
Proceeds from disposal of equity instruments at fair value through other comprehensive income						1,964		(1,853)	111
Bonds converted to stock	5,995	8,290	264,414						278,699
Balance as of 31 December 2021	\$2,333,770	\$8,290	\$2,190,472	\$1,493,995	\$399,729	\$4,313,466	\$(561,279)	\$179,303	\$10,357,746

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2021	2020
Cash flows from operating activities:		
Net income before tax	\$2,740,809	\$2,446,281
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:		
Income and expense adjustments:		
Depreciation	106,264	71,921
Amortization	10,139	5,524
Interest expense	28,940	15,351
Interest income	(853)	(1,813)
Dividend income	(14,643)	(19,171)
Share of profit of subsidiaries, associates and joint ventures	(2,063,726)	(1,999,372)
Gain on disposal of property, plant and equipment	(14,326)	-
Gain on disposal of investments	(315)	-
Gain of financial assets/liabilities at fair value through loss or profit	(75,921)	(12,183)
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(14,897)	1,572
Decrease (increase) in accounts receivable	75,272	(539,471)
Increase in other receivables	(40,508)	(73,495)
Increase in inventories, net	(609,117)	(1,031,472)
Increase in other current assets	(131,199)	(62,981)
Increase (decrease) in notes payable	177	(1,622)
(Decrease) increase in accounts payable	(115,543)	495,897
Increase in other payables	99,363	80,231
Increase in contract liability	428,185	437,377
Decrease in other current liabilities	(20,199)	(7,979)
Decrease in accrued pension liabilities	(5,582)	(2,941)
Cash generated from (used in) operations	382,320	(198,346)
Interest received	853	1,926
Dividends received	14,643	19,171
Interest paid	(12,603)	(13,516)
Income tax paid	(373,474)	(345,342)
Net cash provided by (used in) operating activities	11,739	(536,107)

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS(Continued)
For the years ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2021	2020
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(115,800)	(47,123)
Proceeds from disposal of property, plant and equipment	140,048	-
Acquisition of investments accounted for under the equity method	(50,994)	(195,939)
Proceeds from disposal of investments accounted for under the equity method	47,835	-
Acquisition of financial assets at fair value through other comprehensive income	(75,000)	(33,629)
Proceeds from disposal of financial assets at fair value through other comprehensive income	23,590	28,029
Decrease in financial assets at fair value through other comprehensive income	2,449	3,061
Acquisition of financial assets at fair value through profit or loss, current	-	(60,000)
Proceeds from disposal of financial assets at fair value through profit or loss, current	52,870	-
Increase in other noncurrent assets	(209,303)	(112,947)
Dividends received	1,454,433	999,188
Net cash provided by investing activities	1,270,128	580,640
Cash flows from financing activities:		
Cash payments for the principal portion of lease liability	(47,046)	(27,334)
Increase (decrease) in short-term loans	493,862	(282,578)
Proceeds from bonds issued	-	1,402,864
Proceeds from long-term loans	-	300,000
Increase in deposits received	60	-
Cash dividends	(1,467,504)	(1,233,720)
Net cash (used in) provided by financing activities	(1,020,628)	159,232
Effect of exchange rate changes on cash and cash equivalents	2,226	(24)
Net increase in cash and cash equivalents	263,465	203,741
Cash and cash equivalents at beginning of period	1,188,125	984,384
Cash and cash equivalents at end of period	\$1,451,590	\$1,188,125

(The accompanying notes are an integral part of the parent company only financial statements)

SINBON ELECTRONICS CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

SINBON Electronics Co., Ltd. (the “Company”) was incorporated in Republic of China (R.O.C) in December 1989. The main activities of the Company include manufacturing and selling computer peripherals, connectors, wires and other parts. The shares of the Company commenced trading on Taiwan’s Over-the-Counter Market in May 2001 and were listed on the Taiwan Stock Exchange in August 2002.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on 11 March 2022.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2021. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

SINBON ELECTRONICS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

SINBON ELECTRONICS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
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Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The new or amended standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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- (a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

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IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

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4. Summary of significant accounting policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of Preparation

The Company prepared the parent company only financial statements in accordance with the Regulations. According to the Article 21 of the Regulation, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign Currency Transactions

The Company’s parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NT\$). Items included in the financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at the respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

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All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of Foreign Currency Financial Statements

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

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On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Company holds the asset primarily for the purpose of trading
- (c) The Company expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or 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.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle
- (b) The Company holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) 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 the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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(6) Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Company's business model for managing the financial assets
- B. the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

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- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

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(3) Derecognition of financial assets

A financial asset is derecognized when:

- i. The rights to receive cash flows from the asset have expired
- ii. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- iii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

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For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

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Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative financial instruments

The Company uses derivative financial instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

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When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

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Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost under weighted average cost method

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for under the equity method

According to Article 21 of the Regulation, the Company's investment in subsidiaries was presented as "Investments accounted for using equity method" and made necessary adjustments. The profit or loss during the period and other comprehensive income presented in the parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis, and the shareholders' equity presented in the parent company only financial statements shall be the same as the equity attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis. The adjustment was considered the difference between investment in subsidiaries in consolidated financial statements according to IFRS 10 "Consolidated financial statements" and application of IFRS to different reporting entities, debit/credit "Investment accounted for using equity method", "Share of profit or loss of subsidiaries, associates and joint ventures" or "Share of other comprehensive profit or loss of subsidiaries, associates and joint ventures" etc.

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The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. Joint venture means the Company has rights to the net assets of the joint agreement (with joint controller).

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

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The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
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(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	5~50 years
Machinery and equipment	3~15 years
Transportation equipment	5~10 years
Office equipment	3~10 years
Other equipment	2~15 years
Leasehold improvements	Lower of leasehold years or useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

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(13) Leases

The Company assesses whether the 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 for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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.

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The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

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(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	1~15 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

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(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

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(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

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Sale of goods

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company are computer peripherals, connectors, wires and other parts and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 60 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Company provides maintenance services for the sale of construction for solar photovoltaic power generation system. Such services are separately priced or negotiated, and provided based on contract periods.

Most of the contractual considerations of the Company are collected evenly throughout the contract periods. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component has arisen.

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(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's consolidated financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

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(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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5. Significant accounting judgments, estimates and assumptions

The preparation of the parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

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(3)Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(4)Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

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(5) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2021	2020
Cash on hand and petty cash	\$24	\$22
Demand deposits	1,451,566	1,188,103
Total	<u>\$1,451,590</u>	<u>\$1,188,125</u>

(2) Financial assets at fair value through profit or loss – current

	As of 31 December	
	2021	2020
Financial assets mandatorily at fair value through profit or loss:		
Stocks	\$190,190	\$124,961
Corporate bonds	57,168	57,204
Embedded derivatives- Corporate bonds	2,333	-
Funds	-	69,372
Total	<u>\$249,691</u>	<u>\$251,537</u>
Current	\$247,358	\$251,537
Non – current	2,333	-
Total	<u>\$249,691</u>	<u>\$251,537</u>

Financial assets at fair value through profit or loss were not pledged.

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(3) Accounts receivables and accounts receivable - related parties

	As of 31 December	
	2021	2020
Accounts receivables	\$1,048,019	\$960,985
Less: loss allowance	(1,166)	(1,166)
subtotal	1,046,853	959,819
Accounts receivable – related parties	472,476	634,782
Total	<u>\$1,519,329</u>	<u>\$1,594,601</u>

Accounts receivables were not pledged.

Accounts receivables are generally on 60-120 day terms. The total carrying amount for the years ended 31 December 2021 and 2020 were NT\$1,520,495 thousand and NT\$1,595,767 thousand, respectively. Please refer to Note 6(15) for more details on loss allowance and Note 12 for details on credit risk management.

(4) Inventories

	As of 31 December	
	2021	2020
Raw materials	\$779,079	\$623,935
Work in progress	187,342	149,270
Finished goods	1,145,930	728,678
Merchandise	262,943	264,294
Total	<u>\$2,375,294</u>	<u>\$1,766,177</u>

The inventory cost recognized as operating costs for the years ended 31 December 2021 and 2020 were NT\$5,242,802 thousand and NT\$4,220,171 thousand, respectively. The price (gain from price recovery) reduction of inventories related to cost of goods sold were NT\$(18,376) thousand and NT\$17,635 thousand.

Gain from price recovery of inventories was due to the sale of obsolete products and the net realized value recovery for the year ended 31 December 2021.

Inventories were not pledged.

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(5) Financial assets at fair value through other comprehensive income

	As of 31 December	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income – Non-current		
Emerging companies stocks	\$ -	\$23,328
Unlisted companies stocks	321,734	227,917
Total	<u>\$321,734</u>	<u>\$251,245</u>

On 26 January 2021, the Company disposed of the unlisted stocks in Japan SINBON Electronics Co., Ltd., which were reported under equity instrument investments measured at fair value through other comprehensive income during the period. Upon derecognition, the fair value of the investments was NT\$1,510 thousand, and the cumulative disposal loss of NT\$556 thousand was transferred from other components of equity to retained earnings.

On 23 April 2021, the Company invested NT\$75,000 thousand in SINTOP Energy I Corp. which were reported under equity instrument investments measured at fair value through other comprehensive income during the period.

On the second quarter of 2021, the Company disposed NT\$7,530 thousand in Gongwin Biopharm Holdings Co., Ltd., which were reported under equity instrument investments measured at fair value through other comprehensive income during the period. Upon derecognition, the fair value of the investments was NT\$20,832 thousand, and the cumulative disposal gain of NT\$13,302 thousand was transferred from other components of equity to retained earnings

The paid-in capital returned from capital reduction of Top Taiwan VII Venture Capital Co., Ltd. amounted to NT\$2,449 thousand and NT\$3,061 thousand on 9 July 2021 and 27 November 2020.

On 29 April 2020, Top Taiwan III Venture Capital Co., Ltd., was liquidated. On 27 September 2021, the paid-in capital returned from the liquidation in the amount of NT\$777 thousand was received and the unrealized disposal loss of NT\$4,914 thousand was transferred from other components of equity to retained earnings.

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On 29 April 2020, Top Taiwan II Venture Capital Co., Ltd., was liquidated. On 22 October 2021, the paid-in capital returned from the liquidation in the amount of NT\$471 thousand was received and the unrealized disposal loss of NT\$5,979 thousand was transferred from other components of equity to retained earnings.

On 25 May 2020, the Company invested NT\$32,716 thousand in VAN MOOF Global Holding BV. which were reported under equity instrument investments measured at fair value through other comprehensive income during the period.

On 7 October 2020, the Company invested NT\$913 thousand in Gongwin Biopharm Holdings Co., Ltd. In consideration of the Company's investment strategy, the Company disposed of the emerging stocks of Gongwin Biopharm Holdings Co., Ltd., which were reported under equity instrument investments measured at fair value through other comprehensive income during the period. Upon derecognition, the fair value of the investments was NT\$28,029 thousand, and the cumulative disposal gain of NT\$16,350 thousand was transferred from other components of equity to retained earnings.

Financial assets at fair value through other comprehensive income were not pledged.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended 31 December 2021 and 2020 are as follow:

	For the years ended 31 December	
	2021	2020
Related to investments held at the end of the reporting period	\$13,144	\$19,171
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$13,144</u>	<u>\$19,171</u>

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(6) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

Investees	As of 31 December			
	2021		2020	
	Amount	%	Amount	%
Investments in subsidiaries:				
SINBON International Enterprise Co., Ltd. (SB(BVI))	\$4,736,920	100.00	\$4,256,603	100.00
Beijing SINBON TongAn Energy Co.,Ltd. (SB TongAn)	1,946,117	85.53	1,988,100	85.53
Hong Kong SINBON Electronics Co., Ltd. (HKSB)	1,155,609	100.00	808,212	100.00
Kwan-Ze Corporation Ltd. (Kwan-Ze)	736,103	100.00	642,709	100.00
T-CONN Precision Co., Ltd. (T-CONN)	436,436	57.45	320,970	61.18
SINBON USA L.L.C. (SINBON USA)	39,142	100.00	47,766	100.00
SINBON Europe GmbH (SB Europe)	3,203	100.00	1,379	100.00
Radbon Avionics Inc. (Radbon)	107,007	55.00	55,847	55.00
SINBON Hungary Kft. (SB Hungary)	142,129	100.00	162,747	100.00
SINTOP Energy Management Co., Ltd. (SINTOP)	8,199	53.57	-	-
Subtotal	<u>9,310,865</u>		<u>8,284,333</u>	
Investments in associates:				
Argocy Research Inc.	143,605	3.52	129,014	3.52
Total	<u><u>\$9,454,470</u></u>		<u><u>\$8,413,347</u></u>	

On 26 January 2021, T-CONN raised capital; however, the Company did not acquire shares according to the shareholding percentage. Therefore, its ownership dropped from 61.18% to 58.86% and recognized capital surplus in the amount of NT\$10,174 thousand.

On 31 May 2021, the Company disposed of 1.41% interest in T-CONN. The cash consideration amounted to NT\$41,949 thousand and the Company recognized capital surplus in the amount of NT\$33,203 thousand.

On 15 April 2021, the Company newly invested NT\$6,804 thousand to establish SINTOP Energy Management Co., Ltd..

On 23 November 2021, the Company invested additional NT\$14,460 thousand in SINBON USA L.L.C..

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On 20 May 2020, Top Taiwan IV Venture Capital Co., Ltd. was closed down. On 27 September 2021, the return of paid-in capital following liquidation was NT\$5,886 thousand and the Company has recognized gain on disposal of investment in the amount of NT\$315 thousand.

On 26 July 2021, the Company invested additional NT\$29,730 thousand in SINBON Hungary Kft.

On 24 September 2020, BJSB TongAn renamed Beijing SINBON TongAn Renewable Energy Co., Ltd.

In January and December 2020, BJSB TongAn raised capital. However, the Company did not acquire shares according to the shareholding percentage. Therefore, its ownership dropped from 100% to 85.53% and recognized capital surplus in the amount of NT\$362,018 thousand.

On the fourth quarter of 2020, the Company invested additional NT\$174,819 thousand in SINBON Hungary Kft.

The Company disposed of the 51% ownership in SINBON Holding GmbH and SINBON Germany GmbH indirectly held through SINBON Europe GmbH on 1 July 2020, and acquired 49% of SINBON Hungary Kft.. The Company directly held shares of SINBON Hungary Kft. after an organization restructuring. So the Company's shareholding percentage in SINBON Hungary Kft. through SINBON Europe GmbH changed from indirectly holding of 51% to direct holding of 100%.

On 25 August 2020, Argocy Research Inc. raised capital. The Company invested additional NT\$21,120 thousand; however, the Company did not acquire shares according to the shareholding percentage. Therefore, its ownership dropped from 3.59% to 3.52% and recognized capital surplus in the amount of NT\$23,807 thousand.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

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(1) For the years ended 31 December 2021 and 2020, the Company recognized share of profit or loss of subsidiaries and associates and exchange differences on translation of foreign operations accounted for using equity method, and the details are as follows:

	For the years ended 31 December			
	2021		2020	
Investees	Investment income (loss)	Exchange differences on translation of Foreign operations	Investment income (loss)	Exchange differences on translation of Foreign operations
Investments in subsidiaries:				
SINBON International Enterprise Co., Ltd. (SB(BVI))	\$769,109	\$(23,145)	\$667,597	\$33,966
Beijing SINBON TongAn Renewable Energy Co., Ltd.(SB TongAn)	152,972	(9,900)	584,687	22,495
Hong Kong SINBON Electronics Co., Ltd. (HKSB)	867,722	(39,415)	584,818	(34,603)
Kwan-Ze Corporation Ltd. (Kwan-Ze)	131,869	(105)	108,131	3,485
SINBON USA L.L.C. (SINBON USA)	(21,595)	(1,204)	(32,716)	(3,320)
Radbon Avionics Inc. (Radbon)	51,160	-	18,629	-
T-CONN Precision Co., Ltd. (T-CONN)	134,480	(700)	107,384	1,037
SINBON Europe GmbH (SB Europe)	2,085	(261)	(35,175)	3,875
SINBON Hungary Kft. (SB Hungary)	(48,028)	(2,320)	(25,813)	(3,180)
SINTOP Energy Management Co., Ltd. (SINTOP)	1,395	-	-	-
Subtotal	2,041,169	(77,050)	1,977,542	23,755
Investments in associates:				
Top Taiwan IV Venture Capital Co., Ltd.	-	-	23	-
Argocy Research Inc.	22,557	(76)	21,807	677
Subtotal	22,557	(76)	21,830	677
Total	\$2,063,726	\$(77,126)	\$1,999,372	\$24,432

(2) Investments in subsidiaries

Investing subsidiaries was expressed as “Investments accounted for under the equity method” in the parent company only financial statements, and was made the adjustment which was necessary.

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Investments in associates

The Company's investments in Argocy Research Inc. and Top Taiwan IV Venture Capital Co., Ltd. (Note) are not individually material. The aggregate financial information of the Company's share of its associates is as follows:

	For the years ended 31 December	
	2021	2020
Profit from continuing operations	\$22,557	\$21,830
Other comprehensive income (post-tax)	9,812	13,933
Total comprehensive income	<u>\$32,369</u>	<u>\$35,763</u>

Note: On 20 May 2020, Top Taiwan IV Venture Capital Co., Ltd. was closed down.

The associates had no contingent liabilities or capital commitments as of 31 December 2021 and 2020.

Fair value of the investment in the associate when there is a quoted market price for the investment:

Argocy Research Inc. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Argocy Research Inc. was NT\$428,571 thousand and NT\$349,206 thousand as of 31 December 2021 and 2020.

On 1 June 2021, T-CONN Precision Co., Ltd. became a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in T-CONN Precision Co., Ltd. was NT\$2,165,276 thousand as of 31 December 2021.

Our audit, insofar as it related to the investments accounted for under the equity method amounting to NT\$2,399,257 thousand and NT\$1,872,100 thousand as of 31 December 2021 and 2020; the related shares of investment income from the associates and joint ventures amounted to NT\$1,114,335 thousand and NT\$799,383 thousand for the years ended 31 December 2021 and 2020, respectively; and the related shares of other comprehensive income from the associates and joint ventures amounted to NT\$59,102 thousand and NT\$63,134 thousand for the years ended 31 December 2021 and 2020, respectively; are based solely on the reports of other independent accountants.

SINBON ELECTRONICS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportatio n equipment	Other equipment	Leasehold improvements	Total
Cost:								
As of 1 January 2021	\$150,430	\$424,135	\$168,159	\$47,470	\$2,244	\$158,613	\$19,324	\$970,375
Additions	43,759	648	33,980	13,536	-	7,291	16,586	115,800
Disposals	-	-	(1,437)	(92)	-	(129,258)	(1,467)	(132,254)
Other changes	-	-	1,225	2,143	-	13,584	83,363	100,315
As of 31 December 2021	<u>\$194,189</u>	<u>\$424,783</u>	<u>\$201,927</u>	<u>\$63,057</u>	<u>\$2,244</u>	<u>\$50,230</u>	<u>\$117,806</u>	<u>\$1,054,236</u>
As of 1 January 2020	\$150,430	\$422,707	\$145,651	\$39,005	\$2,244	\$19,191	\$7,159	\$786,387
Additions	-	3,567	21,873	7,337	-	2,181	12,165	47,123
Disposals	-	(3,510)	(2,703)	(1,121)	-	(175)	-	(7,509)
Other changes	-	1,371	3,338	2,249	-	137,416	-	144,374
As of 31 December 2020	<u>\$150,430</u>	<u>\$424,135</u>	<u>\$168,159</u>	<u>\$47,470</u>	<u>\$2,244</u>	<u>\$158,613</u>	<u>\$19,324</u>	<u>\$970,375</u>
Depreciation and impairment:								
As of 1 January 2021	\$ -	\$139,578	\$106,736	\$29,476	\$1,475	\$12,099	\$7,993	\$297,357
Depreciation	-	17,491	22,547	7,097	220	7,416	3,842	58,613
Disposals	-	-	(1,437)	(92)	-	(3,536)	(1,467)	(6,532)
As of 31 December 2021	<u>\$ -</u>	<u>\$157,069</u>	<u>\$127,846</u>	<u>\$36,481</u>	<u>\$1,695</u>	<u>\$15,979</u>	<u>\$10,368</u>	<u>\$349,438</u>
As of 1 January 2020	\$ -	\$125,824	\$94,096	\$24,628	\$1,176	\$7,430	\$6,711	\$259,865
Depreciation	-	17,264	15,343	5,969	299	4,844	1,282	45,001
Disposals	-	(3,510)	(2,703)	(1,121)	-	(175)	-	(7,509)
As of 31 December 2020	<u>\$ -</u>	<u>\$139,578</u>	<u>\$106,736</u>	<u>\$29,476</u>	<u>\$1,475</u>	<u>\$12,099</u>	<u>\$7,993</u>	<u>\$297,357</u>
Net carrying amount as at:								
31 December 2021	<u>\$194,189</u>	<u>\$267,714</u>	<u>\$74,081</u>	<u>\$26,576</u>	<u>\$549</u>	<u>\$34,251</u>	<u>\$107,438</u>	<u>\$704,798</u>
31 December 2020	<u>\$150,430</u>	<u>\$284,557</u>	<u>\$61,423</u>	<u>\$17,994</u>	<u>\$769</u>	<u>\$146,514</u>	<u>\$11,331</u>	<u>\$673,018</u>

SINBON ELECTRONICS CO., LTD.

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Property, plant and equipment was not pledged.

There is no capitalization of interest due to purchase of property, plant and equipment

Components of building that have different useful lives are the main building structure and air conditioning, which are depreciated over 50 years and 25 years, respectively.

(8) Other non-current assets

	As of 31 December	
	2021	2020
Prepayment for equipment	\$167,649	\$72,576
Long-term prepaid rent	16,830	13,292
Refundable deposits	13,095	12,857
Other long-term investment	600	600
Other assets	154	154
Total	<u>\$198,328</u>	<u>\$99,479</u>

No other non-current assets were pledged.

(9) Short-term loans

	As of 31 December	
	2021	2020
Unsecured bank loans	<u>\$1,952,450</u>	<u>\$1,458,588</u>

	As of 31 December	
	2021	2020
Interest rates applied	<u>0.53%~0.58%</u>	<u>0.57%~0.70%</u>

The Company's unused short-term lines of credits amounted to NT\$1,547,400 thousand and NT\$1,766,812 thousand as of 31 December 2021 and 2020, respectively.

SINBON ELECTRONICS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Financial liabilities at fair value through profit or loss

	As of 31 December	
	2021	2020
Held for trading:		
Derivatives not designated as hedging		
Instruments		
Cross currency swaps	\$241	\$22,084
Embedded derivative-bonds	-	2,470
Foreign exchange option contracts	-	28
Total	<u>\$241</u>	<u>\$24,582</u>
Current	\$241	\$22,112
Non-current	-	2,470
Total	<u>\$241</u>	<u>\$24,582</u>

(11) Bonds payable

	As of 31 December	
	2021	2020
Liability component		
Principal amount	\$1,014,400	\$1,300,000
Discounts on bonds payable	(20,049)	(43,019)
Subtotal	994,351	1,256,981
Less: current portion	-	-
Net	<u>\$994,351</u>	<u>\$1,256,981</u>
Embedded derivative	<u>\$(2,333)</u>	<u>\$2,470</u>
Equity component	<u>\$112,157</u>	<u>\$143,735</u>

A. Issuance of convertible bonds:

On 15 December 2020, the Company issued the seventh zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

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Issue amount: NT\$1,300,000 thousand

Period: 15 December 2020~ 15 December 2023

Redemption clauses:

- a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 March 2021) and prior to 40 days before the maturity date (5 November 2023), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.
- b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 March 2021) and prior to 40 days before the maturity date (5 November 2023), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.
- c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the "Withdrawal of Convertible Bonds Notice", at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

- a. The bondholders have the right to require the Company to redeem all or any portion of the bonds, 40 days prior to 2 year anniversary (15 December 2022) of the issuance, at the principal amount of the bonds with an interest calculated at the rate of 0.5% per annum.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
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Terms of Exchange:

- a. Underlying Securities: Common shares of the Company
- b. Exchange Period: The bonds are exchangeable at any time on or after 16 March 2021 and prior to 15 December 2023 into common shares of the Company.
- c. Exchange Price and Adjustment: The exchange price was originally NT\$203 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

In accordance with IFRS 9, said financial instrument is classified as an embedded derivative so the exercise price of the embedded put option is allocated to the liability component and equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The difference between the equity component and the book value was recognized in profit or loss. The difference between the liability component and the book value was recognized in "Share premium-warrants". The financial assets (liabilities) of convertible bonds are measured at amortized cost, fair value through profit or loss amounted to NT\$2,333 thousand and NT\$(2,470) thousand as of 31 December 2021 and 31 December 2020, respectively.

The convertible bonds that have already been converted were NT\$285,600 thousand and NT\$0 thousand as at 31 December 2021 and 31 December 2020 respectively.

(12) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

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Pension expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 were NT\$33,683 thousand and NT\$27,793 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$9,600 thousand to its defined benefit plan during the 12 months beginning after 31 December 2021.

The weighted average duration of the defined benefits obligation was 11.5 years as of 31 December 2021.

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Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2021	2020
Current service costs	\$797	\$806
Net interest on the net defined benefit liabilities	601	813
Total	<u>\$1,398</u>	<u>\$1,619</u>

Reconciliations of liabilities of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	31 Dec. 2021	31 Dec. 2020	1 Jan.2020
Defined benefit obligation	\$140,221	\$138,096	\$138,518
Plan assets at fair value	(72,660)	(65,131)	(62,086)
Net defined benefit liabilities, noncurrent	<u>\$67,561</u>	<u>\$72,965</u>	<u>\$76,432</u>

Reconciliation of liabilities (assets) of the defined benefit plan are as follows:

	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of 1 January 2020	\$138,518	\$(62,086)	\$76,432
Current period service costs	806	-	806
Interest expense (income)	1,522	(709)	813
Subtotal	140,846	(62,795)	78,051
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in demographic assumptions	3,229	-	3,229
Experience adjustments	(1,963)	-	(1,963)
Remeasurements of the defined benefit assets	-	(1,792)	(1,792)
Subtotal	<u>1,266</u>	<u>(1,792)</u>	<u>(526)</u>

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

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	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
Payments of benefit obligation	(4,016)	4,016	-
Contributions by employer	-	(4,560)	(4,560)
As of 31 December 2020	138,096	(65,131)	72,965
Current period service costs	797	-	797
Interest expense (income)	1,174	(573)	601
Subtotal	140,067	(65,704)	74,363
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in demographic assumptions	2,372	-	2,372
Experience adjustments	(1,584)	-	(1,584)
Remeasurements of the defined benefit assets	-	(610)	(610)
Subtotal	788	(610)	178
Payments of benefit obligation	(634)	634	-
Contributions by employer	-	(6,980)	(6,980)
As of 31 December 2021	\$140,221	\$(72,660)	\$67,561

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of 31 December	
	2021	2020
Discount rate	0.65%	0.85%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2021		2020	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.50%	\$ -	\$5,810	\$ -	\$6,339
Discount rate decrease by 0.50%	6,228	-	6,830	-
Future salary increase by 1.00%	12,468	-	13,739	-
Future salary decrease by 1.00%	-	11,098	-	12,101

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

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There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(13) Equity

(a) Common stock

The Company's authorized capital was NT\$4,500,000 thousand as of 31 December 2021 and 2020. The issued capital was NT\$2,333,770 thousand and NT\$2,327,775 thousand in a total of 233,377 thousand shares and 232,778 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

The investors requested to convert the Company's convertible bonds into common stocks in the amount of NT\$14,285 thousand in a total of 1,428 thousand shares from 1 January 2021 to 31 December 2021, and 599 thousand shares had completed the registration process as of 31 December 2021. As the registration process has not been completed, the accumulated book value of certificates of bond-to-stocks conversion amounted to NT\$8,290 thousand in a total of 829 thousand shares as of 31 December 2021.

As of 1 January 2020, the accumulated book value of certificates of bond - to - stock conversion that had completed the registration process amounted to NT\$1,457 thousand in a total of 146 thousand shares as of 31 March 2020.

(b) Capital surplus

	As of 31 December	
	2021	2020
Additional paid-in capital	\$1,543,555	\$1,247,563
Treasury share transactions	5,749	5,749
Share of changes in net assets of associates and joint ventures accounted for using the equity method	132,869	135,284
Difference between consideration received and carrying amount of interests in subsidiaries acquired/disposed of	22,183	(11,020)
Increase (decrease) through changes in ownership interests in subsid	373,254	363,080
Premium from merger	705	705
Stok options	112,157	143,735
Total	<u>\$2,190,472</u>	<u>\$1,885,096</u>

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According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

According to the Company's original Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

As the Company is undergoing a growth stage, the policy of dividend distribution should reflect its long-term financial planning. The Board of Directors shall make the distribution proposal annually and present it at the Shareholder's meeting every year. The distribution of shareholders dividend shall be allocated cash dividends to be distributed may not be less than 10% of total dividends to be distributed.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

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When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company did not reverse any special reserve as a result of use, disposal or reclassification of related assets during the twelve-month periods ended 31 December 2021 and 2020.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the Board of Directors’ meeting and shareholders’ meeting on 11 March 2022 and 9 July 2021, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Common stock -cash dividend	\$1,640,858	\$1,467,504	\$7.0	\$6.3
Legal reserve	233,305	213,221		
Special reserve (reversal)	(17,753)	(81,494)		

Please refer to Note 6(16) for further details on employees’ compensation and remuneration to directors and supervisors.

SINBON ELECTRONICS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Operating revenue

	For the years ended 31 December	
	2021	2020
Revenue from contracts with customers		
Sale of goods	\$6,686,227	\$5,511,325
Other operating revenue	242,008	59,428
Total	<u>\$6,928,235</u>	<u>\$5,570,753</u>

Analysis of revenue from contracts with customers for the years ended 31 December 2021 and 2020 are as follows:

(1) Disaggregation of revenue

For the year ended 31 December 2021

	Industrial Business Unit	Medical Business Unit	Automotive Business Unit	iComponent Solution Business Unit	Total
Sale of goods	\$2,727,347	\$723,481	\$888,607	\$2,346,792	\$6,686,227
Other operating revenues	98,716	26,186	32,163	84,943	242,008
Total	<u>\$2,826,063</u>	<u>\$749,667</u>	<u>\$920,770</u>	<u>\$2,431,735</u>	<u>\$6,928,235</u>

Timing of
revenue
recognition :

At a point in time	\$2,826,063	\$749,667	\$920,770	\$2,431,735	\$6,928,235
Over time	-	-	-	-	-
Total	<u>\$2,826,063</u>	<u>\$749,667</u>	<u>\$920,770</u>	<u>\$2,431,735</u>	<u>\$6,928,235</u>

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For the year ended 31 December 2020

	Industrial	Medical	Automotive	iComponent Solution	
	Business Unit	Business Unit	Business Unit	Business Unit	Total
Sale of goods	\$2,196,032	\$675,168	\$695,766	\$1,944,359	\$5,511,325
Other					
operating					
revenues	23,680	7,280	7,502	20,966	59,428
Total	<u>\$2,219,712</u>	<u>\$682,448</u>	<u>\$703,268</u>	<u>\$1,965,325</u>	<u>\$5,570,753</u>
Timing of					
revenue					
recognition :					
At a point					
in time	\$2,219,712	\$682,448	\$703,268	\$1,965,325	\$5,570,753
Over time	-	-	-	-	-
Total	<u>\$2,219,712</u>	<u>\$682,448</u>	<u>\$703,268</u>	<u>\$1,965,325</u>	<u>\$5,570,753</u>

(2) Contract balances

Contract liabilities - current

	2021.12.31	2020.12.31	2020.1.1
Sales of goods	<u>\$1,009,680</u>	<u>\$581,495</u>	<u>\$144,118</u>

For the years ended 31 December 2021 and 2020, contract liabilities increased as additional performance obligations are not satisfied.

(3) Transaction price allocated to unsatisfied performance obligations

None

(4) Assets recognized from costs to fulfil a contract

None

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(15) Expected credit losses

The Company had no expected credit losses for the years ended 31 December 2021 and 31 December 2020.

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2021 and 2020 are as follows:

31 December 2021

	Not yet	Overdue					Total
	due (note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$1,540,712	\$2,167	\$ -	\$ -	\$ -	\$1,166	\$1,544,045
Loss ratio	-%	-%	-%	-%	-%	30-100%	
Lifetime expected credit losses	-	-	-	-	-	(1,166)	(1,166)
Carrying amount	<u>\$1,540,712</u>	<u>\$2,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,542,879</u>

31 December 2020

	Not yet	Overdue					Total
	due (note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$1,581,490	\$14,035	\$7,729	\$ -	\$ -	\$1,166	\$1,604,420
Loss ratio	-%	-%	-%	-%	-%	30-100%	
Lifetime expected credit losses	-	-	-	-	-	(1,166)	(1,166)
Carrying amount	<u>\$1,581,490</u>	<u>\$14,035</u>	<u>\$7,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,603,254</u>

Note: The Company's note receivables are not overdue.

SINBON ELECTRONICS CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
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The movement in the provision for impairment of note receivables and trade receivables during the years ended 31 December 2021 and 2020 are as follows:

	Note receivables	Trade receivables
As of 1 January 2021	\$ -	\$1,166
Write off	-	-
Addition/(reversal) for the current period	-	-
As of 31 December 2021	<u>\$ -</u>	<u>\$1,166</u>
As of 1 January 2020	\$ -	\$1,166
Write off	-	-
Addition/(reversal) for the current period	-	-
As of 31 December 2020	<u>\$ -</u>	<u>\$1,166</u>

(16) Leases

The Company is a lessee

The Company leases various properties, including real estate such as buildings and transportation equipment. The lease terms range from 1 to 16 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use assets

	As of 31 December	
	2021	2020
Buildings	\$241,699	\$190,655
Transportation equipment	13,945	16,634
Total	<u>\$255,644</u>	<u>\$207,289</u>

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
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During the years ended 31 December 2021 and 2020, The Company's additions to right-of-use assets amounting to NT\$96,268 thousand and NT\$172,255 thousand, respectively.

(b) Lease liabilities

	As of 31 December	
	2021	2020
Lease liabilities		
Current	\$45,532	\$38,549
Non-Current	211,048	169,056
Total	<u>\$256,580</u>	<u>\$207,605</u>

Please refer to Note 6(18)(d) for the interest on lease liabilities recognized during the years ended 31 December 2021 and 2020 and refer to Note 12 (5) liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2021 and 2020.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Buildings	\$40,126	\$20,144
Transportation equipment	7,525	6,776
Total	<u>\$47,651</u>	<u>\$26,920</u>

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
The expenses relating to short-term leases	<u>\$13,840</u>	<u>\$9,842</u>

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During the years ended 31 December 2021 and 2020, there is no rent concession arising as a direct consequence of the Covid-19 pandemic.

D. Cash outflow related to lessee and lease activity

During the years ended 31 December 2021 and 2020, The Company's total cash outflows for leases amounting to NT\$62,510 thousand and NT\$37,176 thousand.

(17) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2021 and 2020:

Function Nature	For the years ended 31 December					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$254,542	\$576,094	\$830,636	\$184,880	\$492,059	\$676,939
Labor and health insurance	29,121	48,941	78,062	20,312	39,427	59,739
Pension	11,578	23,503	35,081	9,444	19,968	29,412
Remuneration to directors and supervisors	-	21,000	21,000	-	20,000	20,000
Other employee benefits expense	22,618	27,732	50,350	18,024	19,246	37,270
Depreciation	54,383	51,881	106,264	34,334	37,587	71,921
Amortization	25	10,114	10,139	149	5,375	5,524

As of 31 December 2021 and 2020, the number of employees of the Company were 1,231 and 1,015; the number of directors who were not concurrently employees were 8 and 9, respectively.

For the years ended 31 December 2021 and 2020, the average of employees benefits expense of the Company were NT\$813 thousand and NT\$799 thousand, respectively.

For the years ended 31 December 2021 and 2020, the average of employees salaries of the Company were NT\$679 thousand and NT\$673 thousand, respectively.

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The Company's average salary expense adjustment for the year ended 31 December 2021 increased by 0.9%.

The Company has set up an audit committee to replace the supervisor in accordance with the regulations, so the supervisor's remuneration has not been recognized.

The Company's policy for compensation of directors, managers and employees is as follows:

The remuneration standard of the Company's managers shall be determined by the company's human resources unit in accordance with the relevant provisions of personnel performance evaluation, personal performance and contribution to the company's overall operations, and reference to the market level of the industry. After being reviewed by the Salary and Compensation Committee and approved by the Board of Directors, it will be implemented.

The Company's salary and remuneration policy is planned based on individual abilities and performance differentiation, and considering cost-effectiveness and risk control remuneration resources; and in order to attract, retain and motivate talents, relatively reasonable salary standards are formulated. The overall salary and remuneration package mainly include basic salary, bonuses, employee dividends, and benefits. Remuneration standard, basic salary is based on the market competition situation of the position held by the employee and the company's policy; bonus and employee dividend are paid in conjunction with the achievement of the employee's personal and departmental goals or the company's operating performance; the welfare part is in compliance with the law and regulations. The premise is to be revised at any time according to environmental needs, and the actual needs of employees are the main consideration, and welfare measures that employees can share are designed.

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According to the Articles of Incorporation, 1% to 15% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of 31 December 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended of 31 December 2021 to be 1.12% and 0.78% of profit, respectively. The employees' compensation and remuneration to directors and supervisors for the year ended of 31 December 2021 amount to NT\$30,000 thousand and NT\$21,000 thousand respectively, recognized as employee benefits expense.

A resolution was passed at the Board of Directors meeting held on 11 March 2022 to distribute NT\$30,000 thousand and NT\$21,000 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2021, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2021 are recognized in profit or loss of the subsequent year in 2022.

The employees' compensation and remuneration to directors and supervisors for the year ended of 31 December 2020 amount to NT\$35,000 thousand and NT\$20,000 thousand, respectively. No material differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors and supervisors for the year ended 31 December 2020.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18) Non-operating income and expenses

(a) Interest income

	2021	2020
Bank deposit interest	\$853	\$1,813

(b) Other income

	For the years ended 31 December	
	2021	2020
Sample income	\$52,132	\$38,360
Dividend income	14,643	19,171
Rent income	4,908	3,928
Others	118,580	96,012
Total	\$190,263	\$157,471

(c) Other gains and losses

	For the years ended 31 December	
	2021	2020
Foreign exchange losses, net	\$(68,022)	\$(34,149)
Gains on disposal of investments	315	-
Gains on disposal of property, plant and equipment	14,326	-
Gains of financial asset at fair value through profit or loss (Note1)	51,024	25,747
Gains (losses) of financial liabilities at fair value through profit or loss (Note2)	24,897	(13,564)
Total	\$22,540	\$(21,966)

Note:

1. Balances were arising from financial assets mandatorily measured at fair value through profit or loss, including valuation adjustment, dividend income, interest income and exchange difference etc.
2. Balances were arising from held for trading financial liabilities, including valuation adjustment, interest expense and exchange difference etc.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Finance costs

	For the years ended 31 December	
	2021	2020
Interest on loans from bank	\$10,691	\$13,718
Interest on bonds payable	16,625	969
Interest on lease liabilities	1,624	664
Total	<u>\$28,940</u>	<u>\$15,351</u>

(19) Components of other comprehensive income

For the year ended 31 December 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(178)	\$ -	\$(178)	\$36	\$(142)
Unrealized gains on equity instruments measured at fair value through other comprehensive income	9,387	-	9,387	-	9,387
Share of other comprehensive income of subsidiaries, associates and joint ventures which will not be reclassified subsequently to profit or loss	69,609	-	69,609	-	69,609
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(74,034)	-	(74,034)	15,249	(58,785)
Share of other comprehensive loss of subsidiaries, associates and joint ventures which may be reclassified subsequently to profit or loss	(911)	-	(911)	-	(911)
Total of other comprehensive income	<u>\$3,873</u>	<u>\$ -</u>	<u>\$3,873</u>	<u>\$15,285</u>	<u>\$19,158</u>

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For the year ended 31 December 2020

				Income tax relating to components of	
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$526	\$ -	\$526	\$(104)	\$422
Unrealized gains on equity instruments measured at fair value through other comprehensive income	18,743	-	18,743	-	18,743
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures which will not be reclassified subsequently to profit or loss	59,367	-	59,367	-	59,367
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	19,213	-	19,213	(3,107)	16,106
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures which may be reclassified subsequently to profit or loss	5,199	-	5,199	-	5,199
Total of other comprehensive income	<u>\$103,048</u>	<u>\$ -</u>	<u>\$103,048</u>	<u>\$(3,211)</u>	<u>\$99,837</u>

(20)Income tax

The major components of income tax expense are as follows:

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense :		
Current income tax charge	\$326,330	\$353,068
Adjustments in respect of current income tax of prior periods	995	(289)
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	95,367	(20,366)
Adjustments in respect of current income tax of prior periods	(13,385)	-
Total income tax expense	<u>\$409,307</u>	<u>\$332,413</u>

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax expense(income) :		
Exchange differences on translation of foreign operations	\$(15,249)	\$3,107
Remeasurements of defined benefit plans	(36)	104
Income tax relating to components of other comprehensive income	<u>\$(15,285)</u>	<u>\$3,211</u>

Income tax charged directly to equity

	2021	2020
Current income tax expense (income):		
Realized losses from equity instruments investment measured at fair value through other comprehensive income	<u>\$(111)</u>	<u>\$ -</u>

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A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2021	2020
Accounting profit before tax from continuing operations	\$2,740,809	\$2,446,281
At the Company's statutory income tax rate	\$548,162	\$489,256
Tax effect of revenues exempt from taxation	(59,237)	(36,540)
Tax effect of expenses not deductible for tax purposes	2,564	219
Tax effect of deferred tax assets/liabilities	(87,023)	(126,047)
Corporate income surtax on undistributed retained earnings	17,231	5,814
Adjustments in respect of deferred income tax of prior periods	(13,385)	(289)
Adjustments in respect of current income tax of prior periods	995	-
Total income tax expense recognized in profit or loss	\$409,307	\$332,413

Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2021

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Exchange differences on translation of foreign operations	\$79,998	\$ -	\$15,249	\$95,247
Unrealized foreign exchange gains or losses	923	3,662	-	4,585
Loss from price recovery (reduction) of inventories	8,427	(3,675)	-	4,752
Revaluations of financial liabilities at fair value through profit or loss	(8,838)	(10,848)	-	(19,686)
Investments accounted for using the equity method	(151,966)	(59,661)	-	(211,627)
Unrealized intragroup profits and losses	18,434	(10,109)	-	8,325
Remeasurements of defined benefit plans	7,464	-	36	7,500
Non-current liability – Defined benefit liability	8,095	(279)	-	7,816
Loss allowance	974	-	-	974
Convertible bonds	(1,172)	(1,072)	-	(2,244)
Deferred tax (income) expense		\$ (81,982)	\$15,285	
Net deferred tax assets (liabilities)	\$(37,661)			\$(104,358)
Reflected in balance sheet as follows:				
Deferred tax assets	\$124,315			\$129,199
Deferred tax liabilities	\$161,976			\$233,557

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For the year ended 31 December 2020

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Exchange differences on translation of foreign operations	\$83,105	\$ -	\$(3,107)	\$79,998
Unrealized foreign exchange gains or losses	4,359	(3,436)	-	923
Loss from price recovery (reduction) of inventories	4,901	3,526	-	8,427
Revaluations of financial liabilities at fair value through profit or loss	(6,529)	(2,309)	-	(8,838)
Investments accounted for using the equity method	(173,285)	21,319	-	(151,966)
Unrealized intragroup profits and losses	17,056	1,378	-	18,434
Remeasurements of defined benefit plans	7,568	-	(104)	7,464
Non-current liability – Defined benefit liability	8,079	16		8,095
Loss allowance	974	-	-	974
Convertible bonds	(1,044)	(128)	-	(1,172)
Deferred tax expense (income)		<u>\$20,366</u>	<u>\$(3,211)</u>	
Net deferred tax assets (liabilities)	<u>\$(54,816)</u>			<u>\$(37,661)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$126,042</u>			<u>\$124,315</u>
Deferred tax liabilities	<u>\$180,858</u>			<u>\$161,976</u>

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company shall recognize the relevant deferred income tax liabilities for the income tax payable that may arise when the undistributed surplus of a foreign subsidiary is remitted back, in accordance with the undistributed surplus expected to be allocated by the future subsidiary.

The assessment of income tax returns

As of 31 December 2021, the Company's income tax returns through 2019 have been assessed and approved by the tax authority.

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(21) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2021	2020
(a) Basic earnings per share		
Net income	\$2,331,502	\$2,113,868
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	233,157	232,766
Basic earnings per share (NT\$)	\$10.00	\$9.08
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company	\$2,331,502	\$2,113,868
Interest expense from convertible bonds	13,300	8
Profit attributable to ordinary equity holders of the Company after dilution	\$2,344,802	\$2,113,876
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	233,157	232,766
Effect of dilution:		
Employee compensation-stock (in thousands)	106	195
Convertible bonds (in thousands)	6,046	12
Weighted average number of ordinary shares outstanding after dilution (in thousands)	239,309	232,973
Diluted earnings per share (NT\$)	\$9.80	\$9.07

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date of completion of the financial statements.

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7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship</u>
Argosy Research Inc.	Associate
SINBON Circuits & Cables LLC(Note)	Subsidiary
SINBON Germany GmbH	Subsidiary
Hong Kong SINBON Electronics Co., Ltd.	Subsidiary
Tong Cheng SINBON Electronics Co., Ltd.	Subsidiary
Jiangyin SINBON Electronics Co., Ltd.	Subsidiary
SINBON USA LLC	Subsidiary
Radbon Avionics Inc.	Subsidiary
T-CONN Precision Co., Ltd.	Subsidiary
SINBON Hungary Kft.	Subsidiary
Beijing SINBON TongAn Renewable Energy Co., Ltd.	Subsidiary
Jiangsu ENMAGIC Energy Co., Ltd.	Subsidiary
ENMAGIC Renewable Energy Co., Ltd.	Subsidiary
SINBON Europe GmbH	Subsidiary
Kwan-Ze Corporation Ltd.	Subsidiary
SINTOP Energy Management Co., Ltd.	Subsidiary

Significant transactions with related parties

(a) Sales

	For the years ended 31 December	
	2021	2020
Subsidiaries	\$839,022	\$393,940
Associates	-	164,266
Total	<u>\$839,022</u>	<u>\$558,206</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The outstanding balance as of 31 December 2021 and 2020 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

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(b) Purchases

	For the years ended 31 December	
	2021	2020
Subsidiaries	<u>\$2,162,933</u>	<u>\$1,753,846</u>

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers were comparable with third party suppliers.

(c) Accounts receivable-related parties

	As of 31 December	
	2021	2020
Subsidiaries	<u>\$472,476</u>	<u>\$634,782</u>

(d) Other receivables

	As of 31 December	
	2021	2020
Subsidiaries	<u>\$117,218</u>	<u>\$493,892</u>

(e) Accounts payable-related parties

	As of 31 December	
	2021	2020
Subsidiaries	<u>\$401,136</u>	<u>\$455,087</u>

(f) Other payables

	As of 31 December	
	2021	2020
Subsidiaries	\$13,714	\$11,148
Associates	-	12
Total	<u>\$13,714</u>	<u>\$11,160</u>

(g) Expenses

	For the years ended 31 December	
	2021	2020
Subsidiaries	\$33,267	\$22,240
Associates	-	1,269
Total	<u>\$33,267</u>	<u>\$23,509</u>

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
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(h) Other income

	For the years ended 31 December	
	2021	2020
Subsidiaries	\$16,558	\$12,398
Associates	-	102
Total	<u>\$16,558</u>	<u>\$12,500</u>

(i) Leases

Right-of-use asset

	For the years ended 31 December	
	2021	2020
Subsidiaries	<u>\$1,410</u>	<u>\$ -</u>

Lease liabilities

	For the years ended 31 December	
	2021	2020
Subsidiaries	<u>\$1,414</u>	<u>\$ -</u>

Depreciation

	For the years ended 31 December	
	2021	2020
Subsidiaries	<u>\$704</u>	<u>\$ -</u>

Interest expense

	For the years ended 31 December	
	2021	2020
Subsidiaries	<u>\$13</u>	<u>\$ -</u>

Rent expense

	For the years ended 31 December	
	2021	2020
Subsidiaries	<u>\$636</u>	<u>\$ -</u>

The company leases offices to related parties. The rental price is negotiated with reference to market conditions and paid monthly.

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(j) Key management personnel compensation

	For the years ended 31 December	
	2021	2020
Short-term employee benefits	\$132,429	\$100,242
Post-employment benefits	35,081	29,412
Total	<u>\$167,510</u>	<u>\$129,654</u>

8. Assets pledged as security

None.

9. Significant contingencies and unrecognized contract commitments

(a) The Company provided guarantees for subsidiaries' financing to banks for the year ended 31 December 2021. Please refer to Note 13.1(2).

(b) As of 31 December 2021 and 2020, the Company was issued letters of guarantee by banks in the amount of NT\$8,000 thousand and NT\$6,000 thousand for importing goods, respectively.

(c) Amounts available under unused letters of credit are as follows:

	Carrying amount	
Currency	2021.12.31	2020.12.31
USD	\$300	\$300

The amounts that are available under unused letters of credit above are unguaranteed.

10. Significant disaster loss

None.

11. Significant subsequent events

None.

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12. Others

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2021	2020
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$249,691	\$251,537
Financial assets at fair value through other comprehensive income	321,734	251,245
Financial assets measured at amortized cost (Note)	3,221,794	3,385,250
Total	<u>\$3,793,219</u>	<u>\$3,888,032</u>

Financial liabilities

	As of 31 December	
	2021	2020
Financial liabilities at amortized cost:		
Short-term loans	\$1,952,450	\$1,458,588
Notes and accounts payable	1,305,560	1,420,926
Bonds payable (including current portion with maturity less than 1 year)	994,351	1,256,981
Long-term loans (including current portion with maturity less than 1 year)	300,000	300,000
Others payables	558,826	459,751
Lease liabilities	256,580	207,605
Subtotal	<u>5,367,767</u>	<u>5,103,851</u>
Financial liabilities at fair value through profit or loss:		
Held for trading	241	24,582
Total	<u>\$5,368,008</u>	<u>\$5,128,433</u>

Note: Including cash and cash equivalents, notes receivable, trade receivables and other receivables.

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(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

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The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit.

Pre-tax sensitivity analysis of changes in related risk factors for the years ended 31 December 2021 and 2020 are as follows:

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For the year ended 31 December 2021

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/- 1%	+/- \$14,032	-
Interest rate risk	Market rate +/- 10 basis points	-/+ \$2,252	-

For the year ended 31 December 2020

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/- 1%	+/- \$9,509	-
Interest rate risk	Market rate +/- 10 basis points	-/+ \$1,776	-

Equity price risk

The fair value of the Company's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 10% in the price measured at fair value through profit or loss could increase/decrease The Company's profit for the years ended 31 December 2021 and 2020 by NT\$19,019 thousand and NT\$12,496 thousand, respectively.

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At the reporting date, a change of 10% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$0 thousand and NT\$2,333 thousand on the equity attributable to The Company for the years ended 31 December 2021 and 2020, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2021 and 2020, amounts receivables from top ten customers represented 45% and 50% of the total accounts receivables of the Company. The credit concentration risk of other accounts receivables is insignificant.

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Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As of 31 December 2021					
Loans	\$2,256,841	\$ -	\$ -	\$ -	\$2,256,841
Notes and accounts payable	1,305,560	-	-	-	1,305,560
Convertible bonds	-	1,024,569	-	-	1,024,569
Lease liabilities	47,093	75,944	28,850	112,850	264,737
As of 31 December 2020					
Loans	\$1,463,144	\$301,740	\$ -	\$ -	\$1,764,884
Notes and accounts payable	1,420,926	-	-	-	1,420,926
Convertible bonds	-	1,313,033	-	-	1,313,033
Lease liabilities	39,353	67,461	43,673	61,748	212,235

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Derivative financial instruments

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As of 31 December 2021					
Cross currency swaps					
Net settlement – outflow	<u>\$(241)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(241)</u>
	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As of 31 December 2020					
Cross currency swaps					
Net settlement – outflow	<u>\$(22,084)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(22,084)</u>
Foreign exchange option contracts					
Net settlement - outflow	<u>\$(28)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(28)</u>

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	<u>Short-term</u>	<u>Lease</u>	<u>Long-term</u>	<u>Bonds payable</u>	<u>Deposits</u>	<u>Total liabilities</u>
	<u>loans</u>	<u>liabilities</u>	<u>loan(including</u>	<u>(including</u>	<u>received</u>	<u>from financing</u>
			<u>maturity within</u>	<u>maturity within</u>		<u>activities</u>
			<u>a year)</u>	<u>a year)</u>		
As of 1 January 2021	\$1,458,588	\$207,605	\$300,000	\$1,256,981	\$2	\$3,223,176
Cash flow	493,862	(47,046)	-	-	60	446,876
Non-cash change	-	96,021	-	(262,630)	-	(166,609)
As of 31 December 2021	<u>\$1,952,450</u>	<u>\$256,580</u>	<u>\$300,000</u>	<u>\$994,351</u>	<u>\$62</u>	<u>\$3,503,443</u>

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Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term loans	Lease liabilities	Long-term loan(including maturity within a year)	Bonds payable (including maturity within a year)	Deposits received	Total liabilities from financing activities
As of 1 January 2020	\$1,741,166	\$62,416	\$ -	\$7,141	\$2	\$1,810,725
Cash flow	(282,578)	(27,334)	300,000	1,402,864	-	1,392,952
Non-cash change	-	172,523	-	(153,024)	-	19,499
As of 31 December 2020	<u>\$1,458,588</u>	<u>\$207,605</u>	<u>\$300,000</u>	<u>\$1,256,981</u>	<u>\$2</u>	<u>\$3,223,176</u>

(7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

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- c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
 - d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
 - e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
- (b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

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(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts, cross currency swap and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2021 and 2020 are as follows:

Cross currency swaps and foreign exchange option contracts

The Company entered into cross currency swaps and foreign exchange option contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to cross currency swaps and foreign exchange option contracts:

Items	Amount (in thousands)		Contract Period
As of 31 December 2021			
Cross currency swaps	USD	4,000	26 November 2021 – 16 March 2022
As of 31 December 2020			
Cross currency swaps	USD	24,000	3 January 2020 – 18 March 2021
Foreign exchange option contracts	Buy USD	100	22 October 2020 – 22 January 2021
Foreign exchange option contracts	Sell USD	200	22 October 2020 – 22 January 2021

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and were carried at fair value through profit or loss. Please refer to Note 6(11) for further information on this transaction.

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The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

The cross currency swaps and foreign exchange option contracts have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

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The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	\$190,190	\$ -	\$ -	\$190,190
Bonds	57,168	-	-	57,168
Embedded derivatives- Corporate bonds	-	2,333	-	2,333
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	321,734	321,734
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Cross currency swaps	\$ -	\$241	\$ -	\$241

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	\$124,961	\$ -	\$ -	\$124,961
Funds	69,372	-	-	69,372
Bonds	57,204	-	-	57,204
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	23,328	-	227,917	251,245
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Cross currency swaps	\$ -	\$22,084	\$ -	\$22,084
Foreign exchange option contracts	-	28	-	28
Embedded derivative-bonds	-	2,470	-	2,470

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Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2021	\$227,917
Total gains and losses recognized for the year ended 31 December 2021:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	22,776
The return of paid-in capital for capital reduction	(2,449)
Disposal	(1,510)
Acquisition	75,000
Ending balances as of 31 December 2021	<u>\$321,734</u>
Beginning balances as of 1 January 2020	\$223,307
Total gains and losses recognized for the year ended 31 December 2020:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(12,904)
The return of paid-in capital for capital reduction	(3,061)
Acquisition	32,716
The return of paid-in capital for liquidation	(12,141)
Ending balances as of 31 December 2020	<u>\$227,917</u>

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Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 31 December 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: At fair value through profit or loss					
Stocks and others	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Company's profit or loss by NT\$30,953 thousand
Stocks and others	Option pricing model	Fluctuation rate	33.09%	The higher the fluctuation rate, the higher the fair value of the stocks	10% increase (decrease) in the fluctuation rate would result in increase (decrease) in the Company's profit or loss by NT\$ 1,220 thousand

As of 31 December 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: At fair value through profit or loss					
Stocks and others	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Company's profit or loss by NT\$22,792 thousand

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

- (c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at 31 December 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method(please refer to Note 6(6))	\$2,593,847	\$ -	\$ -	\$2,593,847

As at 31 December 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method(please refer to Note 6(6))	\$349,206	\$ -	\$ -	\$349,206

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	<u>As of 31 December 2021</u>			<u>As of 31 December 2020</u>		
	<u>Foreign currencies</u>	<u>Foreign exchange rate</u>	<u>NTD</u>	<u>Foreign currencies</u>	<u>Foreign exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items:</u>						
USD	\$81,512	27.69	\$2,257,070	\$80,823	28.51	\$2,304,091
<u>Financial liabilities</u>						
<u>Monetary items:</u>						
USD	\$30,836	27.69	\$853,855	\$47,467	28.51	\$1,353,179

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The Company has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Company recognized NT\$68,022 thousand and NT\$34,149 thousand foreign exchange losses for the years ended 31 December 2021 and 2020, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions and information on investees:

- (a) Financing provided to others for the year ended 31 December 2021: Please refer to Attachment 1.
- (b) Endorsement/Guarantee provided to others for the year ended 31 December 2021: Please refer to Attachment 2.
- (c) Securities held as of 31 December 2021: Please refer to Attachment 3.
- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the paid-in capital for the year ended 31 December 2021: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the paid-in capital for the year ended 31 December 2021: None.

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- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.
- (g) Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2021: Please refer to Attachment 4.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of year ended 31 December 2021: Please refer to Attachment 5.
- (i) Names, locations, main businesses and products, original investment amount, investment as of 31 December 2021, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2021: Please refer to Attachment 7.
- (j) Financial instruments and derivative transactions: Please refer to Note 12. (8).
- (k) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 6.

(2) Information on investments in mainland China

- (a) Investment in Mainland China: Please refer to Attachment 8.
- (b) Significant transactions through third regions with the investees in Mainland China: Please refer to Attachment 2,4,5 and 6.

(3) Information of major shareholders

The Company has no shareholders with a shareholding ratio of more than 5% on 31 December 2021.

14. Segment information

The Company fully disclosed segment information in consolidated financial statements.

Attachment 1: Financing provided to others for the year ended 31 December 2021

No.	Lender (Note 1)	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
0	The Company	SB Hungary	Other receivables	Y	\$103,165	\$94,014	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$1,035,775	\$4,143,098
1	KSEM	JSEM	Other receivables	Y	\$5,277	\$5,209	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$5,660	\$5,660
2	BJSB	JSEM	Other receivables	Y	\$43,973	\$43,406	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$95,672	\$95,672
2	BJSB	XZEM	Other receivables	Y	\$43,657	\$43,406	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$95,672	\$95,672

Note 1: The above transactions were all made between consolidated entities in the Group and have been reversed.

Note 2: Total financing limit for individual counterparty was set at 10% of the lender's net worth of the financial which were reviewed by independent accountants as of 31 December 2021.

The Company: $\$10,357,746 \times 10\% = \$1,035,775$

Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial which were reviewed by independent accountants as of 31 December 2021.

BJSB: $\$239,181 \times 40\% = \$95,672$

KSEM : $\$14,149 \times 40\% = \$5,660$

Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial report which were audited by independent accountants as of 31 December 2021.

Note 3: The Company: $\$10,357,746 \times 40\% = \$4,143,098$

BJSB: $\$239,181 \times 40\% = \$95,672$

KSEM : $\$14,149 \times 40\% = \$5,660$

Note 4: For short-term financing.

Attachment 2: Endorsement/Guarantee provided to others as of 31 December 2021

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries (Note 5)	Subsidiaries' guarantee/ endorsement amount to parent company (Note 5)	Guarantee/ endorsement amount to company in Mainland China (Note 5)
		Company name	Relationship (Note 2)										
0	The Company	SINBON USA	2	\$4,143,098	\$14,265	\$13,845	\$8,307	none	0.13%	\$10,357,746	Y	N	N
0	The Company	SZSB	2	\$4,143,098	\$14,265	\$13,845	\$ -	none	0.13%	\$10,357,746	Y	N	Y
0	The Company	SHSB	2	\$4,143,098	\$42,797	\$41,535	\$ -	none	0.40%	\$10,357,746	Y	N	Y
0	The Company	TCSB	2	\$4,143,098	\$546,391	\$535,465	\$161,470	none	5.17%	\$10,357,746	Y	N	Y
0	The Company	JYSB	2	\$4,143,098	\$918,848	\$899,925	\$468,785	none	8.69%	\$10,357,746	Y	N	Y
0	The Company	Radbon	2	\$3,107,324	\$150,000	\$150,000	\$74,300	none	1.45%	\$10,357,746	Y	N	N
0	The Company	C&C	2	\$4,143,098	\$256,779	\$249,210	\$167,525	none	2.41%	\$10,357,746	Y	N	N
0	The Company	SB Hungary	2	\$4,143,098	\$308,740	\$291,493	\$209,966	none	2.81%	\$10,357,746	Y	N	N
1	T-CONN	T-CONN Zhongshan	2	\$308,641	\$141,808	\$124,605	\$ -	none	16.15%	\$771,603	N	N	Y

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit of guarantee/endorsement amount for overseas subsidiary is 40% of the net worth of the financial report audited by the certified public accountants as of 31 December 2021.

$\$10,357,746 \times 40\% = \$4,143,098$

Limit of guarantee/endorsement amount for domestic subsidiaries is 30% of the net worth of the financial report of the company reviewed by the certified public accountants as of 31 December 2021.

$\$10,357,746 \times 30\% = \$3,107,324$

Limit of guarantee/endorsement amount for T-CONN Zhongshan is 40% of the net worth of the financial of T-CONN which were not reviewed by the certified public accountants as of 31 December 2021.

$\$771,603 \times 40\% = \$308,641$

Note 4: Limit of total guarantee/endorsement amount is 100% of the net worth of the financial report audited by the certified public accountants as of 31 December 2021.

Note 5: "Y" for the listed (OTC) parent company guarantees/endorses for subsidiary, subsidiary guarantees/endorses for the listed (OTC) parent company or guarantee/endorse for companies in Mainland China.

Attachment 3: Securities held as of 31 December 2021. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities	Relationship (Note 1)	Financial statement account	As of 31 December 2021				Note
				Shares	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	Chengding Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	15,000,000 shares	\$147,480	11.10%	\$147,480	-
The Company	Top Taiwan Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	6,000,000 shares	53,808	7.50%	53,808	-
The Company	Dynahz Technologies	-	Financial assets measured at fair value through other comprehensive income- noncurrent	2,771,670 shares	41,333	16.67%	41,333	-
Kwan-Ze	Chengding Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	5,000,000 shares	49,116	3.70%	49,116	-
The Company	Top Taiwan VII Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	1,132,653 shares	13,910	2.40%	13,910	-
Kwan-Ze	Actmax Technologies Inc.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	-	4,920	19.00%	4,920	-
The Company	VAN MOOF Global Holding BV	-	Financial assets measured at fair value through other comprehensive income- noncurrent	780,000 shares	12,197	0.50%	12,197	-
T-CONN	VAN MOOF Global Holding BV	-	Financial assets measured at fair value through other comprehensive income- noncurrent	780,000 shares	12,197	0.50%	12,197	-
SINBON USA L.L.C	HOTWIRE Development LLC	-	Financial assets measured at fair value through other comprehensive income- noncurrent	697,500 shares	604	5.00%	604	-
The Company	Bandrich, Inc.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	330,000 shares	199	1.62%	199	-
The Company	SINTOP Energy Management Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	7,500,000 shares	52,807	15.00%	52,807	-
The Company	Nextronics Engineering Corp.	-	Financial asset measured at fair value through profit or loss –current	3,009,000 shares	188,965	9.86%	188,965	-
The Company	Nextronics Engineering Corp. Private placement unsecured conversion bonds	-	Financial asset measured at fair value through profit or loss –current	600,000 shares	57,168	-	57,168	-
The Company	Trutankless, Inc.	-	Financial asset measured at fair value through profit or loss –current	25,000 shares	1,225	0.26%	1,225	-
Kwan-Ze	Nextronics Engineering Corp.	-	Financial asset measured at fair value through profit or loss –current	3,000 shares	188	0.01%	188	-
			Total		<u>\$636,117</u>			

Note 1: Not required if the issuer of securities is not a related party.

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2021.

Related-party	Counter-party	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	JYSB	Subsidiary	Purchase	\$1,975,092	28.56%	Trading condition is the same as other supplier	N/A	N/A	\$(367,108)	-28.12%	
HKSB	JYSB	Associates	Purchase	\$2,583,296	47.94%	Trading condition is the same as other supplier	N/A	N/A	\$(148,616)	-15.21%	
JYSB	The Company	Subsidiary	Purchase	\$234,327	2.69%	Trading condition is the same as other supplier	N/A	N/A	\$(49,880)	-1.88%	
SZSB	HKSB	Associates	Purchase	\$251,993	74.24%	Trading condition is the same as other supplier	N/A	N/A	\$(63,201)	-85.05%	
T-CONN	T-CONN Zhongshan	Associates	Purchase	\$482,182	35.00%	Trading condition is the same as other supplier	N/A	N/A	\$(101,837)	-28.00%	
SB TongAn	JSEM	Associates	Purchase	\$327,225	18.07%	Trading condition is the same as other supplier	N/A	N/A	\$(46,694)	-7.60%	
JYSB	SINBON USA	Associates	Purchase	\$298,471	3.42%	Trading condition is the same as other supplier	N/A	N/A	\$(22,104)	-0.83%	
JYSB	HKSB	Associates	Purchase	\$146,823	1.68%	Trading condition is the same as other supplier	N/A	N/A	\$(40,707)	-1.54%	
JYSB	T-CONN Zhongshan	Associates	Purchase	\$179,785	2.06%	Trading condition is the same as other supplier	N/A	N/A	\$(68,971)	-2.60%	
JYSB	TCSB	Associates	Purchase	\$109,478	1.25%	Trading condition is the same as other supplier	N/A	N/A	\$(47,500)	-1.79%	

Attachment 5: Receivables from related parties with accounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2021.

Related-party	Counter-party	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Collection in subsequent period	Allowance for doubtful debts
					Amount	Processing method		
JYSB	The Company	The Company	\$367,108	9.98	\$ -	-	\$28,415	\$ -
The Company	T-CONN	Associates	\$391,844	0.85	\$ -	-	\$4,754	\$ -

Attachment 6: The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Related-party	Counterparty	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets(Note3)
0	The Company	JYSB	1	Purchase	\$1,975,092	(Note 4)	7.74%
1	JYSB	The Company	2	Sales	\$1,975,092	(Note 4)	7.74%
2	HKSB	JYSB	3	Purchase	\$2,583,296	(Note 4)	10.12%
1	JYSB	HKSB	3	Sales	\$2,583,296	(Note 4)	10.12%
1	JYSB	The Company	2	Purchase	\$234,327	(Note 4)	0.92%
0	The Company	JYSB	1	Sales	\$234,327	(Note 4)	0.92%
3	SZSB	HKSB	3	Purchase	\$251,993	(Note 4)	0.99%
2	HKSB	SZSB	3	Sales	\$251,993	(Note 4)	0.99%
4	T-CONN	T-CONN Zhongshan	3	Purchase	\$482,182	(Note 4)	1.89%
5	T-CONN Zhongshan	T-CONN	3	Sales	\$482,182	(Note 4)	1.89%
6	SB TongAn	JSEM	3	Purchase	\$327,225	(Note 4)	1.28%
7	JSEM	SB TongAn	3	Sales	\$327,225	(Note 4)	1.28%
1	JYSB	SINBON USA	3	Purchase	\$298,471	(Note 4)	1.17%
8	SINBON USA	JYSB	3	Sales	\$298,471	(Note 4)	1.17%
1	JYSB	HKSB	3	Purchase	\$146,823	(Note 4)	0.58%
2	HKSB	JYSB	3	Sales	\$146,823	(Note 4)	0.58%
1	JYSB	T-CONN Zhongshan	3	Purchase	\$179,785	(Note 4)	0.70%
5	T-CONN Zhongshan	JYSB	3	Sales	\$179,785	(Note 4)	0.70%
1	JYSB	TCSB	3	Purchase	\$109,478	(Note 4)	0.43%
5	TCSB	JSEM	3	Sales	\$109,478	(Note 4)	0.43%

Note 1 : The Company is coded "0".The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3 : The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, interim cumulative balances are used as basis.

Note 4 : The sales price to the above related parties was determined through mutual agreement based on the market conditions.

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2021 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2021: (Excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note (Note 1)
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
The Company	HKSB	Hong Kong	Manufacturing and selling a wide variety of connectors, wires and cables.	HKD95,606,000	HKD95,606,000	-	100.00%	\$1,155,609	\$867,722	\$867,722	Subsidiary
				\$401,262	\$401,262						
The Company	Kwan-Ze	New Taipei City, Taiwan	Holding company	\$235,600	\$235,600	25,200,000 shares	100.00%	\$736,103	\$131,869	\$131,869	Subsidiary
The Company	SB BVI	British Virgin Islands	Holding company	USD45,021,000	USD45,021,000	-	100.00%	\$4,736,920	\$769,109	\$769,109	Subsidiary
				\$1,461,158	\$1,461,158						
The Company	SINTOP	New Taipei City, Taiwan	Renewable energy investment management consulting business	\$6,804	\$ -	680,400 shares	53.57%	\$8,199	\$2,603	\$1,395	Subsidiary
The Company	Argosy Technologies Co., Ltd.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	\$51,768	\$51,768	3,174,598 shares	3.52%	\$143,605	\$640,224	\$22,557	Investee under the equity method
The Company	SINBON USA LLC	4265 Gibson Dr., Tipp City , OH 45371, USA	Logistic center.	USD5,679,000	USD5,159,000	-	100.00%	\$39,142	\$(21,595)	\$(21,595)	Subsidiary
				\$176,403	\$161,943						
The Company	SINBON Europe GmbH	Pfarrkirchen, Germany	Logistic center.	EUR5,209,000	EUR5,209,000	-	100.00%	\$3,203	\$2,085	\$2,085	Subsidiary
				\$185,241	\$185,241						
The Company	Radbon Avionics Inc.	Miaoli County, Taiwan	Manufacturing and selling signal cables and cabin wiring.	\$33,000	\$33,000	5,280,000 shares	55.00%	\$107,007	\$93,018	\$51,160	Subsidiary
The Company	T-CONN Precision	New Taipei City, Taiwan	Manufacturing and selling a wide variety of connectors, wires and cables.	\$157,360	\$166,066	20,107,286 shares	57.45%	\$436,436	\$239,991	\$134,480	Subsidiary
The Company	SB Hungary	Hungary	Selling,Producing and Processing a wide variety of connectors and cables.	EUR12,264,000	EUR11,364,000	-	100.00%	\$142,129	\$(41,648)	\$(48,028)	Subsidiary
				\$424,026	\$394,296						
T-CONN Precision	S P L	Mauritius	Logistic center.	\$3,039	\$3,039	100,000 shares	100.00%	\$3,988	USD(184,000)	\$ -	Subsidiary
									\$(4,994)		
SB TongAn	TWEM	1F., No. 15, Ln. 588, Guohua Rd., Miaoli City, Miaoli County 36055, Taiwan (R.O.C.)	Produce and sells a wide variety of connectors and cables.	RMB10,405,000	RMB2,308,000	-	100.00%	RMB9,011,000	RMB(520,000)	\$ -	Subsidiary
				\$45,000	\$10,000			\$39,115	\$(2,559)		
SINBON USA LLC	SINBON Circuits & Cables LLC	815 South Brown School Road Vandalia, OH 45377, USA	Selling a wide variety of connectors and cables.	USD2,704,000	USD2,704,000	-	51.00%	USD832,000	USD(872,000)	\$ -	Subsidiary
								\$23,038	\$(24,426)		
SINBON USA L.L.C	Worldwide Wire Harnesses Co., Ltd.	Samoa	Logistic center.	USD75,000	USD75,000	-	50.00%	USD119,000	USD302,000	\$ -	Subsidiary
								\$3,302	\$8,465		

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2021 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2021:
(Excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note (Note 1)
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
Kwan-Ze	Argocy Research Inc.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	\$197,969	\$201,451	14,951,152 shares	16.59%	\$640,570	\$640,224	\$ -	Investee under the equity method
Worldwide Wire Harnesses Co., Ltd.	STT	U.S.A Tennessee	Logistic center.	USD140,000	USD140,000	-	100.00%	USD(11,000)	USD302,000	\$ -	Subsidiary
				\$4,542	\$4,542			\$(321)	\$8,465		
Argocy Research Inc.	Argosy Technology Inc.(USA)	U.S.A	Sell Multimedia related products, ODM and OED	\$30,347	\$30,347	-	100.00%	\$ -	\$ -	\$ -	Investee under the equity method
Argocy Research Inc.	Argosy International B.V.	The Netherlands	Leasing operations and sell ODM and OED	\$22,314	\$22,314	-	100.00%	\$14,652	\$(56)	\$(56)	Investee under the equity method
Argocy Research Inc.	Ari International (Singapore)Pte.,Ltd. (AIS)	Singapore	Holding company	\$32,697	\$32,697	-	100.00%	\$ -	\$(2,541)	\$(2,541)	Investee under the equity method
Argocy Research Inc.	Global Saber Electronics Co., Ltd.	Mauritius	Selling a wide variety of connectors and cables.	\$ -	\$ -	-	100.00%	\$78,533	\$7,070	\$7,070	Investee under the equity method
Argocy Research Inc.	ROTEC LIMITED	British Virgin Islands	Holding company	\$472,647	\$268,479	-	88.04%	\$822,523	\$7,605	\$6,676	Investee under the equity method
Global Saber Electronics Co., Ltd	ROTEC LIMITED	British Virgin Islands	Holding company	\$72,918	\$72,918	-	11.96%	\$111,738	\$7,605	\$ -	Investee under the equity method

Note 1: (1) "Investee company", "Address", "Main businesses and products", "Initial Investment" and "Investment as of 31 December 2020" shall be filled in appropriate fields according to the Company's reinvestment and the re-investment of the subsidiaries the Company directly or indirectly controls and indicate the relationship in the Notes.

(2) "Net income (loss) of investee company" shall be filled in net income (loss) of investee for the nine-month period ended 31 December 2021.

(3) "Investment income (loss) recognized" requires only the investment income (loss) from the direct investees of the the Company and the investment income (loss) from investees valued under the equity method, and ensure that when recognizing the subsidiary's investment income (loss), the subsidiaries' re-investment income (loss) is included.

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 31 December 2021	Accumulated Inward Remittance of Earnings as of 31 December 2021
					Outflow	Inflow						
BJSB	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 4,450,000	Indirectly investment in Mainland China through remittance from a third region.	USD 1,020,000 \$30,719	\$ -	\$ -	USD 1,020,000 \$30,719	RMB1,504,000 \$6,534	85.53%	RMB1,286,000 \$5,589 Note 1	RMB55,103,000 \$239,181	USD11,030,000 \$351,623
JYSB	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 37,780,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 22,050,000 \$705,108	\$ -	\$ -	USD 22,050,000 \$705,108	USD19,178,000 \$537,437	100%	USD19,178,000 \$537,437 Note 1	USD129,353,000 \$3,581,795	USD39,976,000 \$1,200,889
SHSB	Selling a wide variety of connectors, wires and cables.	USD 3,280,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,700,000 \$55,358	\$ -	\$ -	USD 1,700,000 \$55,358	USD1,553,000 \$43,517	100%	USD1,553,000 \$43,517 Note 1	USD7,264,000 \$201,130	USD2,887,000 \$87,821
SZSB	Selling a wide variety of connectors, wires and cables.	USD 2,810,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 2,750,000 \$83,385	\$ -	\$ -	USD 2,750,000 \$83,385	USD1,176,000 \$32,952	100%	USD1,176,000 \$32,952 Note 1	USD9,787,000 \$271,013	RMB32,400,000 \$143,282
TCSB	Selling a wide variety of connectors, wires and cables.	USD14,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 8,000,000 \$248,003	\$ -	\$ -	USD 8,000,000 \$248,003	USD3,170,000 \$88,842	100%	USD3,170,000 \$88,842 Note 1	USD25,352,000 \$702,009	USD196,000 \$5,890
China Digital Library Corp.Ltd.	Technology development of computer software, transfer of technology, advisory service	RMB 88,600,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 750,000	\$ -	\$ -	USD 750,000	\$ -	4.85%	\$ -	\$ -	\$ -
Argosy (Beijing) Technologies Co., Ltd.	Selling a wide variety of connectors, wires and cables.	RMB 5,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 76,000	\$ -	\$ -	USD 76,000	\$ -	12.00%	\$ -	\$ -	\$ -
Wu Xi S&D	Manufacturing and selling new flat panel displays.	USD 4,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,900,000 \$61,823	\$ -	\$ -	USD 1,900,000 \$61,823	\$ -	-	\$ -	\$ -	\$ -
Ning Bo Smart and Diligent Co., Ltd.	Manufacturing and selling a new Flat Panel Display.	USD 2,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,140,000 \$37,025	\$ -	\$ -	USD 1,140,000 \$37,025	\$ -	-	\$ -	\$ -	\$ -

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 31 December 2021	Accumulated Inward Remittance of Earnings as of 31 December 2021
					Outflow	Inflow						
JY Sinact	Manufacturing and selling a wide variety of electronic materials.	USD 9,500,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 5,266,000 \$164,599	\$ -	\$ -	USD 5,266,000 \$164,599	\$ -	-	\$ -	\$ -	\$ -
Shang Hai Comtek Electronics Trading Co., Ltd.	Selling a wide variety of electronic materials.	USD 160,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 104,000 \$3,302	\$ -	\$ -	USD 104,000 \$3,302	\$ -	-	\$ -	\$ -	\$ -
Dong Guan CMK	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 1,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 645,000 \$20,768	\$ -	\$ -	USD 645,000 \$20,768	\$ -	-	\$ -	\$ -	\$ -
T-CONN Zhongshan	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 9,300,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 3,686,000 \$117,529	\$ -	\$ -	USD 3,686,000 \$117,529	\$99,877	57.45%	\$57,379 Note 2	\$269,851	\$ -
BJSB TongAn	Manufacturing and selling a wide variety of connectors, wires and cables.	RMB152,000,000	Indirectly investment in Mainland China through remittance from a third region.	USD 3,000,000 \$89,134	\$ -	\$ -	USD 3,000,000 \$89,134	\$181,793	85.53%	\$155,481 Note 1	\$1,949,043	\$1,184,728

Accumulated Investment in Mainland China as of 31 December 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 52,087,000	USD 53,420,000	N/A(Note3)

Note 1: Based on the financial statements certificated by the public accountant of the parent company in Taiwan.

Note 2: The financial statements were audited by other independent accountants.

Note 3: According to Order No. Jing-Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

SINBON ELECTRONICS CO., LTD.

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ACCOUNTING ITEMS

FOR THE YEAR ENDED 31 DECEMBER 2021

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SINBON ELECTRONICS CO., LTD.
1. STATEMENT OF CASH AND CASH EQUIVALENTS
31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand & petty cash		\$24	
Bank savings			
Demand deposits — NTD		222,265	
Demand deposits — foreign currency	USD 33,703 thousand Exchange rate 1:27.69 JPY 271,082 thousand Exchange rate 1:0.2406 EUR 4,106 thousand Exchange rate 1:31.3382 RMB 21,629 thousand Exchange rate 1:4.3406 GBP 208 thousand Exchange rate 1:37.3067 HKD 158 thousand Exchange rate 1:3.5506	1,229,301	
Total		<u>\$1,451,590</u>	

SINBON ELECTRONICS CO., LTD.
2. STATEMENT OF ACCOUNTS RECEIVABLE
31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Third parties:			
Client A		\$66,793	
Others (Note)		981,226	
Subtotal		<u>1,048,019</u>	
Less: loss allowance		<u>(1,166)</u>	
Subtotal (third parties)		<u>1,046,853</u>	
Related parties:			
T-CONN Precision Co., Ltd.		390,602	
ENMAGIC Renewable Energy Co., Ltd.		64,577	
Others (Note)		17,297	
Subtotal (related parties)		<u>472,476</u>	
Total		<u>\$1,519,329</u>	

(Note) The amount of individual client in others does not exceed 5% of the account balance.

SINBON ELECTRONICS CO., LTD.
3. STATEMENT OF OTHER RECEIVABLES
31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
VAT and GST refund		\$25,723	
Third parties			
Client A		36,589	
Client B		13,529	
Others (Note)		36,656	
Subtotal		86,774	
Less: loss allowance		(2,366)	
Subtotal (Third parties)		84,408	
Related parties:			
Jiangyin SINBON Electronics Co., Ltd.		56,043	
HongKong SINBON Electronics Co., Ltd.		29,048	
T-CONN Precision Co., Ltd.		13,596	
Others (Note)		18,531	
Subtotal (Related parties)		117,218	
Total		\$227,349	

(Note) The amount of individual client in others does not exceed 5% of the account balance.

SINBON ELECTRONICS CO., LTD.

4. STATEMENT OF INVENTORIES

31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Cost	Net Realizable Value	Note
Raw materials		\$779,079	\$791,726	Please refer to Note 4 (10) for more details on net realizable value
Work in process		187,342	381,540	
Finished goods		1,145,930	1,969,564	
Merchandise		262,943	308,009	
Subtotal		<u>\$2,375,294</u>	<u>\$3,450,839</u>	

SINBON ELECTRONICS CO., LTD.

5. STATEMENT OF OTHER CURRENT ASSETS

31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepaid expenses	Rent expense, Insurance etc.	\$21,197	
Prepayment for purchases		98,965	
Temporary payments		13,811	
Payment on behalf of others		74,925	
Other prepayments		4,023	
Input tax (VAT)		23,080	
Offset against business tax payable		586	
Total		<u>\$236,587</u>	

SINBON ELECTRONICS CO., LTD.

6. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NONCURRENT
FOR THE YEAR ENDED 31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Name of Securities	As of 1 January 2021		Additions		Decrease		Adjustments	As of 31 December 2021		Accumulated impairment	Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair Value			
Chengding Venture Capital Co., Ltd.	15,000,000	\$117,519	-	\$ -	-	\$ -	\$29,961	15,000,000	\$147,480	N/A	None	
Top Taiwan Venture Capital Co., Ltd.	6,000,000	57,764	-	-	-	-	(3,957)	6,000,000	53,807	N/A	None	
Dynahz Technologies	2,771,670	35,850	-	-	-	-	5,483	2,771,670	41,333	N/A	None	
Gongwin Biopharm Holdings Co., Ltd.	96,000	23,328	-	-	(96,000)	(20,832)	(2,496)	-	-	N/A	None	(Note 1)
Top Taiwan VII Venture Capital Co., Ltd.	1,132,653	13,785	-	-	(244,898)	(2,449)	2,574	887,755	13,910	N/A	None	(Note 2)
VAN MOOF Global Holding BV	780,000	2,778	-	-	-	-	9,420	780,000	12,198	N/A	None	
Bandrich, Inc.	330,000	332	-	-	-	-	(133)	330,000	199	N/A	None	
Japan Sinbon Electronics Co., Ltd.	75	(111)	-	-	(75)	(1,510)	1,621	-	-	N/A	None	(Note 3)
SINTOP Energy Management Co., Ltd.	-	-	7,500,00	75,000			(22,193)	7,500,000	52,807	N/A	None	(Note 4)
Total		<u>\$251,245</u>		<u>\$75,000</u>		<u>\$(24,791)</u>	<u>\$20,280</u>		<u>\$321,734</u>			

Note 1: Gongwin Biopharm Holdings Co., Ltd. disposed NT\$20,832 thousand.

Note 2: The return of paid-in capital for capital reduction from Top Taiwan VII Venture Capital Co., Ltd. was NT\$2,449 thousand.

Note 3: Japan Sinbon Electronics Co., Ltd. disposed NT\$1,510 thousand.

Note 4: SINTOP Energy Management Co., Ltd. newly invested NT\$75,000 thousand.

SINBON ELECTRONICS CO., LTD.

**7. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED 31 DECEMBER 2021**

(In Thousands of New Taiwan Dollars)

Name	As of 1 January 2021		Additions		Decrease		Investment income (loss)	Exchange differences	As of 31 December 2021			Fair value/ Net assets value		Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount			Shares	%	Amount	Unit price	Total Amount		
SINBON International Enterprise Co., Ltd.	USD 52,781,715	\$4,256,603		\$ -		\$(265,647)	\$769,109	\$(23,145)	USD 52,781,715	100.00	\$4,736,920		\$4,736,920	None	(Note 1)
Hong Kong SINBON Electronics Co., Ltd.	HKD 95,606,400	808,212		-		(480,910)	867,722	(39,415)	HKD 95,606,400	100.00	1,155,609		1,155,609	None	(Note 2)
Beijing SINBON TongAn Renewable Energy Co., Ltd.	RMB 13,000,000	1,988,100		-		(185,055)	152,972	(9,900)	RMB 13,000,000	85.53	1,946,117		1,946,117	None	(Note 3)
Kwan-Ze Corporation Ltd.	25,200,000 shares	642,709		54,045		(92,415)	131,869	(105)	25,200,000 shares	100.00	736,103		736,103	None	(Note 4)
SINBON Europe GmbH	EUR 5,208,773	1,379		-		-	2,085	(261)	EUR 5,208,773	100.00	3,203		3,203	None	
SINBON USA LLC.	USD 5,158,574	47,766	USD 520,200	14,460		(285)	(21,595)	(1,204)	USD 5,678,774	100.00	39,142		39,142	None	(Note 5)
SINBON Hungary Kft.	EUR 5,100,000	162,747	EUR 900,000	29,730		-	(48,028)	(2,320)	EUR 6,000,000	100.00	142,129		142,129	None	(Note 6)
Argocy Research Inc..	3,174,598 shsares	129,014		9,888		(17,778)	22,557	(76)	3,174,598 shares	3.52	143,605		428,571	None	(Note 7)
Radbon Avionics Inc.	3,630,000 shares	55,847	1,650,000 shares	-		-	51,160	-	5,280,000 shares	55.00	107,007		107,007	None	(Note 8)
T-CONN Precision Co., Ltd.	17,135,277 shares	320,970	3,467,009 shares	49,338	495,000 shares	(67,652)	134,480	(700)	20,107,286 shares	57.45	436,436		2,165,276	None	(Note 9)
SINTOP Energy Management Co., Ltd.	-	-	680,400 shares	6,804		-	1,395	-	680,400 shares	53.57	8,199		8,199	None	(Note 10)
Total		<u>\$8,413,347</u>		<u>\$164,265</u>		<u>\$(1,109,742)</u>	<u>\$2,063,726</u>	<u>\$(77,126)</u>			<u>\$9,454,470</u>		<u>\$11,468,276</u>		

Note 1: SINBON International Enterprise Co., Ltd. repatriated dividends in the amount of RMB 6,300 thousand (NTD\$ 30,227 thousand), and USD \$7,653 thousand (NTD\$ 235,420 thousand).

Note 2: Hong Kong SINBON Electronics Co., Ltd. repatriated dividends of USD 17,359 thousand (NTD\$ 480,910 thousand).

Note 3: Beijing SINBON TongAn Renewable Energy Co., Ltd. repatriated profit in the amount of RMB38,610 thousand (NTD\$185,055thousand).

Note 4: Kwan-Ze Corporation Ltd. repatriated profit of NT\$90,000 thousand, recognized the capital reserve of changes in shareholders' equity of the investee company of NTD\$ (2,415) thousand. The Company recognized unrealized gains on financial assets measured at fair value through other comprehensive income in the amount of NTD\$54,045 thousand under changes in equity - investees.

Note 5: SINBON USA LLC made additional equity investment in the amount of USD\$520 thousand (NTD\$14,460 thousand) and recognized investee company of unrealized loss of financial assets measured at fair value through other comprehensive gains and losses from changes in shareholders' equity in the amount of NTD\$ 285 thousand.

Note 6: SINBON Hungary Kft. made additional equity investment in the amount of EUR900 thousand(NTD\$29,730 thousand).

Note 7: Argocy Research Inc. cash dividends NTD\$ 17,778 thousand, and unrealized benefits of financial assets measured at fair value through other comprehensive gains and losses from changes in shareholders' equity of the invested company NTD\$ 9,888 thousand.

Note 8: Radbon Avionics Inc. distributed stock dividends of 1,650,000 shares.

Note 9: T-CONN Precision Co., Ltd. distributed stock dividends of 3,467,009 shares, recognized the capital reserve of changes in shareholders' equity of the invested company in the amount of NTD\$ 43,377 thousand, repatriated profit of NTD\$ 25,703thousand, and recognized the unrealized loss of financial assets measured at fair value through profit or loss from changes in the shareholders' equity of the investee company in the amount of NTD\$ 5,961 thousand.

Note 10 : SINTOP Energy Management Co., Ltd. made additional equity investment in the amount of NTD\$6,804 thousand.

SINBON ELECTRONICS CO., LTD.

8. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

31 DECEMBER 2021

	Buildings	Transportation equipment	Total
Cost:			
As of 1 January 2021	\$212,736	\$28,442	\$241,178
Additions	91,185	5,083	96,268
Disposals	(7,732)	(3,812)	(11,544)
Exchange rate effects	(41)	-	(41)
Others	-	-	-
As of 31 December 2021	<u>\$296,148</u>	<u>\$29,713</u>	<u>\$325,861</u>

SINBON ELECTRONICS CO., LTD.

9. STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF
RIGHT-OF-USE ASSETS

31 DECEMBER 2021

	Buildings	Transportation equipment	Total
Depreciation and impairment:			
As of 1 January 2021	\$22,081	\$11,808	\$33,889
Depreciation	40,126	7,525	47,651
Disposals	(7,732)	(3,565)	(11,297)
Exchange rate effects	(26)	-	(26)
Others	-	-	-
As of 31 December 2021	<u>\$54,449</u>	<u>\$15,768</u>	<u>\$70,217</u>

SINBON ELECTRONICS CO., LTD.
10. STATEMENT OF SHORT-TERM LOANS
31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Type	Description	Balance, End of Year	Contract Period	Interest rates applied (%)	Loan Commitments	Collateral	Note
Unsecured bank loans	HSBC Bank (Taiwan) Limited, Taichung Branch	\$1,132,450	Within 365days	0.53%-0.55%	NTD1,222,950	-	
Credit bank loans	Taipei Fubon Bank, Hsinchu Branch	300,000	Within 365days	0.55%	NTD1,000,000	-	
Unsecured bank loans	DBS Bank (Taiwan) Limited, Chunggang Branch	300,000	Within 365days	0.55%	USD10,000	-	
Unsecured bank loans	Mizuho Bank, Ltd. Taipei Branch	220,000	Within 365days	0.58%	NTD1,000,000	-	
	Total	<u>\$1,952,450</u>					

SINBON ELECTRONICS CO., LTD.

11. STATEMENT OF ACCOUNTS PAYABLE

31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Third Parties:			
Vendor A	Payment	\$262,189	
Others (Note)		641,667	
Subtotal (Third parties)		903,856	
Related parties:			
Jiangyin SINBON Electronics Co., Ltd.	Payment	365,070	
TongCheng Sinbon Electronics Co., Ltd.		22,947	
Others (Note)		13,119	
Subtotal (Related parties)		401,136	
Total		\$1,304,992	

(Note) The amount of individual client in others does not exceed 5% of the account balance.

SINBON ELECTRONICS CO., LTD.
12. STATEMENT OF LONG-TERM LOANS
31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Bondholders	Description	Amounts	Maturity within a year	Contract Period	Interest Rate (%)	Collateral or pledged	Note
HSBC Bank (Taiwan) Limited, Taichung Branch		<u>\$300,000</u>	<u>\$300,000</u>	2022.12.28	0.56%	-	-

SINBON ELECTRONICS CO., LTD.
13. STATEMENT OF BONDS PAYABLE
31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate	Amount					Repayment	Collateral	Note
					Total Amount	Repayment Paid	Balance, End of Year	Unamortized Premiums (Discounts)	Carrying Amount			
The seventh zero coupon unsecured convertible bonds	Taipei Fubon Commercial Bank Co., Ltd. of Trust Department	2020.12.15	None	0.00%	\$1,300,000	\$(285,600)	\$1,014,400	\$(20,049)	\$994,351	(Note)	None	
Less: Current portion												
Net							<u>\$1,014,400</u>	<u>\$(20,049)</u>	<u>\$994,351</u>			

Note : All the bonds are redeemable in cash at maturity except for those have been converted or repurchased. The detail information for redemption please refer to Note 6. (11)
“Contents of Significant Accounts – Bonds Payable”.

SINBON ELECTRONICS CO., LTD.
14. STATEMENT OF LEASE LIABILITIES
31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Period	discount rate	Amount	Note
Buildings	Office equipment lease	2016.7.13~2025.4.25	0.7%	\$242,569	
Transportation equipment	Car leases	2010.6.1~2030.10.31	0.7%	14,011	
Subtotal				256,580	
Less: Due in one year				(45,532)	
Total				<u>\$211,048</u>	

SINBON ELECTRONICS CO., LTD.

15. STATEMENT OF NET OPERATING REVENUES

FOR THE YEAR ENDED 31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Shipments (Piece)	Amount
Cable assembly	31,774,098 PCS	\$5,029,828
Cable connectors	399,976,689 PCS	1,421,714
Other operating revenues		242,008
Others	14,517,701 PCS	234,685
Total		<u>\$6,928,235</u>

SINBON ELECTRONICS CO., LTD.

16. STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED 31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of sales of goods manufactured	
Direct material: Raw material purchased	\$1,902,677
Add : Raw material, beginning of year	637,441
Transferred from finished goods	5,857,011
Less: Raw material, end of year	(794,333)
Sale of raw material	(441,398)
Transferred to expenses	(32,545)
Direct material used	7,128,853
Direct labor	149,142
Manufacturing expenses (Refer to 17)	534,687
Manufacturing cost	7,812,682
Add: Work in process, beginning of year	155,952
Less: Work in process, end of year	(190,275)
Cost of finished goods	7,778,359
Add: Finished goods, beginning of year	746,454
Finished goods purchased	2,197,577
Transferred from manufacturing expense	12,069
Less: Finished goods, end of year	(1,148,382)
Transferred to raw material	(5,857,011)
Others	(8,413)
Cost of sales of goods manufactured (A)	3,720,653
Cost of sales of goods purchased	
Merchandise purchased	1,211,873
Add: Merchandise, beginning of year	268,468
Less: Merchandise, end of year	(266,065)
Transferred to expenses	(8,094)
Cost of sales of goods purchased (B)	1,206,182
Cost from sale of raw material (C)	441,398
Operating Costs (D)=(A)+(B)+(C)	5,368,233
Loss on valuation (E)	(18,376)
Loss on scrap of inventories (F)	14,741
Revenue from sale of scraps (G)	(796)
Purchased on behalf of others (H)	(287,692)
Other operating cost (I)	166,692
Total(J)=(D)+(E)+(F)-(G)-(H)+(I)	\$5,242,802

SINBON ELECTRONICS CO., LTD.

17. STATEMENT OF MANUFACTURING EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Processing costs	\$262,397
Indirect labor	105,400
Others (Note)	92,053
Depreciation expense	54,383
Insurance expense	32,523
Less: Transferred to finished goods	(12,069)
Total	<u>\$534,687</u>

(Note) The amount of individual client in others does not exceed 5% of the account balance.

SINBON ELECTRONICS CO., LTD.

18. STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2021

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	\$112,702	\$286,437	\$176,955	\$576,094
Commission	161,275	-	-	161,275
Freight expense	71,881	672	553	73,106
Insurance expense	15,697	21,844	21,496	59,037
Sample expense	58,676	-	-	58,676
Professional expense	53	24,472	1,099	25,624
Depreciation expense	11,618	27,394	12,869	51,881
Others (Note)	34,887	84,598	67,888	187,373
Total	<u>\$466,789</u>	<u>\$445,417</u>	<u>\$280,860</u>	<u>\$1,193,066</u>

(Note) The amount of individual client in others does not exceed 5% of the account balance.