Stock Code:3551

SHIH HER TECHNOLOGIES INC.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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

Table of contents

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Independent Auditors' Report

To the Board of Directors of SHIH HER TECHNOLOGIES INC.:

Opinion

We have audited the financial statements of SHIH HER TECHNOLOGIES INC.("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's financial statements are stated as follows:

1. Impairment of account receivable

   Please refer to Note 4(f) "Financial instruments" for the accounting policy of impairment of account receivable and refer to Note 6(c) of the financial statements for the details.

Description of key audit matter:

The Company engages in business primarily with clients which are involved in the manufacture of mold and electronic parts with credit term, which make the Company vulnerable to credit risk. The default of the client may lead to impairment loss of the receivables. The assessment of impairment loss involves subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing whether the Company' s impairment of accounts receivable has been set aside in accordance with the Company' s policy, including inquiring from the management if they had identified the debtors who have financial difficulties; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the appropriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable.

2. Revenue recognition

For the accounting policy regarding the revenue recognition, please refer to Note 4(n) Revenue from contracts with customers; for the details of revenue recognition and the explanation of revenue, please refer to Note 6(p) of the consolidated financial report.

Description of the key audit mater:

The Company is engaged in the cleaning and maintenance of semiconductor equipment, photoelectric equipment and more. The timing of the recognition of operating revenues is based on the transaction terms in the contract with the customers, and given consideration to the special industry characteristic the Company is in, the sales revenue comes from multiple operation, therefore, our auditors deem this as one of the key audit matters.

How the matter was addressed in our audit:

Our principal procedures include: examining the sales contracts and evaluating revenue recognition policies based on the contract terms; observing the design of internal controls regarding sale transactions, as well as performing sample testing to confirm its effectiveness; performing adjustment analysis of all receipts and account records for a particular customer, or sample testing induvial sales transactions and matching them against the respective customer purchase order, delivery slips and account records etc.; selecting transactions and making before and after period end as samples to inspect the transaction terms, delivery slips, and customer confirmation etc.; obtaining the details of the work in progress items, understanding its completion ratio calculation and evaluating the reasonableness of revenue recognition at the year end.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chien Chen and Yung Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

SHIH HER TECHNOLOGIES INC.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 411,577	9	231,774	6
1110	Financial assets at fair value through profit or loss-current (note 6(b))	30,216	1	225,892	5
1170	Notes and trade receivable (including related parties), net (notes 6(c) and 7)	285,086	6	296,570	7
1200	Other receivables (including related parties) (note 7)	11,171	-	18,310	-
130X	Inventories (note 6(d))	105,565	2	79,076	2
1479	Other current assets	15,710	1	11,204	-
		859,325	19	862,826	20
	Non-current assets:				
1550	Investments accounted for using the equity method (note 6(f))	1,934,916	42	1,969,264	46
1600	Property, plant and equipment (notes 6(g) and 8)	1,635,482	35	1,425,039	33
1755	Right-of-use assets (note 6(h))	47	-	189	-
1990	Other non-current assets (notes 6(l) and (m))	184,495	4	48,317	1
		3,754,940	81	3,442,809	80
	Total assets	$ 4,614,265	100	4,305,635	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 40,000	1	-	-
2181	Notes and trade payable (including related parties) (note 7)	90,061	2	90,166	2
2201	Salaries payable	118,088	3	108,012	2
2230	Current tax liabilities	53,291	1	80,890	2
2280	Lease liability-current (note 6(k))	36	-	144	-
2305	Other current financial liabilities	18,742	1	25,393	-
2320	Long-term liabilities, current portion (note 6(j))	111,143	2	66,325	2
2399	Other current liabilities	202,387	4	200,729	5
		633,748	14	571,659	13
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(j))	573,139	12	494,714	12
2580	Non-current lease liabilities (note 6(k))	-	-	36	-
2670	Other non-current liabilities (note 6(m))	2,989	-	218	-
		576,128	12	494,968	12
	Total liabilities	1,209,876	26	1,066,627	25
	Equity (note 6(n))				
3110	Ordinary share	567,749	13	567,749	13
3200	Capital surplus	469,586	10	611,523	14
	Retained earnings :				
3310	Legal reserve	394,924	9	354,320	8
3320	Special reserve	110,540	2	122,830	3
3350	Unappropriated retained earnings	1,972,920	43	1,693,126	40
		2,478,384	54	2,170,276	51
	Other equity:				
3400	Other equity	(80,000)	(2)	(110,540)	(3)
3500	Treasury shares	(31,330)	(1)	-	-
	Total equity	3,404,389	74	3,239,008	75
	Total liabilities and equity	$ 4,614,265	100	4,305,635	100

See accompanying notes to financial statements.

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

SHIH HER TECHNOLOGIES INC.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Sales revenue (notes 6(p) and 7)**	$ 1,804,287	100	1,571,294	100
5000	**Operating costs (notes 6(d), (l), 7 and 12)**	1,099,985	61	959,171	61
	Gross profit from operations	704,302	39	612,123	39
	Operating expenses (notes 6(c), (l), (q) and 12):				
6100	Selling expenses	125,289	7	121,400	8
6200	Administrative expenses	132,628	7	127,367	8
6300	Research and development expenses	33,932	2	26,902	2
6450	Reversal of impairment loss determined in accordance with IFRS 9	(70)	-	280	-
	Total operating expenses	291,779	16	275,949	18
	Net operating profit	412,523	23	336,174	21
	Non-operating income and expenses:				
7010	Other income (note 6(r))	4,396	-	3,042	-
7020	Other gains and losses (notes 6(e) and (s))	8,482	1	71,915	5
7050	Finance costs (note 6(k))	(7,679)	-	(6,394)	-
7100	Interest income (note 7)	5,084	-	2,449	-
7070	Share of profit (loss) of associates, subsidiaries, and joint ventures accounted for using equity method (note 6(k))	21,383	1	81,341	5
	Total non-operating income and expenses	31,666	2	152,353	10
	Profit before income tax	444,189	25	488,527	31
7951	**Less: Income tax expenses (note 6(m))**	81,033	5	81,901	5
	Profit	363,156	20	406,626	26
	Other comprehensive income:				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	1,727	-	(581)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	1,727	-	(581)	-
8360	**Item that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	30,540	2	12,290	1
8300	**Other comprehensive income (loss), net**	32,267	2	11,709	1
	Total comprehensive income	**$ 395,423**	**22**	**418,335**	**27**
9750	**Basic earnings per share (NT dollars) (note 6(o))**	**$**	**6.40**		**7.16**
9810	**Diluted earnings per share (NT dollars) (note 6(o))**	**$**	**6.31**		**7.08**

See accompanying notes to financial statements.

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

SHIH HER TECHNOLOGIES INC.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest		
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2021	$ 567,749	679,504	329,228	129,680	1,362,098	(122,830)	-	2,945,429
Profit	-	-	-	-	406,626	-	-	406,626
Other comprehensive income (loss)	-	-	-	-	(581)	12,290	-	11,709
Total comprehensive income (loss)	-	-	-	-	406,045	12,290	-	418,335
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	25,092	-	(25,092)	-	-	-
Special reserve appropriated	-	-	-	(6,850)	6,850	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(56,775)	-	-	(56,775)
Cash dividends from capital surplus	-	(68,130)	-	-	-	-	-	(68,130)
Difference between consideration and carrying amount of subsidiaries acquired	-	149	-	-	-	-	-	149
Balance at December 31, 2021	567,749	611,523	354,320	122,830	1,693,126	(110,540)	-	3,239,008
Profit	-	-	-	-	363,156	-	-	363,156
Other comprehensive income (loss)	-	-	-	-	1,727	30,540	-	32,267
Total comprehensive income (loss)	-	-	-	-	364,883	30,540	-	395,423
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	40,604	-	(40,604)	-	-	-
Special reserve appropriated	-	-	-	(12,290)	12,290	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(56,775)	-	-	(56,775)
Cash dividends from capital surplus	-	(141,937)	-	-	-	-	-	(141,937)
Purchase of treasury share	-	-	-	-	-	-	(31,330)	(31,330)
Balance at December 31, 2022	**$ 567,749**	**469,586**	**394,924**	**110,540**	**1,972,920**	**(80,000)**	**(31,330)**	**3,404,389**

See accompanying notes to financial statements.

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

SHIH HER TECHNOLOGIES INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from (used in) operating activities:			
Profit before income tax	$	444,189	488,527
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		97,188	89,636
Amortization expense		29,690	22,032
Expected credit loss (reversal of provision)		(70)	280
Finance cost		7,679	6,394
Interest revenue		(5,084)	(2,449)
Share of (profit) loss of associates and joint ventures accounted for using equity method		(21,383)	(81,341)
Impairment loss on non-financial assets		3,792	826
Gain on disposal of non-current assets classified as held for sale		-	(71,984)
Others		2,806	(2,376)
Total adjustments to reconcile profit (loss)		114,618	(38,982)
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		192,870	(77,336)
Notes and trade receivables (including related party)		11,554	(18,739)
Other receivables (including related party)		7,139	16,224
Inventories		(26,489)	(20,652)
Other current assets		(2,779)	24,098
Notes and accounts payables		(105)	19,107
Other current liabilities		10,492	57,342
Total changes in operating assets and liabilities		192,682	44
Total adjustments		307,300	(38,938)
Cash inflow generated from operations		751,489	449,589
Interest received		-	1,560
Interest paid		(7,679)	(6,394)
Income taxes paid		(106,192)	(70,117)
Net cash flows from operating activities		637,618	374,638
Cash flows from (used in) investing activities:			
Acquisition of investments accounted for using equity method		-	(182,584)
Proceeds from capital reduction of investments accounted for using equity method		70,187	29,063
Dividends received from subsidiaries		16,084	5,890
Proceeds from disposal of non-current assets classified as held for sale		-	126,616
Acquisition of property, plant and equipment		(453,227)	(363,949)
Disposal of property, plant and equipment		-	448
Decrease(increase) in guarantee deposits paid		(7)	24,300
Decrease in other receivables due from related parties		-	92,640
Decrease(increase) in other non-current assets		(28,993)	3,972
Interest received		5,084	1,396
Net cash flows used in investing activities		(390,872)	(262,208)
Cash flows from (used in) financing activities:			
Increase in short-term loans		40,000	-
Proceeds from long-term debt		383,582	160,000
Repayments of long-term debt		(260,339)	(82,279)
Payment of lease liabilities		(144)	(145)
Cash dividends paid		(198,712)	(124,905)
Cost of increase in treasury stock		(31,330)	-
Net cash flows used in financing activities		(66,943)	(47,329)
Net increase in cash and cash equivalents		179,803	65,101
Cash and cash equivalents at beginning of period		231,774	166,673
Cash and cash equivalents at end of period	$	**411,577**	**231,774**

See accompanying notes to financial statements.

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

SHIH HER TECHNOLOGIES INC.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

SHIH HER TECHNOLOGIES INC. (the "Company") was incorporated in June 1997 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities of the Company are the manufacture, design and maintain of semiconductor and opto-electronics. The Company's common shares were listed on the Taipei Exchange (TPEx) in April 2008.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issue by the Board of Directors on March 14, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

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

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liability (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the dates that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the dates of transaction.

(ii) Foreign operations

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

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

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

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

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

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

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

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

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

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

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

are classified as non current.

An entity shall classify a liability as current when:

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

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

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

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

(e) Cash and cash equivalents

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

(Continued)

SHIH HER TECHNOLOGIES INC.

Notes to the Financial Statements

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

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

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

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

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

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

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

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

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

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

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

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

(Continued)

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

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

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

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

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4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company’s accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – *Impairment of Assets*. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. 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.

(j) Investment in subsidiaries

Investments in subsidiaries are accounted for using the equity method. There is no difference between net income and comprehensive income in the Company's financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company's financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Housing construction and its ancillary equipment: 6~56 years

2) Machinery and equipment: 3~13 years

3) Office equipment and others: 3~10 years

Depreciation methods, useful lives and residual values are reviewed at year end and adjusted if appropriate.

(l) Leases

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

(i) As a leasee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

The Company has selected not to recognize right-of-use assets and lease liabilities for short-term leases, leases of low value lease object and staff dormitory leases of variable object. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

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

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘rent income’.

(m) Impairment of non-financial assets

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

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

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

(Continued)

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

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

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The Company expects that the time between the transfer of goods or services to the customer under all customer contracts and the payment of such goods or services by the customer will not exceed one year, therefore, the company does not adjust the monetary time value of the transaction price.

(o) Government grants and government assistance

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable.

Other government grants related to assets are initially recognized as deferred income or deducted from the book value at fair value if there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized. If the government grant is to subsidize the cost of assets obtained, the Company recognized in profit or loss during the useful life period according to the depreciation and amortization method of the asset.

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

(Continued)

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

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

(iii) Short-term employee benefits

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

(q) Income taxes

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

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

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

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

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

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

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

(Continued)

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

1) the same taxable entity; or

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

(r) Earnings per share

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

(s) Operating segments

Please refer to Company's consolidated financial statements for the years ended December 31,2022 and 2021, for further details.

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) For the judgment regarding significant influence of subsidiaries, please refer to the consolidated financial report 2022.

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(b) Judgment of whether the Company has substantive control over its investees

The Company holds 36.80% of Minerva Works PTD. Ltd. (Minerva) and 63.20% of the remaining equity is concentrated. The Company is unable to obtain more than half of the seats of directors or more than half of the voting rights of the shareholders present at the Board of Shareholders. Therefore, the judgment of the Company has only material influence on the investee company.

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

(a) The loss allowance of trade receivables

The Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs.

The Company's accounting policies include measuring financial and nonfinancial assets and liabilities at fair value through profit or loss.

The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. The Company establishes relevant internal control for fair value measurement. This includes establishing an evaluation team to be responsible for reviewing all major fair value measurements (including level 3 fair value) and reporting directly to two CFO.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data (non-observable parameter).

The Company recognizes the transfer on the reporting date if there is a transfer event or situation between the various levels of fair value. For relevant information on the assumption used to measure fair value, please refer to Note 6(t) Financial Instruments.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and demand deposits	$ 228,459	211,136
Time deposits	183,118	20,638
Cash and cash equivalents in the statement of cash flows	**$ 411,577**	**231,774**

Please refer to note 6(v) for the interest rate risk, and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Derivatives financial assets－Convertible Bonds (CLN)	$ 27,163	28,963
Beneficiary Certification	3,053	183,059
Structured Deposits	-	13,870
Total	**$ 30,216**	**225,892**

(i) For the years ended December 31, 2022 and 2021, the Company recognized the fair value are $46 and $3,648 thousand, accounted under other gain and loss.

(ii) For credit risk and market risk, please refer to note 6(v).

(iii) The financial assets above have not been pledged as collateral.

(c) Notes and trade receivables (including related parties)

	December 31, 2022	December 31, 2021
Notes receivables	$ 1,783	3,963
Trade receivables	300,528	309,906
Trade receivables-related parties	2,357	2,353
Less: Loss allowance	(19,582)	(19,652)
	$ 285,086	**296,570**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The Company’s loss allowance provisions for notes and trade receivables were determined as follows:

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

	December 31, 2022		
	Notes and trade receivables amount	Weighted average Loss rate	Loss Allowance provision
Current	$ 275,250	0%~2%	14
Past due within 60 days	8,689	0%~10%	174
Past due 61~180 days	1,486	0%~80%	151
Past due 181~360 days	-	0%~100%	-
Past due over 360 days	-	0%~100%	-
There is indication of breaching for contract	19,243	100%	19,243
Total	**$ 304,668**		**19,582**

	December 31, 2021		
	Notes and trade receivables amount	Weighted average Loss rate	Loss Allowance provision
Current	$ 279,829	0%~2%	-
Past due within 60 days	16,581	0%~10%	331
Past due 61~180 days	569	0%~80%	78
Past due 181~360 days	-	0%~100%	-
Past due over 360 days	-	0%~100%	-
There is indication of breaching for contract	19,243	100%	19,243
Total	**$ 316,222**		**19,652**

The movement in the allowance for impairment loss on notes and trade receivables was as follows:

	2022	2021
Balance at January 1	$ 19,652	19,859
Impairment losses recognized (reversed)	(70)	280
Others	-	(487)
Balance at December 31	**$ 19,582**	**19,652**

As of December 31, 2022 and 2021, the notes and trade receivables have not been pledged as collateral.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(d) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 16,387	10,006
Finished goods	89,178	69,070
	$ 105,565	**79,076**

The cost of inventory recognized as cost of good sold in 2022 and 2021 were $1,099,985 thousand and $959,171 thousand, respectively.

The Company did not provide any inventories as collateral.

(e) Non-current assets held for sale

In February 2021, the Company sold the Datong Factory through the resolution of the Board of Directors. The Company signed a real estate sales contract with Licheng Technology Co., Ltd., and according to the agreement, the Company needed to obtain soil pollution inspection report. The registration of transfer of ownership could be carried out only after receiving the relieving control permission of the environmental hazardous substances, with the sales amount of $129,000 thousand (before tax). These properties were recalssified to non-current assets held for sale with a carrying amount of $54,632 thousand and derecognized after obtaining the approval of change registration in August 2021. The gain of $71,984 thousand (including value-added tax, etc.) resulting from the disposal was recognized under other gains and losses, please refer to note 6(s) for details.

(f) Investments accounted for using equity method

The Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 1,887,335	1,923,830
Associates	47,581	45,434
	$ 1,934,916	**1,969,264**

(i) Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for details of subsidiaries.

(ii) The Company's financial information for investments accounted for using the equity method that are individually insignificant, which is the amount contained in the financial statements of the company, was as follows:

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	**$ 47,581**	**45,434**

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

		2022	2021
Attributable to the Company:			
Profit	$	(2,897)	3,615
Other comprehensive income		5,044	-
Total profit	$	**2,147**	**3,615**

(iii) The Company did not provide any investments accounted for using the equity method as collateral.

(iv) Quoted prices in an active market are not available for investments in the associates of the Company.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follows:

		Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:							
Balance on January 1, 2022	$	584,388	823,693	241,149	110,047	147,350	1,906,627
Additions		-	6,810	49,986	18,199	236,286	311,281
Disposals and retirements		-	(6,209)	(13,584)	(12,432)	-	(32,225)
Balance on December 31, 2022	$	**584,388**	**824,294**	**277,551**	**115,814**	**383,636**	**2,185,683**
Balance on January 1, 2021	$	417,907	864,444	208,124	116,679	82,085	1,689,239
Additions		203,137	13,658	59,202	16,308	65,265	357,570
Disposals and retirements		-	(25,647)	(26,177)	(22,940)	-	(74,764)
Reclassifications		(36,656)	(28,762)	-	-	-	(65,418)
Balance on December 31, 2021	$	**584,388**	**823,693**	**241,149**	**110,047**	**147,350**	**1,906,627**
Depreciation and impairments loss:							
Balance on January 1, 2022			324,709	103,142	53,737	-	481,588
Depreciation		-	41,772	35,931	19,343	-	97,046
Disposals and retirements		-	(6,209)	(13,584)	(12,432)	-	(32,225)
Impairments loss		-	3,792	-	-	-	3,792
Balance on December 31, 2022	$	**-**	**364,064**	**125,489**	**60,648**	**-**	**550,201**
Balance on January 1, 2021	$	-	317,456	101,476	57,437	-	476,369
Depreciation		-	42,871	27,843	18,781	-	89,495
Disposals and retirements		-	(24,832)	(26,177)	(22,481)	-	(73,490)
Reclassification		-	(10,786)	-	-	-	(10,786)
Balance on December 31, 2021	$	**-**	**324,709**	**103,142**	**53,737**	**-**	**481,588**
Carrying amounts:							
Balance on December 31, 2022	$	**584,388**	**460,230**	**152,062**	**55,166**	**383,636**	**1,635,482**
Balance on December 31, 2021	$	**584,388**	**498,984**	**138,007**	**56,310**	**147,350**	**1,425,039**
Balance on January 1, 2021	$	**417,907**	**546,988**	**106,648**	**59,242**	**82,085**	**1,212,870**

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

The property, plant and equipment of the Company had been pledged as collateral for borrowing; please refer to Note 8.

(h) Right-of-use assets

		Land	Transportation equipment	Total
Cost:				
Balance at December 31, 2022 (As opening balance)	$	-	425	425
Balance at January 1, 2021	$	163,127	1,299	164,426
Reduction		(163,127)	(874)	(164,001)
Balance at December 31, 2021	$	-	425	425
Accumulated depreciation and impairment losses:				
Balance at January 1, 2022	$	-	236	236
Depreciation		-	142	142
Balance at December 31, 2022	$	-	378	378
Balance at January 1, 2021	$	-	969	969
Depreciation		-	141	141
Reduction		-	(874)	(874)
Balance at December 31, 2021	$	-	236	236
Carrying amount:				
Balance on December 31, 2022	$	-	47	47
Balance at December 31, 2021	$	-	189	189
Balance at January 1, 2021	$	163,127	330	163,457

The Company is subject to the regulations of the Bureau of Industry of the Ministry of Economic Affairs of the "Key Points of Land Lease in Tainan Science and Technology Industrial Zone". In March 2021, the Company applied for the approval of the exercise of preferential off-take rights in the case of lease-sub-acquisition and paid $148,764 thousand. Because the Company is subject to the Environmental Protection Agency of the Executive Yuan "Soil and Groundwater Pollution Dyeing and Renovation Law", the land was transferred in July 2021, recognized in Property, plant and equipment, please refer to Note 6 (g).

(i) Short-term borrowings

		December 31, 2022	December 31, 2021
Unsecured bank loans	$	40,000	-
Secured bank loans		-	-
Total	$	40,000	-
Unused credit lines	$	690,000	730,000
Range of interest rates		1.52%~1.69%	-

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(i) In 2022, the new short-term borrowings and repayments of the Company amounted to $179,973 thousand, and $139,973 thousand, respectively. Moreover, except for repayments due, the amounts of short-term borrowings of the Company in 2021 was not significant.

(j) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured bank loans	$ 580,282	449,039
Unsecured bank loans	104,000	112,000
Less: current portion due within 1 year	(111,143)	(66,325)
Total	**$ 573,139**	**494,714**
Range of interest rates	**1.45%~1.85%**	**1%~1.2%**

(i) In 2022 and 2021, the Company's new long-term borrowings amounted to $383,582 thousand and $160,000 thousand, and the repayments amounted to $260,339 thousand and $82,279 thousand, respectively.

(ii) For the collateral for long-term borrowings, please refer to note 8.

(k) Lease liabilities

The Company leases land and vehicles for its operation. The leases period is 3 to 20 years. The Company has preferential right to purchase part of the leased land, and some lease agreements have terms for renewal.

The Company's lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Current	**$ 36**	**144**
Non-current	**$ -**	**36**

Expiration analysis please refer to note 6(t) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	**$ 2**	**4**
Expenses relating to short-term leases	**$ 1,212**	**1,063**

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

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

	2022	2021
Total cash outflow for leases	$ 1,358	1,212

The Company repurchased the leased land from lease and exercised the preferential purchase right in March 2021, please refer to Note 6 (h).

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ (36,160)	(34,991)
Fair value of plan assets	38,642	35,730
Net defined benefit asset	$ 2,482	739

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $38,642 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

2) Movement in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company in the year 2022 and 2021 were as follows:

		2022	2021
Defined benefit obligations at January 1	$	34,991	33,793
Benefits paid		(124)	-
Current service costs and interest cost (income)		176	169
Remeasurements loss (gain):			
- Experience gain and loss		3,113	18
- demographic assumptions		-	1,011
- financial assumptions		(1,996)	-
Defined benefit obligation at December 31	**$**	**36,160**	**34,991**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company in the year 2022 and 2021 were as follows:

		2022	2021
Fair value of plan assets at January 1	$	35,730	35,093
Contributions		12	12
Benefits paid		(124)	-
Interest income		180	175
Remeasurements loss (gain):			
- Return on plan assets excluding interest income		2,844	450
Fair value of plan assets at December 31	**$**	**38,642**	**35,730**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2022	2021
Net interest of net liabilities for defined benefit obligations (assets)	**$**	**(4)**	**(7)**
Operating costs	$	(3)	(10)
Selling expenses		(1)	(2)
Administration expenses		-	5
	$	**(4)**	**(7)**

(Continued)

5) Actuarial assumptions

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

	2022	2021
Discount rate	1.500 %	0.500 %
Future salary increases rate	3.500 %	3.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $12 thousand.

The weighted average lifetime of the defined benefits plans is 10.2 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation in the year 2022 and 2021 shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2022:		
Discount rate	$ (905)	941
Future salary increasing rate	$ 908	(878)
December 31, 2021:		
Discount rate	$ (959)	1,000
Future salary increasing rate	$ 959	(925)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $17,956 thousand and $16,552 thousand for the years ended December 31, 2022 and 2021, respectively.

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(m) Income Taxes

(i) Income tax expense

The components of income tax expense in the years 2022 and 2021 were as follows:

		2022	2021
Current income tax expense	$	78,593	79,893
Deferred income tax expense		2,440	2,008
Income tax expense	$	**81,033**	**81,901**

Reconciliation of income tax and profit before tax for 2022 and 2021 was as follows:

		2022	2021
Profit excluding income tax	$	444,189	488,527
Income tax using the Company's domestic tax rate		88,838	97,705
Non-deductible expenses		(3,791)	(31,342)
Others		(4,014)	15,538
	$	**81,033**	**81,901**

(ii) Deferred income tax assets and liabilities

1) Recoginzed deferred income tax assets

Changes in the amount of deferred income tax assets for 2022 and 2021 were as follows:

		Allowance loss	Others	Total
Balance at January 1, 2022	$	(628)	(2,237)	(2,865)
Recognized in profit or loss		23	(354)	(331)
Balance at December 31, 2022	$	**(605)**	**(2,591)**	**(3,196)**
Balance at January 1, 2021	$	(596)	(4,277)	(4,873)
Recognized in profit or loss		(32)	2,040	2,008
Balance at December 31, 2021	$	**(628)**	**(2,237)**	**(2,865)**

2) Recoginzed deferred income tax liabilities

		Unrealized foreign exchange gain	Others	Total
Balance at January 1, 2022	$	-	-	-
Recognized in profit or loss		2,771	-	2,771
Balance at December 31, 2022	$	**2,771**	**-**	**2,771**

The Company have not recognized any deferred tax liabilities in December 31, 2021.

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

3) Unrecognized deferred income tax liabilities

Considered the overall development and investment planning of the group, the Company does not intend to repatriate the surplus of overseas subsidiaries, therefore, the Company does not recognize the deferred tax assets and deferred tax liabilities of overseas subsidiaries.

As of December 31, 2022, the company has not recognized as a deferred tax liabilities was amounted $8,399 thousand.

(iii) The Company' s tax returns for the year through 2020 were assessed by the National Tax Bureau.

(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, the number of authorized ordinary shares were both 100,000 thousand shares with par value of $10 per share. The total value of authorized ordinary shares was amounted to $1,000,000 thousand. As of that date, 56,775 thousand of ordinary shares amounted $567,750 thousand were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	December 31, 2021
Share issue premium	$ -	111,159
Corporate debt conversion premium	467,023	497,801
Difference arising from subsidiary's share price and its carrying value	1,218	1,218
Stock option expired	233	233
Changes in equity of the invested company accounted for using equity method	1,112	1,112
	$ 469,586	**611,523**

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

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

In accordance with the resolution of Board of Directors held on March 24, 2022 and March 25, 2021, the Company has resolved to distribute the cash dividends of $141,937 thousand and $68,130 thousand from capital surplus to the owners of common stock in the amount of $2.5 per share and $1.2 per share, respectively, which have been approved and implemented at the shareholders' meeting.

(iii) Retained earnings and dividend policy

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the board of directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Company shall take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors, and a meeting of shareholders will be held to decide on this matter. The stock dividends shall not be more than 50% of total dividend, and the cash dividend shall be 50% to 100% of total dividend.

1) Legal reserve

Under the Companies Act, a company shall allocate 10 per cent of its net after-tax profits as statutory surplus accumulation until it is equal to the total amount of capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Regulation issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022 and 2021, the balances of special reserve were $110,540 thousand and $122,830 thousand, respectively.

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

3) Retained earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the shareholders' meeting on June 22, 2022 and August 12, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Cash dividend	$ 1.00	56,775	1.00	56,775

4) Treasury shares

For the Company's integrity and shareholders' equity, the Company has complied with Securities and Exchange Act Article 28-2 to repurchase 538 thousand treasury stocks (amounted to $31,330 thousand), which were not cancelled as of December 31, 2022.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder's rights before their transfer.

(o) Earnings per share

The calculation of basic earnings per share and diluted earning per share of the Company are calculated as follows:

(i) Basic earnings per share

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 363,156	406,626
Weihgted-average number of ordinary shares (thousnad) outstanding at the end of period	56,708	56,775
Basic earnings per share (dollar)	$ 6.40	7.16

(ii) Diluted earnings per share

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 363,156	406,626
Weighted-average number of ordinary shares outstanding (basic)	56,708	56,775
The impact of full stock issuance on employee	827	671
Weighted average number of ordinary shares outstanding (thousand shares)	57,535	57,446
Diluted earnings per share (dollar)	$ 6.31	7.08

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(p) Revenue from contracts with customers

(i) The details of the revenue were as follows:

	2022	2021
Cleaning income	$ 1,643,637	1,425,274
Sale of goods	127,247	113,560
Income from services	33,403	32,460
	$ 1,804,287	**1,571,294**

(ii) Contract balance

For details on trade receivables and allowance for impairment, please refer to note 6(c).

(q) Employee and board of directors' compensation

In accordance with the articles of incorporation the Company should contribute no less than 3% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $40,000 thousand and $43,000 thousand and directors' and supervisors' remuneration amounting to $8,000 thousand and $10,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021.

(r) Other revenue

	2022	2021
Rental income	$ 2,079	2,079
Other	2,317	963
	$ 4,396	**3,042**

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(s) Other gains and losses

		2022	2021
Foreign currency exchange gain (loss), net	$	15,080	(1,617)
Gain (loss) on disposals of investments		(2,760)	6,023
Impairment loss		(3,792)	(826)
Gain on disposal of non-current assets held to be sold		-	71,984
Others		(46)	(3,649)
	$	**8,482**	**71,915**

(t) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The major customers of the Company are centralized in the Semiconductor industry and panel industry customer. To minimize credit risk, the Company periodically evaluates the Company's financial positions and the possibility of collecting trade receivables. As of December 31, 2022 and 2021, 56% and 59% of trade receivables were from the top 5 customers. Thus, credit risk is significantly centralized.

3) Receivables and debt securities

The financial assets, trade receivables and other receivables of the Company as measured at amortized cost as of the reporting date are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 6(c).

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

The analysis of the maturity date of financial debt contracts were as follow:

1) Based on the earliest date on which the company may be required to repay, it is compiled based on the undiscounted cash flow of financial liabilities, which includes interest but does not include the effect of the netting agreement.

2) The maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

3) Derivatives for net delivery are prepared based on undiscounted contract net cash inflows and outflows; derivatives for gross delivery are prepared on the basis of total undiscounted cash inflows and outflows.

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowing	$ 40,000	40,108	40,108	-	-
Long-term borrowing	684,282	704,678	117,892	581,563	5,223
Notes and trade payable (including related party)	90,061	90,061	90,061	-	-
Lease liabilities	36	36	36	-	-
	$ 814,379	**834,883**	**248,097**	**581,563**	**5,223**
December 31, 2021					
Non-derivative financial liabilities:					
Bank loan	$ 561,039	578,830	70,999	474,810	33,021
Notes and trade payable (including related party)	90,166	90,166	90,166	-	-
Lease liabilities	180	181	145	36	-
	$ 651,385	**669,177**	**161,310**	**474,846**	**33,021**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

Some of the Company's operating activities are not measured in one of the Company's functional currencies, resulting in foreign currency exchange rate risk. In order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, the Company uses derivatives to avoid exchange rate risks.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

The Company's significant exposure to foreign currency risk was as follows:

(in thousands)	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 7,417	30.71	227,770	1,344	27.68	37,191
CNY	3,904	4.408	17,209	11,249	4.344	48,868
Non-Monetary items						
Long-term investment under equity method						
SGD	2,080	22.88	47,581	2,221	20.46	45,534
Financial liabilities						
Monetary items						
USD	157	30.71	4,807	182	27.68	5,045

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the NTD against the foreign currency at December 31, 2022 and 2021, would have decreased or increased the net profit before tax by $2,402 thousand and $810 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021 foreign exchange gains (losses) (including realized and unrealized portions), please referred to note 6(s) in detail.

2) Interest rate risk

The interest rates of interest-bearing financial instruments of the Company on the reporting date are summanized as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Fixed-rate instruments:		
Financial assets	$ 183,118	54,521
Financial liabilities	(40,000)	-
	$ 143,118	**54,521**
Variable-rate instruments:		
Financial assets	$ 227,818	189,750
Financial liabilities	(684,282)	(561,039)
	$ (456,464)	**(371,289)**

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

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

If the interest rate had increased or decreased by 0.25%, the net profit(loss) before tax would have decreased or increased by $1,141 thousand and $928 thousand for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings at variable interest rates.

The Company's financial assets at fixed interest rates are measured using the amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

(iv) Fair value of financial instruments

1) Types and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis.

The carrying amount and fair value of the Company' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity instruments that was not quoted prices in the active market and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2022				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 3,053	3,053	-	-	3,053
Mandatorily measured at fair value through profit or loss	27,163	27,163	-	-	27,163
	$ 30,216	**30,216**	**-**	**-**	**30,216**

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

	December 31, 2022				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 411,577				
Note and trade receivable (including related parties)	285,086				
Other receivables (including related parties)	11,171				
Refundable deposit	301				
	$ 708,135				
Financial liabilities measured at amortized cost					
Long and short term borrowing	$ 724,282				
Notes and trade payables (including related parties)	90,061				
Lease liabilities	36				
Other payables	314,652				
Guarantee deposit	218				
	$ 1,129,249				

	December 31, 2021				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 196,929	183,059	-	13,870	196,929
Mandatorily measured at fair value through profit or loss	28,963	28,963	-	-	28,963
	$ 225,892	**212,022**	**-**	**13,870**	**225,892**
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 231,774				
Note and trade receivable (including related parties)	296,570				
Other receivables (including related parties)	18,310				
Refundable deposit	294				
	$ 546,948				
Financial liabilities measured at amortized cost					
Long and short term borrowing	$ 561,039				
Note and trade payable (including related parties)	90,166				
Lease liabilities	180				
Other payables	303,041				
Guarantee deposit	218				
	$ 954,644				

(Continued)

2) Valuation techniques for financial instruments measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

c) Valuation techniques for financial instuments measured at fair value

i) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgement and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgement.

The financial instruments held by the Company are classified as follows:

- Financial instruments with active markets: including financial assets which listed (counter) company stocks with active market transactions, their fair value series are determined with reference to market quotes.
- Financial instruments without active markets: Fair value is based on valuation techniques or reference counterparty quotes. The fair value obtained through evaluation techniques can refer to the current fair value of other financial instruments with similar conditions and characteristics, discounted cash flow method or other evaluation techniques, including calculations based on market information available on the date of the balance sheet.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

d) Reconciliation of Level 3 fair values

The following table shows a reconciliation of the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss-unquoted equity instruments	
	2022	**2021**
Balance on January 1	$ 13,870	6,917
Recognized in profit or loss	-	(17)
Aquisition/ Disposal/ Redemption	(13,870)	6,970
Effect of movements in exchange rate	-	-
Balance on December 31	**$ -**	**13,870**

The aforementioned total gains and losses were recognized in “other gains and losses”.

e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value use third-party pricing information. Therefore, it is not intended to disclose quantitative information on significant unobservable inputs of fair value.

(u) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

Note 6(t) presents detailed information on exposure to each of the above risks and on the objectives, policies, and processes for measuring and managing risk.

(ii) Risk management structure

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

The Board of Directors monitors the management to ensure compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The board of directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(v) Capital management

The Company uses the debt ratio as the benchmark for its capital management to ensure that it has the necessary financial resources to meet the needs of working capital, capital expenditure and debt repayment in the next twelve months. The debt ratios as of December 31, 2022 and 2021 were 26% and 25%, respectively. The method used for the Company's capital management remained the same as of December 31, 2022.

(w) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities, which did not affect the current cash flow, for the years ended December 31, 2022 and 2021, were as follows:

(i) Acquisition of Right-of-use assets by lease, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-Cash flows	December 31, 2022
Short-term borrowings	$ -	40,000	-	40,000
Long-term borrowings	561,039	123,243	-	684,282
Lease liabilities	180	(144)	-	36
Total liabilities from financing activities	**$ 561,219**	**163,099**	**-**	**724,318**

	January 1, 2021	Cash flows	Non-Cash flows	December 31, 2021
Long-term borrowings	$ 483,318	77,721	-	561,039
Lease liabilities	137,294	(145)	(136,969)	180
Total liabilities from financing activities	**$ 620,612**	**77,576**	**(136,969)**	**561,219**

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(7) Related-party transactions:

(a) Name and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
CHANG YORK TECHNOLOGIES INC. (CHANG YORK)	Subsidiary
YUAN GUANG TECHNOLOGIES INC. (YUAN GUANG)	〃
Shih Ping Technologies (Shen Zhen) Co. Ltd. (Shen Zhen Shih Ping)	〃
Dongguan Shih Ping Optoelectronics Technology, Ltd. (Dongguan Shih Ping)	〃
Shih Ju Technologes (Hefei) Ltd. (Hefei Shih Ju)	〃
Chengdu Shih Zheng Technology Ltd. (Chengdu Shih Zheng)	〃
Minerva Works Pte Ltd. (Minerva)	An associate
Nanjing Hung Jie Optoelectronics Technology, Ltd. (Nanjing Hung Jie)	〃

(b) Significant transactions with related parties

(i) Sales

	Sales		Trade receivables and other receivables–related party	
	2022	2021	December 31, 2022	December 31, 2021
Subsidiary	$ 33,091	30,393	11,479	19,174
Associate	10,046	7,715	1,184	969
	$ 43,137	**38,108**	**12,663**	**20,143**

(ii) Processing fee

	Processing fee		Trade payables –related party	
	2022	2021	December 31, 2022	December 31, 2021
Subsidiary	**$ 3,121**	**4,783**	**2,264**	**2,367**

The above trading terms and conditions are not materially different from those offered by other vendors.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(iii) Loans to Related Parties

The loans (including interest receivable) and the interest revenue to related parties were as follows:

	Interest Revenue		Other receivables -related party	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Hefei Shih Ju	$ -	160	-	-
Shen Zhen Shih Ping	-	516	-	-
	$ -	**676**	**-**	**-**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2022	**2021**
Short-term employee benefits	$ 31,012	30,678
Post-employment benefits	635	621
	$ 31,647	**31,299**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	**Object**	**December 31, 2022**	**December 31, 2021**
Land	Bank loan	$ 550,538	347,400
Building	Bank loan	445,680	480,341
		$ 996,218	**827,741**

(9) Commitments and contingencies:

(a) The company's unrecognized contractual commitments on the acquisition of real estate, plant and equipment that are material and unrecognized are as follows:

	December 31, 2022	**December 31, 2021**
Acquisition of property, plant and equipment	**$ 348,183**	**132,039**

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(12) Other:

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

By function / By item	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit						
Salary	367,725	172,380	540,105	339,477	170,780	510,257
Labor and health insurance	31,627	13,855	45,482	28,743	13,103	41,846
Pension	11,108	6,844	17,952	10,084	6,461	16,545
Remuneration of directors	-	8,183	8,183	-	10,162	10,162
Others	17,115	5,854	22,969	16,023	5,721	21,744
Depreciation	81,055	16,133	97,188	73,534	16,102	89,636
Amortization	28,149	1,541	29,690	20,938	1,094	22,032

The number of the Company's employees and employee benefit expenses for the year ended December 31, 2022 and 2021 were as follows:

	2022	2021
The number of employee	713	692
The number of directors who are not adjuncted	6	6
Average of employee benefit expenses	$ 886	861
Average of employee salary expenses	$ 764	744
Adjustment of employee salary expenses	2.69 %	9.41 %
Remuneration of supervisor	$ -	-

The Company compensation policies (including directors, supervisors, managers and employees) are as follows:

Director Remuneration Policy: Director's remuneration includes the director's salaries, traveling expenses and director's remuneration. The distribution and payment of director's remuneration are conducted in accordance with the Company's articles of association.

Manager Remuneration Policy: Manager's remuneration is provided based on factors such as the Company's business strategy, profit status, performance, and job contribution, with reference to the salary market level, to be proposed by the remuneration committee during the board meeting for approval.

Employee Remuneration Policy: Employee remuneration includes basic salary of fixed items, allowances, bonuses, dividends of variable items, etc. The actual salary will be determined based on factors such as salary market conditions, the Company's operating conditions, seniority, rank, work performance, overall contribution to the Company, and special achievements. Also, it will be adjusted in a timely manner according to market salary dynamics, changes in the overall economy and industrial prosperity, and government regulations.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions during the year ended December 31, 2022 required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the period	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 2)	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company (Note 1)	Maximum financing limit for the lender (Note 1)	Note
													Item	Value			
1	Shih Tian (Xiamen)	Shih Ju (Hefei)	Other receivables-related parties	Yes	22,530 (RMB5,000 thousand)	-	-	1.75%	2	-	Operating capital	-		-	21,532	86,128	
1	Shih Tian (Xiamen)	Shih Ping (Shenzhen)	Other receivables-related parties	Yes	24,783 (RMB5,500 thousand)	-	-	1.75%	2	-	Operating capital	-	-	-	21,532	86,128	

Note 1: The total amount of leading to others shall not exceed 10% of the net value, and the total amount shall not exceed 40% of the company's net worth.

Note 2: Nature of financing activities is as follows:

(1) Represents entities with business transaction with the Company.

(2) Represents where an inter-company or inter-firm short-term financing facility is necessary.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Yuanta 2-10 Year Investment Grade Corporate Bond Fund-USD(A)	None	Current financial assets at fair value through profit of loss	10	3,053	-	3,053	
〃	Yuanta CHINSAN CLN	〃	〃	200	20,135	- %	20,135	
〃	Yuanta GSD CLN	〃	〃	70	7,028	- %	7,028	
CHANG YORK	Yuanta DE-LI Money Market Fund	〃	〃	121	2,011	- %	2,011	
〃	Yuanta 2-10 Year Investment Grade Corporate Bond Fund-USD(A)	〃	〃	7	2,137	- %	2,137	
〃	UPAMC James Bond Money Market Fund	〃	〃	118	2,003	- %	2,003	
Shih Ju (Hefei)	ICBC "Tianlibao" No.2 Net value Financial Investment Product for Corporate	〃	〃	10,000	44,080	- %	44,080	
〃	ICBC "Premium Selection 14 days Chi-Ying Fixed Income Open-end Financial Investment Product for Corporate"	〃	〃	976	4,408	- %	4,408	
YUAN GUANG	Allianz Global Investors Taiwan Money Market Fund	〃	〃	160	2,040	- %	2,040	
〃	UPAMC James Bond Money Market Fund	〃	〃	118	2,004	- %	2,004	
〃	Yuanta DE-LI Money Market Fund	〃	〃	121	2,007	- %	2,007	
〃	Yuanta DE-BAO Money Market Fund	〃	〃	164	2,006	- %	2,006	

(Continued)

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

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

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
The Company	factory	2022/6/8	229,394	173,555	Tech-Top Engineering CO., LTD	Non-related parties	-	-	-	-	According to market conditions	The company's operations and capacity expansion	

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: Please refer to note 6(b).

(b) Information on investees (excluding investments in mainland China):

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2022	Original investment amount: December 31, 2021	Balance as of December 31, 2022: Shares (thousands)	Percentage of ownership	Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
the Company	Skill high	Samoa	General investment	1,742,059	1,812,247	57,300	100.00 %	1,793,776	653	653	Note 1
〃	Chang York	Taiwan	Cleaning, maintenance, trading and assembly of semiconductor equipment, optoelectronic equipment and spare parts	49,313	49,313	5,000	100.00 %	70,578	18,059	18,059	
〃	Yuan Guang	Taiwan	Metal and Chemical Manufacturing	17,310	17,310	1,500	100.00 %	22,981	5,568	5,568	
〃	Mineva	Singpore	Cleaning, maintenance, trading and assembly of semiconductor equipment, optoelectronic equipment and spare parts	11,538	11,538	405	36.80 %	47,581	(8,293)	(2,897)	
Skill high	Shih Fu	Samoa	General investment	1,007,605	1,007,605	35,500	100.00 %	1,169,632	13,356	13,356	
〃	Shih Hang	Samoa	General investment	431,744	501,931	14,100	100.00 %	413,515	5,495	5,495	Note 1
〃	Shih Pu	Samoa	General investment	293,243	293,243	9,100	100.00 %	218,354	(4,816)	(4,816)	

Note 1: Skill High and Shih Hang reduced their capitals in cash during March 2022. Thereafter, Shih Hang returned the shares to Skill High, who then returned the shares to the Company, resulting in a change in the original investment amounts in both companies. The related procedures were still in progress as of the reporting date.

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

(c) Information on investment in mainland China:

1) Information on re-investment in business related information in mainland China:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Shih Ping (Shen Zhen)	Semiconductor, photoelectric equipment and parts cleaning, miniatous and recycling treatment	1,529,740 (RMB352,150 thousand)	(1) (3)	1,526,346	-	70,187	1,456,159	16,768	100.00%	16,768	1,554,345	-
Shih Ju (Hefei)	Semiconductor, photoelectric equipment and parts cleaning, miniatous and recycling treatment	387,970 (RMB89,312 thousand)	(3)	-	-	-	-	58,208	100.00%	58,208	377,202	-
Dongguan Shih Ping	Semiconductor, photoelectric equipment and parts cleaning, miniatous and recycling treatment	563,770 (RMB120,000 thousand)	(2)	-	-	-	-	(17,156)	100.00%	(17,156)	501,882	-
Shih Tien (Xiamen)	Semiconductor, photoelectric equipment and parts cleaning, miniatous and recycling treatment	290,085 (RMB58,369 thousand)	(1)	290,085	-	-	290,085	(5,108)	100.00%	(5,108)	215,319	-
Chengdu Shih Zheng	Semiconductor, photoelectric equipment and parts cleaning, miniatous and recycling treatment	618,139 (RMB143,072 thousand)	(2)	-	-	-	-	(53,453)	100.00%	(53,453)	556,575	-
Nanjing Hung Jie	Semiconductor, photoelectric equipment and parts cleaning, miniatous and recycling treatment	210,530 (RMB47,459 thousand)	(3)	-	-	-	-	34,032	35.71%	12,156	85,217	-

Note 1: Through the third region investments set up a company to reinvest in the mainland.

Note 2: Reinvestment in a mainland through a mainland company.

Note 3: The Group originally established a third-party company to invest in Mainland China companies, and in December 2021, the restructuring was adjusted to reinvest in Mainland China companies through a Mainland China company.

2) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,746,244	1,746,244	Note 1

Note 1: The company obtained the approval document issued by the Industrial Development Bureau, Ministry of Economic Affairs for compliance with the operation headquarters in May 2019. Therefore, it is not subject to the limited stipulated by the Ministry of Economic Affairs' "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China".

SHIH HER TECHNOLOGIES INC.
Notes to the Financial Statements

3) Significant transactions:

For the major direct or indirect transaction of the invested companies in mainland China in 2022 (written off at the time of preparation of the consolidated report), please refer to (a) "information related to major transactions" in detail.

(d) Major shareholders:

(Unit: share)

Shareholding / Shareholder's Name	Shares	Percentage
GUANJUN LIN Holdings Co. LTD.	8,558,190	15.07 %

(14) Segment information:

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for details.

SHIH HER TECHNOLOGIES INC.

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Petty cash and cash on hand		$ 583
Check deposits and Demand deposits		179,462
Foreign currency deposit	USD $1,298 thousand @30.71	39,875
	SGD $37 thousand @22.88	848
	CNY $1,677 thousand@4.408	7,391
	Other foreign currency	300
Time deposits	Within one year, Range of interest rates are 0.85% - 4.95%	183,118
		$ 411,577

Statement of trade receivables

Customer Name	Description	Amount
A Company	Operating revenues	$ 70,099
B Company	〃	46,750
C Company	〃	39,528
E Company	〃	15,334
Others (note)	〃	132,957
	〃	304,668
Less: Loss allowance		(19,582)
Total		**$ 285,086**

Note : The total of those who have not reached 5% of the balance of this account.

SHIH HER TECHNOLOGIES INC.

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Finished goods	$ 89,204	121,327
Raw materials	16,718	16,387
Less: Allowance for inventory valuation	(357)	-
	$ 105,565	**137,714**

Statement of other current assets

Item	Amount
Payment in advance	$ 6,136
Custom deposits	2,434
Prepaid insurance	1,488
Others (individual amount not exceeding 5%)	5,652
	$ 15,710

SHIH HER TECHNOLOGIES INC.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Opening balance		Increase in 2022		Decrease in 2022 (Note 1)		Other changes (Note 2)		Ending balance			Market price	Provide guarantee
Name of investee	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	shareholding ratio	Amount	or Equity	or pledge
Minerva Works Pte Ltd.	404,800	$ 45,434	-	-	-	-	-	2,147	404,800	36.80 %	47,581	47,581	N
Skill High Management Limited	59,800,000	1,837,814	-	-	(2,500,000)	(70,187)	-	26,149	57,300,000	100.00 %	1,793,776	1,793,776	N
Chang York Technologies INC.	5,000,000	67,601	-	-	-	(15,082)	-	18,059	5,000,000	100.00 %	70,578	70,578	N
Yuan Guang Technologies INC.	1,500,000	18,415	-	-	-	(1,002)	-	5,568	1,500,000	100.00 %	22,981	22,981	N
		$ 1,969,264		**-**		**(86,271)**		**51,923**			**1,934,916**	**1,934,916**	

Note 1: The decrease was due to capital reduction in cash and the surplus earnings distribution.

Note 2: Other changes include the gain on investments accounted for using equity method and accumulated exchange difference due to translation of foreign financial statements.

SHIH HER TECHNOLOGIES INC.

Statement of changes in property, plant and equipment

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(g) to this parent company only financial statement for details.

Statement of changes in right-of-use assets

Please refer to note 6(h) to this parent company only financial statement for details.

Statement of other non-current assets

For the year ended December 31, 2022

Item	Amount
Prepaid equipment	$ 166,842
Long-term prepaid expenses	10,828
Others (individual amount not exceeding 5%)	6,825
	$ 184,495

SHIH HER TECHNOLOGIES INC.

Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Type	Ending Balance	Contract Period	Range of interest rate	Credit line	Guarantee or pledged
Operating capital	$ 40,000	Within one year	1.52%~1.69%	690,000	None

Statement of trade payables

Vendor name	Description	Amount
Vendor A	Generated from operation	$ 13,399
Vendor B	〃	7,031
Vendor C	〃	6,230
Vendor D	〃	5,430
Vendor E	〃	5,000
Vendor F	〃	4,670
Others (Note)	〃	48,301
Total		**$ 90,061**

Note : The total of those who have not reached 5% of the balance of this account.

SHIH HER TECHNOLOGIES INC.

Statement of other current liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Employee Bonus Payable		$ 40,000
Payables on equipment		32,107
Remuneration Due to Directors and Supervisors		8,000
Others (individual amount not exceeding 5%)		122,280
Total		**$ 202,387**

Statement of operating revenue

For the year ended December 31, 2022

Item	Amount
Cleaning income	$ 1,643,637
Sale of goods	127,247
Income from services	33,403
	$ 1,804,287

SHIH HER TECHNOLOGIES INC.

Statement of long-term loan

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Financial institution	Description	Loan amount	Term of contract	Interest rate	Mortagage or guarantee	note
Hua Nan Bank	Secured loan	$ 111,088	2012.01.13~2027.04.12	1.48%	Please refer to note 8	
E. SUN Bank	〃	46,111	2016.08.15~2026.11.24	1.55%	〃	
Yuanta Bank	〃	283,083	2022.03.22~2027.03.22	1.45%	〃	
CTBC Bank	〃	140,000	2021.03.24~2027.08.16	1.85%	〃	
Hua Nan Bank	Unsecured loan	100,000	2021.01.28~2028.06.07	1.695%	-	
E. SUN Bank	〃	4,000	2018.06.22~2023.06.21	1.58%	-	
Less: current portion due with in 1 year		(111,143)				
Total		$ 573,139				

SHIH HER TECHNOLOGIES INC.

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 10,128
Add: Purchase	126,321
Less: Raw materials, end of year	(16,718)
Subtotal	119,731
Direct labor	246,554
Manufacturing expenses	625,369
Manufacturing cost	991,654
Add: Finished goods, beginning of year	69,070
Purchase	84,977
Less: Finished goods, end of year	(89,204)
Add: Other cost of goods sold	43,264
Cost of goods sold	108,107
Other adjustment cost	224
Total operating costs	**$ 1,099,985**

SHIH HER TECHNOLOGIES INC.

Statement of operating expense

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	$ 75,941	73,805	22,634
Remuneration for directors	-	8,183	-
Service expense	-	15,923	11
Insurance expense	7,721	5,651	1,760
Traveling expense	12,436	706	60
Deprecation expense	8,662	5,939	1,532
Others (note)	20,529	22,421	7,935
Total	**$ 125,289**	**132,628**	**33,932**

Note: The total of those who have not reached 5% of the balance of this account.