

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended
September 30, 2021 and 2020**

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

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Independent Auditors' Review Report

To the Board of Directors of Jarlytec Co., Ltd.:

Introduction

We have reviewed the consolidated financial statements of Jarlytec Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of September 30, 2021 and 2020, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, and changes in equity and cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 4(b), the financial statements of certain non-significant subsidiaries were not reviewed by independent auditors. These financial statements reflect total assets of these subsidiaries amounted to NT\$1,229,060 thousand and NT\$814,093 thousand, constituting 15% and 11% of consolidated total assets as of September 30, 2021 and 2020, respectively, total liabilities amounted to NT\$1,077,164 thousand and NT\$565,724 thousand, constituting 24% and 18% of consolidated total liabilities as of September 30, 2021 and 2020, respectively, and total comprehensive income of these subsidiaries amounted to NT\$28,959 thousand, NT\$39,664 thousand, NT\$53,011 thousand, and NT\$56,023 thousand, constituting 599%, 26%, 789% and 25% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2021 and 2020, respectively.

Notes to Readers

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

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

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Jarllytec Co., Ltd. and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated cash flows for the nine months then ended September 30, 2021 and 2020 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
November 5, 2021

Notes to Readers

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Review only, not audited in accordance with Generally Auditing Standards as of September 30, 2021 and 2020**JARLLYTEC CO., LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****September 30, 2021, December 31, 2020, September 30, 2020**

(Expressed in Thousands of New Taiwan Dollars)

Assets	September 30, 2021		December 31, 2020		September 30, 2020			September 30, 2021		December 31, 2020		September 30, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:													
1100 Cash and cash equivalents (Note 6(a))	\$ 1,360,537	16	2,014,173	25	1,221,719	17							
1110 Current financial assets at fair value through profit or loss (Note 6(b))	550,344	7	27,800	-	488,417	7	2100 Short-term borrowings (Note 6(j) and 8)	\$ 640,144	8	384,238	5	316,289	5
1170 Notes and accounts receivable, net (Note 6(c)(r))	2,441,708	29	2,331,878	29	2,091,828	29	2170 Notes and accounts payable	1,936,402	23	1,690,857	21	1,352,181	19
1200 Other receivables, net (Note 6(d))	24,797	-	31,498	1	25,711	-	2200 Other payables	887,849	11	746,949	10	634,952	10
1220 Current tax assets	23,710	-	23,110	-	22,331	1	2230 Current tax liabilities	28,931	-	28,800	-	66,199	1
130X Inventories (Note 6(e))	892,410	11	601,782	8	496,107	7	2280 Current lease liabilities (Note 6(l))	17,035	-	26,270	-	12,352	-
1410 Prepayments and other current assets (Note 6(f) and 8)	167,043	2	131,490	3	108,907	2	2300 Other current liabilities	24,776	-	22,162	-	25,179	-
Total current assets	5,460,549	65	5,161,731	66	4,455,020	63	2322 Long-term borrowings, current portion (Note 6(k) and 8)	198,056	3	249,978	3	95,881	1
Non-current assets:													
1510 Non-current financial assets at fair value through profit or loss (Note 6(b))	1,892	-	2,877	-	3,000	-	Total current liabilities	3,733,193	45	3,149,254	39	2,503,033	36
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(b))	89,192	1	93,225	1	77,983	1	Non-Current liabilities:						
1600 Property, plant and equipment (Note 6(g) and 8)	2,368,607	29	2,226,593	27	2,094,425	29	2540 Long-term borrowings (Note 6(k) and 8)	435,125	6	394,835	6	377,884	5
1755 Right-of-use assets (Note 6(h))	203,774	2	194,659	3	190,997	3	2570 Deferred income tax liabilities	169,694	2	169,694	2	137,824	2
1780 Intangible assets (Note 6(i))	21,133	-	16,671	-	16,906	-	2580 Non-current lease liabilities (Note 6(l))	38,412	-	53,856	1	72,160	1
1840 Deferred income tax assets	43,582	1	47,384	1	18,142	-	2640 Net defined benefit liability, non-current	23,717	-	24,436	-	25,787	-
1915 Prepayments for business facilities	110,595	1	103,183	1	95,801	2	2670 Other non-current liabilities, others	2,334	-	4,582	-	4,481	-
1990 Other non-current assets, others (Note 6(f) and 8)	71,049	1	61,814	1	148,374	2	Total non-current liabilities	669,282	8	647,403	9	618,136	8
Total non-current assets	2,909,824	35	2,746,406	34	2,645,628	37	Total liabilities	4,402,475	53	3,796,657	48	3,121,169	44
Total assets	\$ 8,370,373	100	7,908,137	100	7,100,648	100	Equity (Note 6(p)):						
							3110 Ordinary share	601,214	7	601,214	8	601,214	8
							3200 Capital surplus	1,334,534	16	1,334,534	17	1,334,534	19
							Retained earnings:						
							3310 Legal reserve	380,412	4	349,873	4	349,873	5
							3320 Special reserve	1,292	-	50,236	1	50,236	1
							3350 Unappropriated retained earnings	1,739,720	21	1,776,915	22	1,712,457	24
							Total retained earnings	2,121,424	25	2,177,024	27	2,112,566	30
							Other equity:						
							3410 Exchange differences on translation of foreign financial statements	(107,185)	(1)	(26,973)	-	(79,802)	(1)
							3420 Unrealized gain or loss on financial assets at fair value through other comprehensive income	17,911	-	25,681	-	10,967	-
							Other equity	(89,274)	(1)	(1,292)	-	(68,835)	(1)
							Total equity	3,967,898	47	4,111,480	52	3,979,479	56
							Total liabilities and equity	\$ 8,370,373	100	7,908,137	100	7,100,648	100

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Generally Auditing Standards
JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months Ended September 30, 2021 and 2020 and for the Nine months Ended September 30, 2021 and 2020

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

	For the three months ended September 30,				For the nine months ended September 30,					
	2021		2020		2021		2020			
	Amount	%	Amount	%	Amount	%	Amount	%		
4000	Operating revenue (Note 6(r))		\$1,684,866	100	1,528,718	100	5,010,329	100	3,888,313	100
5000	Operating costs (Note 6(e)(n))		1,435,614	85	1,171,135	77	4,226,302	84	3,105,400	80
	Net gross profit		249,252	15	357,583	23	784,027	16	782,913	20
	Operating expenses (Note 6(c)(l)(n)(s)):									
6100	Selling expenses		98,933	6	81,735	5	305,737	6	213,269	6
6200	Administrative expenses		69,122	4	76,958	5	206,834	4	212,279	5
6300	Research and development expenses		62,755	4	60,615	4	188,994	4	159,085	4
6450	Expected credit gain		5,042	-	81	-	(723)	-	(3,852)	-
	Total operating expenses		235,852	14	219,389	14	700,842	14	580,781	15
	Net operating income (loss)		13,400	1	138,194	9	83,185	2	202,132	5
	Non-operating income and expenses (Note 6(l)(t)):									
7010	Other income		22,742	2	36,372	2	113,153	2	182,810	5
7020	Other gains and losses, net		(9,967)	(1)	(62,691)	(4)	(51,500)	(1)	(71,034)	(2)
7050	Finance cost		(2,568)	-	(2,730)	-	(8,241)	-	(7,889)	-
7100	Interest income		1,013	-	1,701	-	5,550	-	6,117	-
	Total non-operating income and expenses		11,220	1	27,348	(2)	58,962	1	110,004	3
	Profit from continuing operations before tax		24,620	2	110,846	7	142,147	3	312,136	8
7950	Less: Income tax expenses (Note 6(o))		5,919	-	5,657	(1)	47,444	1	71,199	2
	Profit		18,701	2	116,503	8	94,703	2	240,937	6
8300	Other comprehensive income:									
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income		(3,064)	-	10,967	1	(7,770)	-	10,967	-
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		(3,064)	-	10,967	1	(7,770)	-	10,967	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361	Exchange differences on translation of foreign financial statements		(10,804)	(1)	25,216	1	(80,212)	(2)	(29,566)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss		(10,804)	(1)	25,216	1	(80,212)	(2)	(29,566)	-
8300	Other comprehensive income, net of tax		(13,868)	(1)	36,183	2	(87,982)	(2)	(18,599)	-
8500	Total comprehensive income		\$ (4,833)	1	152,686	10	6,721	-	222,338	6
	Earnings per share (NT dollars) (Note 6(q)):									
9750	Basic earnings per share		\$ 0.32		1.94		1.58		4.01	
9850	Diluted earnings per share		\$ 0.31		1.92		1.57		3.98	

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Generally Auditing Standards

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity		Total equity
	Ordinary shares	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
			Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2020	\$ 601,214	1,334,534	303,404	-	1,718,528	(50,236)	-	3,907,444
Profit	-	-	-	-	240,937	-	-	240,937
Other comprehensive income	-	-	-	-	-	(29,566)	10,967	(18,599)
Total comprehensive income	-	-	-	-	240,937	(29,566)	10,967	222,338
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	46,469	-	(46,469)	-	-	-
Special reserve	-	-	-	50,236	(50,236)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(150,303)	-	-	(150,303)
Balance at September 30, 2020	\$ 601,214	1,334,534	349,873	50,236	1,712,457	(79,802)	10,967	3,979,479
Balance at January 1, 2021	\$ 601,214	1,334,534	349,873	50,236	1,776,915	(26,973)	25,681	4,111,480
Profit	-	-	-	-	94,703	-	-	94,703
Other comprehensive income	-	-	-	-	-	(80,212)	(7,770)	(87,982)
Total comprehensive income	-	-	-	-	94,703	(80,212)	(7,770)	6,721
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	30,539	-	30,539	-	-	-
Reversal of special reserve	-	-	-	(48,944)	48,944	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(150,303)	-	-	(150,303)
Balance at September 30, 2021	\$ 601,214	1,334,534	380,412	1,292	1,739,720	(107,185)	17,911	3,967,898

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 Reviewed only, not audited in accordance with Generally Auditing Standards

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 142,147	312,136
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	185,598	164,356
Amortization expense	19,527	14,930
Expected credit gain	(723)	(3,852)
Interest expense	8,241	7,889
Interest revenue	5,550	(6,117)
Dividend revenue	(13,382)	(6,433)
Gain from disposal of property, plant and equipment	(229)	(44)
Net loss on financial assets or liabilities at fair value through profit or loss	2,147	1,611
Total adjustments to reconcile profit (loss)	<u>195,629</u>	<u>172,340</u>
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	13,558	(26,500)
Notes receivables	(1,183)	(708)
Accounts receivable	(107,899)	(84,855)
Other receivables	432	9,527
Inventories	(290,628)	43,308
Prepayments	(52,574)	(20,671)
Other current assets	15,913	50,388
Notes payables	12,073	(10,168)
Accounts payable	233,472	60,123
Other payables	140,847	(3,357)
Other current liabilities	2,614	13,785
Net defined benefit liability	(719)	(661)
Total changes in operating assets and liabilities	<u>(34,094)</u>	<u>30,211</u>
Total adjustments	<u>161,535</u>	<u>202,551</u>
Cash inflow generated from operations	303,682	514,687
Interest received	6,819	6,429
Interest paid	(6,549)	(7,513)
Income taxes paid	(44,112)	(87,924)
Net cash flows provided by operating activities	<u>259,840</u>	<u>425,679</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(1,001,989)	(1,885,458)
Proceeds from disposal of financial assets at fair value through profit or loss	464,725	1,418,930
Acquisition of financial assets measured at fair value through other comprehensive income	(4,090)	-
Acquisition of property, plant and equipment	(325,341)	(294,619)
Proceeds from disposal of property, plant and equipment	10,336	4,823
Decrease in other receivables	5,000	-
Acquisition of intangible assets	(9,737)	(2,942)
Acquisition of right-of-use asset	(46,798)	-
Decrease (increase) in prepayments for equipment	(7,412)	37,636
Increase in other non-current-assets	(23,585)	(108,385)
Dividends received	13,382	6,433
Net cash flows used in investing activities	<u>(925,509)</u>	<u>(823,582)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	255,906	224,189
Proceeds from long-term borrowings	379,686	177,709
Repayments of long-term borrowings	(391,318)	(12,500)
Payment of lease liabilities	(32,699)	(33,104)
Increase (decrease) in other non-current liabilities	(2,248)	467
Cash dividends paid	(150,303)	(150,303)
Net cash flows provided by (used in) from financing activities	<u>59,024</u>	<u>206,458</u>
Effect of exchange rate changes on cash and cash equivalents	(46,991)	(22,358)
Net decrease in cash and cash equivalents	(653,636)	(213,803)
Cash and cash equivalents at beginning of period	2,014,173	1,435,522
Cash and cash equivalents at end of period	<u>\$ 1,360,537</u>	<u>1,221,719</u>

(See accompanying notes to financial statements)

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

Reviewed only, not audited in accordance with Generally Auditing Standards of September 30, 2021 and 2020

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

(1) Company history

Jarlllytec Co., Ltd. (the “Company”) was legally established with the approval of the Ministry of Economic Affairs (R.O.C.) on July 7, 2004, with registered address at No.13, Wugong 5th Rd., SinJhuang Dist., New Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (the “Group”) are primarily engaged in R&D, designing, manufacturing, assembly, inspection, production, and sales business of stamping parts, hinges and metal injection molding (MIM). The Group has been actively developing various hinges, which are widely applied in NB, LCD monitor, and other 3C related products and parts.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on November 5, 2021.

(3) New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021.

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

The Group has initially adopted the (following) new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021 :

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements.

- 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”

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

The Group 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 consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2021.9.30	2020.12.31	2020.9.30	
The company	Great Hinge Trading Ltd. (Great Hinge)	Investments	100%	100%	100%	Note 1
The company	Smart Hinge Holdings Ltd.(Smart Hinge)	Investments	100%	100%	100%	-
The company	Jarson Precision Technology Co., Ltd. (Jarson Precision)	Powder metallurgy and other metal products manufacturing and trading business	100%	100%	100%	Note 1
The company	Jarlllytec USA L.L.C. (Jarlllytec USA)	Computer design and service	100%	100%	100%	Note 1
The company	Jarwin Investment Co., Ltd. (Jarwin Investment)	Investments	100%	100%	- %	Note 1 、 Note 3
The company	Jarlllytec Singapore Pte. Ltd. (Jarlllytec Singapore)	Computer design and service	100%	- %	- %	Note 1 、 Note 4
Great Hinge	Main Source Logistic Ltd. (Main Source)	Electronic professional equipment, tools/molds sales business	- %	100%	100%	Note 1 、 Note 6
Great Hinge	Jarlllytec (Vietnam) Co., Ltd. (Jarlllytec Vietnam)	Production and sales business of precision hinges	100%	100%	100%	Note 1 、 Note 5
Smart Hinge	Royal Jarlly Holding Ltd. (Royal Jarlly)	Investments	100%	100%	100%	-
Royal Jarlly	Jarlly Technology (Shanghai) Co., Ltd. (Shanghai Jarlly)	Component equipment for the production and sale of materials business	100%	100%	100%	-
Royal Jarlly	Fu Qing Jarlly Electronics Co., Ltd. (Fu Qing Jarlly)	Production and sales business of precision hinges	100%	100%	100%	-
Royal Jarlly	Dong Guan Jarlly Electronics Co., Ltd. (Dong Guan Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Kunshan Jarlly Electronics Ltd. (Kunshan Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Electronics Technology (Shanghai) Co., Ltd. (Jarlly Electronics Shanghai)	Production and sales business of precision hinges	100%	100%	100%	-

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2021.9.30	2020.12.31	2020.9.30	
Royal Jarlly	Xiamen Jarlly Electronics Co., Ltd. (Xiamen Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Technology (Chongqing) Co., Ltd. (Chongqing Jarlly)	Production and sales business of precision hinges	100%	100%	100%	-
Royal Jarlly	Jarllytec (Thailand) Co., Ltd. (Jarllytec Thailand)	Production and sales business of precision hinges	100%	100%	100%	Note 1、Note 2

Note 1: Insignificant subsidiary.

Note 2: The Jarllytec Thailand was listed as the Company's subsidiary in February 2020.

Note 3: Jarwin Investment was listed as the Company's subsidiary in April 2020.

Note 4: The Jarllytec Singapore was listed as the Company's subsidiary in April 2021.

Note 5: The Jarllytec Vietnam was listed as the Company's subsidiary in April 2021.

Note 6: Main Source Logistic Ltd. invested by Great Hinge was liquidated in September 2021.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(d) Income taxes

The income tax expenses have been measured and disclosed in accordance with paragraph B12 of IAS 34 "Interim Financial Reporting."

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

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting." and endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(6) Explanation of significant accounts

Except for the following disclosures, there were no significant differences as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand	\$ 1,135	818	1,025
Demand deposits	1,293,802	1,785,515	1,024,749
Time deposits	<u>65,600</u>	<u>227,840</u>	<u>195,945</u>
	<u>\$ 1,360,537</u>	<u>2,014,173</u>	<u>1,221,719</u>

Please refer to Note 6(u) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial instruments

(i) Financial assets at fair value through profit or loss

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current mandatorily measured at fair value through profit or loss			
Domestic stocks	\$ 13,080	18,786	15,881
Open-ended funds	-	9,014	9,008
Investment products	<u>537,264</u>	<u>-</u>	<u>463,528</u>
	<u>\$ 550,344</u>	<u>27,800</u>	<u>488,417</u>
Non-current mandatorily measured at fair value through profit or loss			
Private offered funds	<u>\$ 1,892</u>	<u>2,877</u>	<u>3,000</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Equity investments at fair value through other comprehensive income-non-current:			
Stocks unlisted on domestic market-Taiwan	\$ 64,051	71,821	57,107
Stocks unlisted on domestic market-China	<u>25,141</u>	<u>21,404</u>	<u>20,876</u>
Total	<u>\$ 89,192</u>	<u>93,225</u>	<u>77,983</u>

The Group designated the investment shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purpose.

(iii) As of September 30, 2021, December 31, 2020 and September 30, 2020, the aforementioned financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivables	\$ 1,843	660	872
Accounts receivable	2,447,709	2,339,810	2,098,797
Less: loss allowance	<u>(7,844)</u>	<u>(8,592)</u>	<u>(7,841)</u>
	<u>\$ 2,441,708</u>	<u>2,331,878</u>	<u>2,091,828</u>

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

The loss allowance provisions were determined as follows:

	<u>September 30, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 2,306,311	0%~1%	308
1 to 30 days past due	99,300	0%~1%	-
31 to 60 days past due	24,771	0%~1%	-
61 to 90 days past due	5,212	1%~10%	557
More than 90 days past due	<u>13,958</u>	50%~100%	<u>6,979</u>
	<u>\$ 2,449,552</u>		<u>7,844</u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,275,531	0%~1%	-
1 to 30 days past due	22,870	0%~1%	-
31 to 60 days past due	26,536	0%~1%	338
61 to 90 days past due	7,681	0%~1%	402
More than 90 days past due	7,852	50%~100%	7,852
	<u>\$ 2,340,470</u>		<u>8,592</u>

	September 30, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,976,093	0%	-
1 to 30 days past due	72,501	0%	-
31 to 60 days past due	40,499	1%	405
61 to 90 days past due	3,172	1%	32
More than 90 days past due	7,404	100%	7,404
	<u>\$ 2,099,669</u>		<u>7,841</u>

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

	For the nine months ended September 30,	
	2021	2020
Balance at January 1	\$ 8,592	11,798
Impairment losses reversed	(723)	(3,852)
Effect of exchange rate changes	(25)	(105)
Balance at September 30	<u>\$ 7,844</u>	<u>7,841</u>

(d) Other receivables

	September 30, 2021	December 31, 2020	September 30, 2020
Other accounts receivable-loans	\$ -	5,000	5,000
Overpaid business tax returned	13,640	12,946	9,039
Interest receivable	9	1,278	590
Others	11,148	12,274	11,082
	<u>\$ 24,797</u>	<u>31,498</u>	<u>25,711</u>

For further credit risk information, please refer to note 6(u).

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(e) Inventories

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Raw materials and supplies	\$ 267,061	151,004	134,760
Work in process	201,500	105,110	95,234
Finished goods	<u>423,849</u>	<u>345,668</u>	<u>266,113</u>
	<u>\$ 892,410</u>	<u>601,782</u>	<u>496,107</u>

- (i) For the three months ended September 30, 2021, the amount of the loss on valuation of inventories was NT\$30,090, wherein such loss was included in cost of sales.
- (ii) For the nine months ended September 30, 2021, the amount of the loss on valuation of inventories was NT\$90,830, wherein such loss was included in cost of sales.
- (iii) For the three months ended September 30, 2020, the gain of \$7,204 was recognized from the reversal of provision arising from scrapping, wherein such gain was included in gain from price recovery of inventory.
- (iv) For the nine months ended September 30, 2020, the amount of the loss on valuation of inventories was NT\$22,381, wherein such loss was included in cost of sales.
- (v) As of September 30, 2021, December 31, 2020 and September 30, 2020, the inventories were not pledged as collateral.

(f) Prepayments, other current assets and others

Components of prepayments, other current and non-current assets were listed below:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Prepayment for mold	\$ 40,707	25,798	20,515
Other prepayments	9,899	14,767	24,406
Input tax	8,424	440	7,055
Tax overpaid	80,073	57,458	46,109
Other financial assets	2,397	15,021	5,491
Others	<u>25,543</u>	<u>18,006</u>	<u>5,331</u>
Total prepayments and other current assets	<u>\$ 167,043</u>	<u>131,490</u>	<u>108,907</u>
Other deferred expenses	\$ 59,353	49,558	49,896
Refundable deposits	8,963	8,725	8,989
Prepayments for land and plant	-	-	85,932
Other financial assets	1,114	1,139	1,164
Others	<u>1,619</u>	<u>2,392</u>	<u>2,393</u>
Total other noncurrent assets	<u>\$ 71,049</u>	<u>61,814</u>	<u>148,374</u>

As of September 30, 2021, December 31, 2020 and September 30, 2020, other financial assets pledged as collateral for Forward Exchange Transaction and investment product were NT\$172, NT\$2,314 and NT\$2,335. Please refer to Note 8.

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(g) Property, plant and equipment

The cost and accumulated depreciation and impairments of the property, plant and equipment of the Group as of and for the three months ended September 30, 2021 and 2020 were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machine and equipment</u>	<u>Mold equipment</u>	<u>Rental equipment</u>	<u>Other facilities</u>	<u>Construction in progress and testing equip</u>	<u>Total</u>
Cost:								
Balance at January 1, 2021	\$ 1,057,119	519,597	1,171,787	3,618	183,708	152,272	61,304	3,149,405
Additions	-	4,353	249,413	-	-	33,512	38,063	325,341
Reclassifications	-	151,307	-	-	(99,358)	-	(51,949)	-
Disposals	-	(8,336)	(10,669)	(260)	-	(4,963)	-	(24,228)
Effect of exchange rate changes	<u>(5,468)</u>	<u>(3,275)</u>	<u>(4,739)</u>	<u>(10)</u>	<u>(3,022)</u>	<u>(1,060)</u>	<u>(6,816)</u>	<u>(24,390)</u>
Balance at September 30, 2021	<u>\$ 1,051,651</u>	<u>663,646</u>	<u>1,405,792</u>	<u>3,348</u>	<u>81,328</u>	<u>179,761</u>	<u>40,602</u>	<u>3,426,128</u>
Balance at January 1, 2020	\$ 1,016,281	445,126	892,526	9,540	180,686	132,135	31,131	2,707,425
Additions	-	6,569	235,296	-	-	19,555	33,199	294,619
Reclassifications	-	51,366	-	-	-	-	(51,366)	-
Disposals	-	-	(10,712)	(5,931)	-	(6,193)	-	(22,836)
Effect of exchange rate changes	<u>-</u>	<u>1,638</u>	<u>(1,746)</u>	<u>(6)</u>	<u>(1,511)</u>	<u>(460)</u>	<u>-</u>	<u>(5,361)</u>
Balance at September 30, 2020	<u>\$ 1,016,281</u>	<u>501,423</u>	<u>1,115,364</u>	<u>3,603</u>	<u>179,175</u>	<u>145,037</u>	<u>12,964</u>	<u>2,973,847</u>
Accumulated depreciation:								
Balance at January 1, 2021	\$ -	147,836	613,755	3,556	61,321	96,344	-	922,812
Depreciation	-	23,920	114,105	-	1,842	14,038	-	153,905
Reclassifications	-	33,380	-	-	(33,380)	-	-	-
Disposals	-	(1,637)	(8,303)	(260)	-	(3,921)	-	(14,121)
Effect of exchange rate changes	<u>-</u>	<u>(1,208)</u>	<u>(2,131)</u>	<u>(9)</u>	<u>(1,009)</u>	<u>(718)</u>	<u>-</u>	<u>(5,075)</u>
Balance at September 30, 2021	<u>\$ -</u>	<u>202,291</u>	<u>717,426</u>	<u>3,287</u>	<u>28,774</u>	<u>105,743</u>	<u>-</u>	<u>1,057,521</u>
Balance at January 1, 2020	\$ -	123,721	492,148	9,479	54,857	87,228	-	767,433
Depreciation	-	16,851	99,941	-	3,606	11,884	-	132,282
Disposals	-	-	(6,456)	(5,932)	-	(5,670)	-	(18,058)
Effect of exchange rate changes	<u>-</u>	<u>(507)</u>	<u>(1,054)</u>	<u>(5)</u>	<u>(458)</u>	<u>(211)</u>	<u>-</u>	<u>(2,235)</u>
Balance at September 30, 2020	<u>\$ -</u>	<u>140,065</u>	<u>584,579</u>	<u>3,542</u>	<u>58,005</u>	<u>93,231</u>	<u>-</u>	<u>879,422</u>
Carrying amounts								
Balance at January 1, 2021	<u>\$ 1,057,119</u>	<u>371,761</u>	<u>558,032</u>	<u>62</u>	<u>122,387</u>	<u>55,928</u>	<u>61,304</u>	<u>2,226,593</u>
Balance at September 30, 2021	<u>\$ 1,051,651</u>	<u>461,355</u>	<u>688,366</u>	<u>61</u>	<u>52,554</u>	<u>74,018</u>	<u>40,602</u>	<u>2,368,607</u>
Balance at January 1, 2020	<u>\$ 1,016,281</u>	<u>321,405</u>	<u>400,378</u>	<u>61</u>	<u>125,829</u>	<u>44,907</u>	<u>31,131</u>	<u>1,939,992</u>
Balance at September 30, 2020	<u>\$ 1,016,281</u>	<u>361,358</u>	<u>530,785</u>	<u>61</u>	<u>121,170</u>	<u>51,806</u>	<u>12,964</u>	<u>2,094,425</u>

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As of September 30, 2021, December 31, 2020 and September 30, 2020, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to Note 8.

(h) Right-of-use assets

Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 107,112	167,823	487	275,422
Additions	46,798	6,770	-	53,568
Effect of exchange rate changes	(9,719)	(4,566)	-	(14,285)
Balance at September 30, 2021	<u>\$ 144,191</u>	<u>170,027</u>	<u>487</u>	<u>314,705</u>
Balance at January 1, 2020	\$ 105,350	145,286	487	251,123
Additions	-	11,122	-	11,122
Effect of exchange rate changes	(881)	(1,228)	-	(2,109)
Balance at September 30, 2020	<u>\$ 104,469</u>	<u>155,180</u>	<u>487</u>	<u>260,136</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2021	\$ 5,637	74,749	377	80,763
Depreciation	2,095	29,488	110	31,693
Effect of exchange rate changes	(108)	(1,417)	-	(1,525)
Balance at September 30, 2021	<u>\$ 7,624</u>	<u>102,820</u>	<u>487</u>	<u>110,931</u>
Balance at January 1, 2020	\$ 2,772	34,351	189	37,312
Depreciation	2,057	29,876	141	32,074
Effect of exchange rate changes	(19)	(228)	-	(247)
Balance at September 30, 2020	<u>\$ 4,810</u>	<u>63,999</u>	<u>330</u>	<u>69,139</u>
Carrying amount:				
Balance at January 1, 2021	<u>\$ 101,475</u>	<u>93,074</u>	<u>110</u>	<u>194,659</u>
Balance at September 30, 2021	<u>\$ 136,567</u>	<u>67,207</u>	<u>-</u>	<u>203,774</u>
Balance at January 1, 2020	<u>\$ 102,578</u>	<u>110,935</u>	<u>298</u>	<u>213,811</u>
Balance at September 30, 2020	<u>\$ 99,659</u>	<u>91,181</u>	<u>157</u>	<u>190,997</u>

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(i) Intangible assets

Information about the Group's intangible assets was presented below:

	Software
Cost:	
Balance at January 1, 2021	\$ 100,675
Additions	9,737
Effect of exchange rate changes	(488)
Balance at September 30, 2021	<u>\$ 109,924</u>
Balance at January 1, 2020	\$ 96,172
Additions	2,942
Effect of exchange rate changes	(244)
Balance at September 30, 2020	<u>\$ 98,870</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2021	\$ 84,004
Amortization for the period	5,177
Effect of exchange rate changes	(390)
Balance at September 30, 2021	<u>\$ 88,791</u>
Balance at January 1, 2020	\$ 77,954
Amortization for the period	4,195
Effect of exchange rate changes	(185)
Balance at September 30, 2020	<u>\$ 81,964</u>
Carrying amounts :	
Balance at January 1, 2021	<u>\$ 16,671</u>
Balance at September 30, 2021	<u>\$ 21,133</u>
Balance at January 1, 2020	<u>\$ 18,218</u>
Balance at September 30, 2020	<u>\$ 16,906</u>

As of September 30, 2021, December 31, 2020 and September 30, 2020, none of the intangible assets were pledged as collateral.

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(j) Short-term borrowings

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Secured bank loans	\$ 475,144	234,238	236,289
Unsecured bank loans	165,000	150,000	80,000
Total	<u>\$ 640,144</u>	<u>384,238</u>	<u>316,289</u>
Unused short-term credit lines	<u>\$ 841,392</u>	<u>630,000</u>	<u>689,500</u>
Range of interest rates	<u>0.87%~2.05%</u>	<u>0.83%~2.38%</u>	<u>0.842%~2.383%</u>

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

(k) Long-term borrowings

The details were as follows:

	<u>September 30, 2021</u>			
	<u>Currency</u>	<u>Interest range</u>	<u>Expiration</u>	<u>Amount</u>
Secured bank loans	TWD	0.66%~0.95%	2024~2029	\$ 289,354
Unsecured bank loans	TWD	0.35%~0.88%	2024	343,827
Less: current portion				(198,056)
Total				<u>\$ 435,125</u>
Unused long-term credit lines				<u>\$ 856,051</u>

	<u>December 31, 2020</u>			
	<u>Currency</u>	<u>Interest range</u>	<u>Expiration</u>	<u>Amount</u>
Secured bank loans	TWD	0.66%~1.15%	2021~2029	\$ 404,244
Unsecured bank loans	TWD	0.35%~0.88%	2021	240,569
Less: current portion				(249,978)
Total				<u>\$ 394,835</u>
Unused long-term credit lines				<u>\$ 950,737</u>

	<u>September 30, 2020</u>			
	<u>Currency</u>	<u>Interest range</u>	<u>Expiration</u>	<u>Amount</u>
Secured bank loans	TWD	0.66%~0.91%	2024~2029	\$ 354,564
Unsecured bank loans	TWD	0.35%~0.40%	2024	119,201
Less: current portion				(95,881)
Total				<u>\$ 377,884</u>
Unused long-term credit lines				<u>\$ 840,535</u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(i) Borrowings issue and repayment

The long-term borrowings amounted to NT\$379,686 thousand and NT\$177,709 thousand for the nine months ended September 30, 2021 and 2020, respectively; the repayment amounts were NT\$391,318 thousand and NT\$12,500 thousand.

(ii) Collaterals for bank secured borrowings

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

(l) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	\$ <u>17,035</u>	<u>26,270</u>	<u>12,352</u>
Non-current	\$ <u>38,412</u>	<u>53,856</u>	<u>72,160</u>

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Interest on lease liabilities	\$ <u>480</u>	<u>838</u>	<u>1,639</u>	<u>2,862</u>
Expenses relating to short-term leases	\$ <u>3,294</u>	<u>4,193</u>	<u>10,740</u>	<u>9,609</u>

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

	For the nine months ended September 30,	
	2021	2020
Total cash outflow for leases	\$ <u>45,078</u>	<u>45,575</u>

(i) Real estate leases

The Group leases buildings for its office space, which typically run for a period of 3 years.

(ii) Other leases

The Group leases employee dormitory and other equipment, with contract terms of one to three years. These leases are short-term or leases of low-value items. Therefore, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

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(m) Operating lease

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Less than one year	\$ 26,198	20,822	26,137
One to two years	21,525	18,238	22,893
Two to three years	17,173	13,497	15,475
Three to four years	6,917	9,985	11,592
Four to five years	3,458	6,828	6,792
Over five years	-	-	1,698
	<u><u>\$ 75,271</u></u>	<u><u>69,370</u></u>	<u><u>84,587</u></u>

(n) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant reimbursement, settlement or other one-time events since prior fiscal year. As a result, pension cost in the accompanying interim consolidated financial statement was measured and disclosed in accordance with the actuarial report measured as of December 31, 2020 and 2019.

The pension costs of the defined benefit plans were as follows:

	<u>For the three months</u> <u>ended September 30,</u>		<u>For the nine months</u> <u>ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating costs	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

(ii) Defined contribution plans

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

	<u>For the three months</u> <u>ended September 30,</u>		<u>For the nine months</u> <u>ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating costs	<u>\$ 9,670</u>	<u>1,838</u>	<u>27,337</u>	<u>7,466</u>
Operating expenses	<u>\$ 3,904</u>	<u>1,727</u>	<u>11,497</u>	<u>5,689</u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(o) Income taxes

(i) The components of income tax expense (benefit) were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Current tax expense				
Current period	\$ 2,117	29,288	43,642	106,144
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	3,802	(34,945)	3,802	(34,945)
	<u>\$ 5,919</u>	<u>(5,657)</u>	<u>47,444</u>	<u>71,199</u>

(ii) The Group's tax returns for the years through 2018 were assessed by the National Taiwan Bureau.

(p) Capital and other equity

There was no significant change for capital and other equity for the periods from for the nine months ended September 30, 2021 and 2020. For the related information, please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2020.

(i) Ordinary shares

As of September 30, 2021, December 31, 2020 and September 30, 2020, the number of authorized ordinary share each consisted were \$1,000,000. In addition, the issuance of ordinary shares each consisted of 60,121 thousand, with a par value of \$10 per share.

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Share capital	\$ 1,314,010	1,314,010	1,314,010
Treasury share transactions	6,195	6,195	6,195
Employee share options	14,329	14,329	14,329
	<u>\$ 1,334,534</u>	<u>1,334,534</u>	<u>1,334,534</u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(iii) Retained earnings

The Company's Articles of incorporation stipulate that any Company's net earnings should first be used to offset the prior years' deficits, before paying any income taxes. Then 10% of the remaining balance is to be appropriated as legal reserve, unless such legal reserve has amounted to the paid-in capital. The remainder, if any, should be set aside as special reserve in accordance with the operating requirement and the laws, together with any undistributed retained earnings that can be distributed up to 90% of the shareholder dividend after the board of directors has made the proposal of earnings distribution, wherein the distributable dividend and bonus may be paid by issuing new shares after a resolution has been adopted in the shareholders' meeting.

According to Article 240, paragraphs 5 of Company Act, the distributable dividends and bonus, in whole or in part, or the legal reserve and capital reserved, in whole or in part, which are brought in Article 241, paragraphs 1 of Company Act, may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first 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, the current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors to be approved during the meeting of the shareholders. The cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing fund, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meetings on May 6, 2021 and May 6, 2020, respectively. The amounts of dividends distributed to shareholders were as follows:

	2020		2019	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 2.50	<u>150,303</u>	2.50	<u>150,303</u>

(iv) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2021	\$ (26,973)	25,681	(1,292)
Exchange differences on foreign operations	(80,212)	-	(80,212)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(7,770)	(7,770)
Balance at September 30, 2021	<u>\$ (107,185)</u>	<u>17,911</u>	<u>(89,274)</u>
Balance at January 1, 2020	\$ (50,236)	-	(50,236)
Exchange differences on foreign operations	(29,566)	-	(29,566)
Unrealized gains from financial assets measured at fair value through other	-	10,967	10,967
Balance at September 30, 2020	<u>\$ (79,802)</u>	<u>10,967</u>	<u>(68,835)</u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(q) Earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	<u>\$ 18,701</u>	<u>116,503</u>	<u>94,703</u>	<u>240,937</u>
Weighted average number of ordinary shares (in thousands)	<u>60,121</u>	<u>60,121</u>	<u>60,121</u>	<u>60,121</u>
Basic earnings per share (in dollars)	<u>\$ 0.32</u>	<u>1.94</u>	<u>1.58</u>	<u>4.01</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	<u>\$ 18,701</u>	<u>116,503</u>	<u>94,703</u>	<u>240,937</u>
Weighted average number of ordinary shares (in thousands)	60,121	60,121	60,121	60,121
Effect of employee share bonus (in thousands)	114	239	173	412
Weighted average number of ordinary shares (diluted) (in thousands)	<u>60,235</u>	<u>60,360</u>	<u>60,294</u>	<u>60,533</u>
Diluted earnings per share (in dollars)	<u>\$ 0.31</u>	<u>1.92</u>	<u>1.57</u>	<u>3.98</u>

(r) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended September 30, 2021		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 1,535,520	31,991	1,567,511
America	26,772	42,691	69,463
Taiwan	30,954	181	31,135
Other country	15,403	1,354	16,757
	<u>\$ 1,608,649</u>	<u>76,217</u>	<u>1,684,866</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 1,608,649</u>	<u>76,217</u>	<u>1,684,866</u>
	For the three months ended September 30, 2020		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 1,421,216	12,398	1,433,614
America	30,919	17,241	48,160
Thailand	9,671	-	9,671
Taiwan	23,460	39	23,499
Other country	11,779	1,995	13,774
Total	<u>\$ 1,497,045</u>	<u>31,673</u>	<u>1,528,718</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 1,497,045</u>	<u>31,673</u>	<u>1,528,718</u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	For the nine months ended September 30, 2021		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 4,602,049	84,984	4,687,033
America	65,761	120,365	186,126
Thailand	3,339	-	3,339
Taiwan	88,214	1,548	89,762
Other country	37,335	6,734	44,069
Total	<u>\$ 4,796,698</u>	<u>213,631</u>	<u>5,010,329</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 4,796,698</u>	<u>213,631</u>	<u>5,010,329</u>

	For the nine months ended September 30, 2020		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 3,598,722	42,354	3,641,076
America	82,952	57,650	140,602
Thailand	21,440	-	21,440
Taiwan	51,957	1,281	53,238
Other country	26,772	5,185	31,957
Total	<u>\$ 3,781,843</u>	<u>106,470</u>	<u>3,888,313</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 3,781,843</u>	<u>106,470</u>	<u>3,888,313</u>

(ii) Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivables	\$ 1,843	660	872
Accounts receivable	2,447,709	2,339,810	2,098,797
Less: loss allowance	(7,844)	(8,592)	(7,841)
Total	<u>\$ 2,441,708</u>	<u>2,331,878</u>	<u>2,091,828</u>

For details on notes and accounts receivable and its loss allowance, please refer to note 6(c).

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(s) Remuneration to employees, and directors

The Group's Articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 2% will be distributed as employee remuneration, and a maximum of 2% will be allocated as remuneration to directors. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Group's subsidiaries who meet certain specific requirements.

For the three months and nine months ended September 30, 2021, the Company accrued and recognized its employee remuneration amounting to \$1,180 and \$7,067, respectively; as well as its remuneration to directors amounting to \$295 and \$1,767, respectively. These estimates amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of incorporation, and expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as change in accounting estimates and will be reflected in profit or loss in the following year.

For the three months and nine months ended September 30, 2020, the Company accrued and recognized its employee remuneration amounting to \$5,508 and \$15,965, respectively; as well as its remuneration to directors amounting to \$1,377 and \$3,991, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of incorporation, and expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as change in accounting estimates and will be reflected in profit or loss in the following year.

For 2020 and 2019, the Company recognized its employee remuneration amounting to \$17,926 and \$45,248, respectively, and its remuneration to directors of \$4,481 and \$11,312, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distribution for 2020 and 2019. Related information is available on the Market Observation Post System website.

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 905	1,626	5,305	5,744
Other interest income	108	75	245	373
	<u>\$ 1,013</u>	<u>1,701</u>	<u>5,550</u>	<u>6,117</u>

(ii) Other income

The details of other income were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Rent income	\$ 8,104	10,585	25,742	31,014
Dividend income	680	-	13,382	6,433
Sample income	2,213	10,597	10,691	20,013
Mold income	2,072	2,418	6,104	6,774
Others	9,673	12,772	57,234	118,576
	<u>\$ 22,742</u>	<u>36,372</u>	<u>113,153</u>	<u>182,810</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Losses on disposal of property, plant and equipment	\$ 173	179	229	44
Gains (loss) on financial assets at fair value through profit or loss	(1,904)	(1,658)	4,879	(1,658)
Compensation paid	-	(10)	-	(23)
Sample expenses	(7,605)	(3,824)	(15,326)	(10,145)
Mold expenses	(1,764)	(1,409)	(6,045)	(4,660)
Foreign exchange gains	6,467	(52,720)	(23,226)	(45,705)
Others	(5,334)	(3,249)	(12,011)	(8,887)
	<u>\$ (9,967)</u>	<u>(62,691)</u>	<u>(51,500)</u>	<u>(71,034)</u>

(iv) Finance costs

The details of finance costs were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest expense	\$ 2,568	2,730	8,241	7,889

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk and market risk arising from financial instruments. For the related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2020.

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within six months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2021							
Non derivative financial liabilities							
Short-term borrowings	\$ 640,144	643,168	352,374	290,794	-	-	-
Notes and accounts payable	1,936,402	1,936,402	1,936,402	-	-	-	-
Other payables	887,849	887,849	887,849	-	-	-	-
Lease liabilities	55,447	66,695	17,997	15,989	20,070	12,639	-
Long-term borrowings (current portion included)	633,181	640,645	120,781	80,482	181,008	233,673	24,701
	\$ 4,153,023	4,174,759	3,315,403	387,265	201,078	246,312	24,701
December 31, 2020							
Non derivative financial liabilities							
Short-term borrowings	\$ 384,238	384,939	384,939	-	-	-	-
Notes and accounts payable	1,690,857	1,690,857	1,690,857	-	-	-	-
Other payables	746,949	746,949	746,949	-	-	-	-
Lease liabilities	80,126	88,160	21,634	21,691	30,090	14,745	-
Long-term borrowings (current portion included)	644,813	653,812	194,536	59,010	117,495	252,272	30,499
	\$ 3,546,983	3,564,717	3,038,915	80,701	147,585	267,017	30,499
September 30, 2020							
Non derivative financial liabilities							
Short-term borrowings	\$ 316,289	317,183	317,076	107	-	-	-
Notes and accounts payable	1,352,181	1,352,181	1,352,181	-	-	-	-
Other payables	634,952	634,952	634,952	-	-	-	-
Lease liabilities	84,512	103,812	21,378	21,449	32,653	28,332	-
Long-term borrowings (current portion included)	473,765	484,115	46,449	53,221	105,808	247,135	31,502
	\$ 2,861,699	2,892,243	2,372,036	74,777	138,461	275,467	31,502

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars
Financial assets									
Monetary items									
USD	\$ 100,250	27.850	2,791,975	109,503	28.480	3,118,649	45,627	29.100	1,327,746
Financial liabilities									
Monetary items									
USD	41,868	27.850	1,166,015	31,487	28.480	896,739	9,861	29.100	286,955

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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the conversion of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, available-for-sale financial assets, loans and borrowings; and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as of the nine-month periods ended September 30, 2021 and 2020 would have increased (decreased) the net profit before tax by \$81,298 and \$52,040, respectively. The analysis for the two periods was on the same basis.

3) Foreign exchange gains and loss on monetary items

Since the Group transacts in different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$6,467, (\$52,720), (\$23,226), and (\$45,705), respectively.

(iii) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and 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 1% when reporting to the management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased (decreased) by 1% basis points, the Group's net income would have decreased or increased by \$9,550 and \$5,925 for the nine-month periods ended September 30, 2021 and 2020, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in floating variable rates and investment in variable-rate bills.

(iv) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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		September 30, 2021			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$ 552,236	13,080	-	539,156	552,236
Financial assets at fair value through other comprehensive income	89,192	-	-	89,192	89,192
Financial assets measured at amortized cost					
Cash and cash equivalents	1,360,537	-	-	-	-
Notes and accounts receivable	2,441,708	-	-	-	-
Other receivables	24,797	-	-	-	-
Subtotal	3,827,042	-	-	-	-
Total	\$ 4,468,470	13,080	-	628,348	641,428
Financial liabilities at amortized cost					
Short-term borrowings	\$ 640,144	-	-	-	-
Notes and accounts payable	1,936,402	-	-	-	-
Other payables	887,849	-	-	-	-
Lease liabilities	55,447	-	-	-	-
Long-term borrowings (current portion included)	633,181	-	-	-	-
Subtotal	4,153,023	-	-	-	-
Total	\$ 4,153,023	-	-	-	-
		December 31, 2020			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$ 30,677	27,800	-	2,877	30,677
Financial assets at fair value through other comprehensive income	93,225	-	-	93,225	93,225
Financial assets measured at amortized cost					
Cash and cash equivalents	2,014,173	-	-	-	-
Notes and accounts receivable	2,331,878	-	-	-	-
Other receivables	31,498	-	-	-	-
Subtotal	4,377,549	-	-	-	-
Total	\$ 4,501,451	27,800	-	96,102	123,902
Financial liabilities at amortized cost					
Short-term borrowings	\$ 384,238	-	-	-	-
Notes and accounts payable	1,690,857	-	-	-	-
Other payables	746,949	-	-	-	-
Lease liabilities	80,126	-	-	-	-
Long-term borrowings (current portion included)	644,813	-	-	-	-
Subtotal	3,546,983	-	-	-	-
Total	\$ 3,546,983	-	-	-	-

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	September 30, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 491,417	24,889	-	466,528	491,417
Financial assets at fair value through other comprehensive income	77,983	-	-	77,983	77,983
Financial assets measured at amortized cost					
Cash and cash equivalents	1,221,719	-	-	-	-
Notes and accounts receivable	2,091,828	-	-	-	-
Other receivables	25,711	-	-	-	-
Subtotal	3,339,258	-	-	-	-
Total	<u>\$ 3,908,658</u>	<u>24,889</u>	<u>-</u>	<u>544,511</u>	<u>569,400</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 316,289	-	-	-	-
Notes and accounts payable	1,382,998	-	-	-	-
Other payables	634,952	-	-	-	-
Lease liabilities	84,512	-	-	-	-
Long-term borrowings (current portion included)	473,765	-	-	-	-
Subtotal	2,892,516	-	-	-	-
Total	<u>\$ 2,892,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

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 judgment 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 judgment.

Measurements of fair value of financial instruments without an active market are based on fair value valuation technique, which is extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technology, including a model using observable market data at the balance sheet date.

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

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – debt investments" and "fair value through other comprehensive income (available-for-sale financial assets) – equity investments".

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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net asset value • The market illiquidity discount rate (30% on September 30, 2021 and December 31, 2020, and 20% on September 30, 2020) 	<ul style="list-style-type: none"> • The market illiquidity discount were lower (higher)
Financial assets at fair value through profit or loss – Investment product	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Discount rate (1.65%~3.70% and 2.00%~3.75% on September 30, 2021 and 2020, respectively) 	<ul style="list-style-type: none"> • The discount rate were lower (higher)
Financial assets at fair value through profit or loss – Private offered funds	Net Asset Value Method	<ul style="list-style-type: none"> • Net asset value 	Not applicable

4) Fair value measurement in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For fair value measurements in Level 3, if the evaluation parameters change, would have the following effects of profit or loss or other comprehensive income:

	<u>Input</u>	<u>Assumptions</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>		
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>	
September 30, 2021							
Financial assets at fair value through profit or loss – Investment product	Discount rate	5%	126	(126)	-	-	
Financial assets at fair value through profit or loss – Private offered funds	Net asset value	5%	95	(95)	-	-	
Financial assets at fair value through other comprehensive income							
Equity investments without an active market	30%	5%	-	-	4,460	4,460	
December 31, 2020							
Financial assets at fair value through profit or loss – Private offered funds	Net asset value	5%	144	(144)	-	-	
Financial assets at fair value through other comprehensive income							
Equity investments without an active market	30%	5%	-	-	4,661	(4,661)	
September 30, 2020							
Financial assets at fair value through profit or loss – Investment product	Discount rate	5%	246	(246)	-	-	
Financial assets at fair value through other comprehensive income							
Equity investments without an active market	20%	5%	-	-	3,899	(3,899)	
Financial assets at fair value through profit or loss – Private offered funds	Net asset value	5%	150	(150)	-	-	

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The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(v) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the Note 6(v) of the consolidated financial statements for the year ended December 31, 2020.

(w) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2020. There were no significant changes of quantitative data of capital management compared with the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2020.

(x) Investments and financing activities through non-cash transactions

The Group's investments and financing activities through non-cash transactions for the nine-month periods ended September 2021 and 2020 were as follows:

- (i) Right-of-use assets are acquired through leasing. Please refer to Note6(h).
- (ii) The Group's assets through investing activities and reconciliation were as follows:

	January 1, 2021	Cash flows	Non-cash changes				September 30, 2021
			Acquired	Changes in Foreign Exchange Rate	Interest Expense	Other	
Lease liabilities	\$ 80,126	(32,699)	6,770	719	1,639	(1,108)	55,447

	January 1, 2020	Cash flows	Non-cash changes				September 30, 2020
			Acquired	Changes in Foreign Exchange Rate	Interest Expense	Other	
Lease liabilities	\$104,403	(33,104)	-	(871)	2,862	11,222	84,512

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Group is both the parent company and the ultimate controlling party of the Group.

(b) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 3,688	4,557	14,617	13,334
Post-employment benefits	149	112	416	335
	\$ 3,837	4,669	15,033	13,669

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(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Land	Secured loans	\$ 1,016,281	1,016,281	1,016,281
Buildings	Secured loans	230,167	241,154	232,955
Bank deposits (classified as prepayments and other current assets)	Performance guarantee	-	1,000	1,000
Bank guarantee (classified as prepayments and other current assets)	Performance guarantee	172	175	171
Bank deposits (classified as other non-current assets-other)	Performance guarantee	-	1,139	1,164
		<u>\$ 1,246,620</u>	<u>1,259,749</u>	<u>1,251,571</u>

(9) Commitments and contingencies

The Group's significant contractual commitments were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Acquisition of property, plant and equipment	<u>\$ 103,366</u>	<u>90,432</u>	<u>57,388</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(12) Other

- (i) **The employee benefits, depreciation, and amortization expenses categorized by function, were as follows:**

By function By item	For the three months ended September, 30, 2021			For the three months ended September, 30, 2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	205,108	67,950	273,058	167,714	74,290	242,004
Labor and health insurance	10,885	5,037	15,922	8,055	3,322	11,377
Pension	9,670	3,904	13,574	1,838	1,727	3,565
Remuneration of directors	-	640	640	-	1,842	1,842
Others	11,847	4,414	16,261	9,068	4,864	13,932
Depreciation	56,233	9,656	65,889	49,193	8,038	57,231
Amortization	2,410	4,514	6,924	1,246	4,158	5,404

By function By item	For the nine months ended September, 30, 2021			For the nine months ended September, 30, 2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	605,439	212,911	818,350	397,339	211,686	608,025
Labor and health insurance	30,967	15,795	46,762	21,835	12,265	34,100
Pension	27,337	11,497	38,834	7,466	5,689	13,155
Remuneration of directors	-	3,057	3,057	-	5,401	5,401
Others	33,732	13,495	47,227	21,664	12,156	33,820
Depreciation	160,688	24,910	185,598	141,815	22,541	164,356
Amortization	6,839	12,688	19,527	3,103	11,827	14,930

- (ii) **Seasonality of operations:**

The Group's operations are not affected by seasonal or cyclical factors.

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(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of financing (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1 & 2)	Maximum limit of fund financing (Note 1 & 2)
													Item	Value		
0	The Company	Jarsan Precision Technology Co., Ltd.	Other receivables	Yes	40,000	20,000	20,000 (Note 4)	2	2	-	Operating turnover	-	-	-	529,052	1,587,159
0	The Company	Chian Fuh Enterprise Co., Ltd.	Other receivables	No	5,000	-	-	2	2	-	Operating turnover	-	-	-	529,052	1,587,159
1	Royal Jarly Holding Ltd.	Jarly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	75,195	75,195	70,429 (Note 4)	0	2	-	Operating turnover	-	-	-	1,330,708	1,330,708
2	Jarly Technology (Shanghai) Co., Ltd.	Kunshan Jarly Electronics Ltd.	Other receivables	Yes	17,220	-	-	2	2	-	Operating turnover	-	-	-	2231,592	231,592
3	Fu Qing Jarly Electronics Co., Ltd.	Xiamen Jarly Electronics Co., Ltd.	Other receivables	Yes	77,490	51,660	51,660 (Note 4)	2	2	-	Operating turnover	-	-	-	527,504	527,504
3	Fu Qing Jarly Electronics Co., Ltd.	Kunshan Jarly Electronics Ltd.	Other receivables	Yes	64,575	64,575	64,575 (Note 4)	2	2	-	Operating turnover	-	-	-	527,504	527,504
4	Jarly Technology (Chongqing) Co., Ltd.	Kunshan Jarly Electronics Ltd.	Other receivables	Yes	30,135	30,135	30,135 (Note 4)	2	2	-	Operating turnover	-	-	-	176,130	176,130
4	Jarly Technology (Chongqing) Co., Ltd.	Jarly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	86,100	43,050	43,050 (Note 4)	2	2	-	Operating turnover	-	-	-	176,130	176,130
5	Smart Hinge Holdings Ltd.	Great Hinge Trading Ltd.	Other receivables	Yes	50,130	50,130	-	0	2	-	Operating turnover	-	-	-	1,360,826	1,360,826

Note 1: The Company

- (a) The total amount available for financing purposes shall not exceed 40% of the Company's net worth.
- (b) The total amount for short-term financing to one entity shall not exceed one third of the Company's loanable amount or 40% of the net transaction amount in recent year, whichever is lower.
- (c) The total amount for short-term financing to one entity shall not exceed one third of the Company's loanable amount.

Note 2: Subsidiaries

- (a) The total amount available for financing purposes shall not exceed 60% of the subsidiaries' net worth. The total amount for short-term financing to one entity shall not exceed one third of the subsidiaries' loanable amount or 40% of the transaction amount in recent year, whichever is lower.
- (b) For the entities that have short-term financing needs but have no business transaction with the Company, the total amount available for financing purposes shall not exceed 40% of the subsidiaries' net worth.
- (c) For short-term financing needs, the amount available for financing of each entity shall not exceed one third of the Company's loanable amount.
- (d) For those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares the amount available for financing shall not exceed the 60% of the Company's net worth.

Note 3: Financing purpose

- (a) 1 for entities the Company has business transactions with.
- (b) 2 for entities that have short-term financing needs.

Note 4: The transaction has been eliminated in the consolidated financial statements.

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(ii) Guarantees and endorsements for other parties:

Number	Name of guarantor and endorsements	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantee and endorsements during the period	Balance of guarantees and endorsements as of report date (Note 3)	Actual usage amount during the period	Property pledged for guarantee and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements /guarantees to third parties on behalf of parent company	Endorsements /guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Jarllly Technology (Shanghai) Co., Ltd.	2	1,322,632	334,200	222,880	222,880	-	5.62%	1,587,159	Y	N	Y
0	The Company	Jarllly Precision Technology Co., Ltd.	2	1,322,632	30,000	30,000	30,000	-	0.76%	1,587,159	Y	N	N
0	The Company	Jarllly Technology (Chongqing) Co., Ltd.	2	1,322,632	55,700	55,700	55,700	-	1.40%	1,587,159	Y	N	Y
0	The Company	Kunshan Jarllly Electronics Ltd.	2	1,322,632	55,700	55,700	55,700	-	1.40%	1,587,159	Y	N	Y

Note 1: The total amount available for endorsement provided to others shall not exceed 40% of the Company's net worth (audited by Certified Public Accountant on September 30, 2021); and the total amount for endorsement provided to one entity shall not exceed one third of the Company's net worth.

Note 2: 7 forms of relationships in which corporate guarantees exist are defined as follows:

- (a) Entities have business relations with the Company.
- (b) The Company directly or indirectly holds more than 50% of voting shares of its subsidiaries.
- (c) Investees directly or indirectly own more than 50% of voting shares of the Company.
- (d) The Company directly or indirectly holds 90% of voting shares of its subsidiaries.
- (e) Entities have construction contract agreements with the Company.
- (f) The reason for The Company jointly invested in the entities is to provide proportionate endorsements.
- (g) The Company has contractual pre-sold home agreements with its related parties under the Consumer Protection Law.

Note 3: The transaction has been eliminated in the consolidated financial statements.

(iii) Securities held as of September 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WK Technology Fund IX Ltd.	-	Non-current financial assets at fair value through other comprehensive income	4,614	64,051	4.61 %	64,051	-
Fu Qing Jarllly Electronics Co., Ltd.	Fuqing Jelly Plastic Product Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	3,444	16.00 %	3,444	-
Fu Qing Jarllly Electronics Co., Ltd.	Chongqing Jelly Plastics Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,649	18.00 %	4,649	-
Fu Qing Jarllly Electronics Co., Ltd.	Chongqing Yuli Hardware Products Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	2,325	18.00 %	2,325	-
Xiamen Jarllly Electronics Co., Ltd.	Xiamen Jinli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,090	19.00 %	4,090	-
Xiamen Jarllly Electronics Co., Ltd.	Xiamen Jinyaoli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,089	19.00 %	4,089	-
Kunshan Jarllly Electronics Ltd.	Kunshan Huli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	6,544	19.00 %	6,544	-
Jarllly Electronics (Shanghai) Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	51,660	- %	51,660	-
Jarllly Technology (Shanghai) Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	94,710	- %	94,710	-
Dong Guan Jarllly Electronics Co., Ltd.	Product of DRC Bank (Redemption)	-	Current financial assets at fair value through profit or loss	-	45,203	- %	45,203	-

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Jarly Technology (Chongqing) Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	86,100	- %	86,100	-
Fu Qing Jarly Electronics Co., Ltd.	China Bank linked structured finance products	-	Current financial assets at fair value through profit or loss	-	111,069	- %	111,069	-
Fu Qing Jarly Electronics Co., Ltd.	Xiamen Bank structured finance products	-	Current financial assets at fair value through profit or loss	-	86,100	- %	86,100	-
Xiamen Jarly Electronics Co., Ltd.	Product of China Construction Bank	-	Current financial assets at fair value through profit or loss	-	43,050	- %	43,050	-
Xiamen Jarly Electronics Co., Ltd.	Product of China Construction Bank	-	Current financial assets at fair value through profit or loss	-	12,915	- %	12,915	-
Xiamen Jarly Electronics Co., Ltd.	Product of China Construction Bank	-	Current financial assets at fair value through profit or loss	-	6,457	- %	6,457	-
Jarwin Investment Co., Ltd.	ASUSTEK COMPUTER INC. Stock	-	Current financial assets at fair value through profit or loss	10	3,255	- %	3,255	-
Jarwin Investment Co., Ltd.	International Games System Co., Ltd. Stock	-	Current financial assets at fair value through profit or loss	15	9,825	0.02 %	9,825	-
Jarwin Investment Co., Ltd.	Treasure Cay Private Equity Fund	-	Non-current financial assets at fair value through profit or loss	1	1,892	- %	1,892	-

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning Balance		Purchase		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	shares	Amount
Jarly (Shanghai)	Product of Fubon China (Redemption)	Current financial assets at fair value through profit or loss	Fubon Bank (China) Co., Ltd.	Not related party	-	-	-	125,276	-	30,741	125,276	(94,534)	-	-
Jarly (Chongqing)	Product of Fubon China (Redemption)	Current financial assets at fair value through profit or loss	Fubon Bank (China) Co., Ltd.	Not related party	-	-	-	150,675	-	68,134	150,675	(85,541)	-	-

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

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

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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Name of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchase/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Jarson Precision Technology Co., Ltd.	The Company	Associates	Sale	(258,987)	89.75%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	154,186	92.12%	Note
The Company	Jarson Precision Technology Co., Ltd.	Associates	Purchase	258,987	16.23%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(154,186)	19.30%	Note
Dong Guan Jarly Electronics Co., Ltd.	The Company	Associates	Sale	(189,240)	60.39%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	90,388	57.57%	Note
The Company	Dong Guan Jarly Electronics Co., Ltd.	Associates	Purchase	189,240	11.86%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(90,388)	11.32%	Note
Fu Qing Jarly Electronics Co., Ltd.	The Company	Associates	Sale	(140,330)	20.96%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	61,214	21.11%	Note
The Company	Fu Qing Jarly Electronics Co., Ltd.	Associates	Purchase	140,330	8.79%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(61,214)	7.66%	Note
Kunshan Jarly Electronics Ltd.	The Company	Associates	Sale	(337,572)	35.28%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	183,281	31.90%	Note
The Company	Kunshan Jarly Electronics Ltd.	Associates	Purchase	337,572	21.15%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(183,281)	22.95%	Note
Jarly Technology (Chongqing) Co., Ltd.	The Company	Associates	Sale	(108,288)	17.84%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	36,577	12.71%	Note
The Company	Jarly Technology (Chongqing) Co., Ltd.	Associates	Purchase	108,288	6.79%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(36,577)	4.58%	Note
Jarly Technology (Shanghai) Co., Ltd.	Royal Jarly Holding Ltd.	Associates	Sale	(306,832)	34.55%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	235,745	47.41%	Note
Royal Jarly Holding Ltd.	Jarly Technology (Shanghai) Co., Ltd.	Associates	Purchase	306,832	38.72%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(235,745)	39.45%	Note
Kunshan Jarly Electronics Ltd.	Royal Jarly Holding Ltd.	Associates	Sale	(375,905)	39.28%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	302,748	52.69%	Note
Royal Jarly Holding Ltd.	Kunshan Jarly Electronics Ltd.	Associates	Purchase	375,905	47.44%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(302,748)	50.67%	Note
Jarly Technology (Chongqing) Co., Ltd.	Royal Jarly Holding Ltd.	Associates	Sale	(109,527)	18.04%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	60,548	21.04%	Note
Royal Jarly Holding Ltd.	Jarly Technology (Chongqing) Co., Ltd.	Associates	Purchase	109,527	13.82%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(60,548)	10.13%	Note

Note: The amount was eliminated in the consolidated financial statements.

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(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance (Note)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Kunshan Jarly Electronics Ltd.	The Company	Associates	183,281	2.88	-	-	35,485	-
Jarson Precision Technology Co., Ltd.	The Company	Associates	154,186	2.15	-	-	63,231	-
Jarly Technology (Shanghai) Co., Ltd.	Royal Jarly Holding Ltd.	Associates	235,745	1.83	-	-	67,825	-
Kunshan Jarly Electronics Ltd.	Royal Jarly Holding Ltd.	Associates	302,748	1.92	-	-	51,487	-

Note: The amount was eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

Number	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	Jarson Precision	1	Other receivables	40,916	Follow the agreement	0.49%
1	Jarson Precision	The Company	2	Sales revenue	258,987	Mark up by cost	5.17%
1	Jarson Precision	The Company	2	Accounts receivable	154,186	150 days	1.84%
2	Royal Jarly	The Company	2	Other receivables	73,421	150 days	0.88%
2	Royal Jarly	Shanghai Jarly	3	Other receivables	70,429	Follow the agreement	0.84%
3	Chongqing Jarly	The Company	2	Sales revenue	108,288	Mark up by cost	2.16%
3	Chongqing Jarly	The Company	3	Accounts receivable	36,577	150 days	0.44%
3	Chongqing Jarly	Shanghai Jarly	3	Other receivables	43,050	Follow the agreement	0.51%
3	Chongqing Jarly	Kunshan Jarly	3	Other receivables	30,135	Follow the agreement	0.36%
3	Chongqing Jarly	Royal Jarly	3	Sales revenue	109,527	Mark up by cost	2.19%
3	Chongqing Jarly	Royal Jarly	3	Accounts receivable	60,548	150 days	0.72%
4	Dong Guan Jarly	The Company	2	Sales revenue	189,240	Mark up by cost	3.78%
4	Dong Guan Jarly	The Company	2	Accounts receivable	90,388	150 days	1.08%
5	Fu Qing Jarly	The Company	2	Sales revenue	140,330	Mark up by cost	2.80%
5	Fu Qing Jarly	The Company	2	Accounts receivable	61,214	150 days	0.73%
5	Fu Qing Jarly	Xiamen Jarly	3	Other receivables	51,660	Follow the agreement	0.62%
5	Fu Qing Jarly	Kunshan Jarly	3	Other receivables	64,575	Follow the agreement	0.77%
6	Kunshan Jarly	The Company	2	Sales revenue	337,572	Mark up by cost	6.74%
6	Kunshan Jarly	The Company	2	Accounts receivable	183,281	150 days	2.19%
6	Kunshan Jarly	Royal Jarly	3	Sales revenue	375,905	Mark up by cost	7.50%
6	Kunshan Jarly	Royal Jarly	3	Accounts receivable	302,748	150 days	3.62%
7	Shanghai Jarly	The Company	2	Sales revenue	60,354	Mark up by cost	1.20%
7	Shanghai Jarly	The Company	2	Accounts receivable	4,913	150 days	0.06%
7	Shanghai Jarly	Royal Jarly	3	Sales revenue	306,832	Mark up by cost	6.12%
7	Shanghai Jarly	Royal Jarly	3	Accounts receivable	235,745	150 days	2.82%
8	Xiamen Jarly	The Company	2	Sales revenue	43,897	Mark up by cost	0.88%
8	Xiamen Jarly	The Company	2	Accounts receivable	25,971	150 days	0.31%

Note 1. Number represents:

- (a) 0 represents the Company.
- (b) 1 and thereafter represent subsidiaries.

Note 2. The relationships between guarantor and guarantee are as follows:

- (a) Parent to subsidiary.
- (b) Subsidiary to parent.
- (c) Subsidiary to subsidiary.

Note 3. Disclose only operating revenue and accounts receivable; related purchase, expense, and prepayment are neglected.

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(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of September 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
The Company	Great Hinge Trading Ltd.	British Virgin Islands	Investments	318	318	10	100.00%	51,456	(9,471)	(9,471)	Note
The Company	Smart Hinge Holdings Ltd.	British Virgin Islands	Investments	750,588	750,588	23,434	100.00%	2,268,301	(42,623)	(41,140)	Note
The Company	Jarson Precision Technology Co., Ltd.	Republic of China	Powder metallurgy industry	134,076	134,076	11,480	100.00%	247,897	53,482	50,956	Note
The Company	JARLLYTEC USA L.L.C.	America	Computer design and service	2,959	2,959	-	100.00%	(103)	(1,819)	(1,819)	Note
The Company	Jarwin Investment Co., Ltd.	Republic of China	Investments	50,000	50,000	5,000	100.00%	55,607	5,774	5,774	Note
The Company	JARLLYTEC SINGAPORE PTE. LTD.	Singapore	Computer design and service	423	-	-	100.00%	241	(170)	(170)	Note
Great Hinge Trading Ltd.	Main Source Logistic Ltd.	British Virgin Islands	Electronic equipment and mold trading	-	318	-	- %	-	(2,940)	(2,940)	Note
Great Hinge Trading Ltd.	JARLLYTEC (VIETNAM) CO., LTD.	Vietnam	Sale and produce Precision Hinge	111,440	-	-	100.00%	99,535	(689)	(689)	Note
Smart Hinge Holdings Ltd.	Royal Jarly Holding Ltd.	Hong Kong	Investments	750,588	750,588	23,434	100.00%	2,217,848	(42,621)	(42,621)	Note
Royal Jarly Holding Ltd.	JARLLYTEC (THAILAND) CO., LTD.	Thailand	Sale and produce Precision Hinge	149,229	149,229	2,000	100.00%	127,848	2,064	2,064	Note

Note: The amount was eliminated in the consolidated financial statements.

(c) Information on overseas branches and representative offices:

(i) The names of investees in Mainland China, the main business and products, and other information:

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment form Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment form Taiwan as of September 30, 2021	Net income (losses) of the investee	Percentage of ownership	Invest income (losses) (Note 2 and 3)	Book value (Note 3)	Accumulated remittance of earnings in current period
					匯出	收回						
Jarly Technology (Shanghai) Co., Ltd.	Sale and produce special purpose material of component equipment	261,462	(2)	131,272	-	-	131,272	(58,510)	100.00%	(58,510)	385,988	-
Fu Qing Jarly Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	(3,179)	100.00%	(3,179)	879,174	-
Dong Guan Jarly Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	4,847	100.00%	4,847	110,982	15,366
Kunshan Jarly Electronics Ltd.	Sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	1,307	100.00%	1,307	37,829	-
Jarly Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	3,131	100.00%	3,131	443,065	-
Xiamen Jarly Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	12,276	100.00%	12,276	73,185	-
Jarly Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	58,890	(2)	29,500	-	-	29,500	(2,298)	100.00%	(2,298)	293,550	-

Note 1: Investments are made through one of three ways:

- (1) Direct investment from Mainland China.
- (2) Indirect investment from third-party country.
- (3) Others.

Note 2: The recognition of gain and loss on investment for partial subsidiaries based on the financial report which was assured by R.O.C. Accountant, the rest of them have not been reviewed.

Note 3: The amount was eliminated in the consolidated financial statements.

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
735,222	735,222	2,380,738

(iii) Significant transactions:

As of the nine months ended of September 30, 2021, the significant inter-company directly or indirectly transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's name	Shareholding	Shares	Percentage
Sunrise Investment Co., Ltd.		6,100,000	10.14%
Dellson Investment Co., Ltd.		3,392,000	5.64%

Note: (1) The information on major shareholders, which is provided by Taiwan Depositor & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note: (2) If shares are entrusted, the above information regarding such shares will be revealed by each trustor of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers if the shares declared by the insider include the shares of the trust assets which the insiders have discretion over use. For details of the insider's equity announcement please refer to the MOPS.

(14) Segment information

The Group's operating segment information and reconciliation were as follows:

	For the three months ended September 30, 2021			
	Hinge department	Fiber optic department	Reconciliati on and elimination	Total
Revenue:				
Revenue from external customers	\$ 1,608,649	76,217	-	1,684,866
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 1,608,649</u>	<u>76,217</u>	<u>-</u>	<u>1,684,866</u>
Reportable segment profit or loss	<u>\$ 618</u>	<u>24,002</u>	<u>-</u>	<u>24,620</u>

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	2020			
	Hinge department	Fiber optic department	Reconciliati on and elimination	Total
Revenue:				
Revenue from external customers	\$ 1,497,045	31,673	-	1,528,718
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 1,497,045</u>	<u>31,673</u>	<u>-</u>	<u>1,528,718</u>
Reportable segment profit or loss	<u>\$ 106,946</u>	<u>3,900</u>	<u>-</u>	<u>110,846</u>

	For the nine months ended September 30,			
	2021			
	Hinge department	Fiber optic department	Reconciliati on and elimination	Total
Revenue:				
Revenue from external customers	\$ 4,796,698	213,631	-	5,010,329
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 4,796,698</u>	<u>213,631</u>	<u>-</u>	<u>5,010,329</u>
Reportable segment profit or loss	<u>\$ 102,952</u>	<u>39,195</u>	<u>-</u>	<u>142,147</u>

	2020			
	Hinge department	Fiber optic department	Reconciliati on and elimination	Total
Revenue:				
Revenue from external customers	\$ 2,284,798	74,797	-	3,888,313
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 2,284,798</u>	<u>74,797</u>	<u>-</u>	<u>3,888,313</u>
Reportable segment profit or loss	<u>\$ 190,871</u>	<u>10,419</u>	<u>-</u>	<u>312,136</u>

Note: The measurement amounts of department assets are not provided to the operating decision maker, the disclosure amount of the Group is zero.