



2021 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Jarlllytec annual report is available at

Company website: <http://www.jarlly.com>

Taiwan Stock Exchange Market Observation Post System: <http://newmops.twse.com.tw>

Printed on June 2, 2022

I. Spokesperson

Wendy Hsu
Title: Vice President
Tel: 886-2-2298-2666#115
E-mail: investor@jarlly.com

Deputy Spokesperson
Vicky Lee
Title: Director
Tel: 886-2-2298-2666#105
E-mail: investor@jarlly.com

II. Headquarters

Address: No. 13, Wugong 5th Rd., New Taipei City
Tel: 886-2- 2298-2666

III. Stock Transfer Agent

SinoPac Securities Corporation
Address: 3F., No. 17, Bo'ai Rd., Taipei City
Tel: 886-2-2381-6288
Website : <http://www.sinopacsecurities.com.tw>

IV. Auditor

KPMG Taiwan Accounting Firm
Auditors: Celia Hsu, Ethan Chuang
Address: 68F, No.7, Sec. 5, Xinyi Rd., Taipei City
Tel.: 886-2-8101-6666
Website: <http://www.kpmg.com.tw>

V. Overseas Securities Exchange

N/A

VI. Corporate Website

<http://www.jarlly.com>

Contents

1.	LETTER TO SHAREHOLDERS	5
2.	COMPANY PROFILE	6
2.1	DATE OF INCORPORATION	6
2.2	COMPANY HISTORY	6
3.	CORPORATE GOVERNANCE REPORT	9
3.1	ORGANIZATION	9
3.2	DIRECTORS, SUPERVISORS AND MANAGEMENT TEAM.....	11
3.3	ANNUAL REMUNERATION PAID TO DIRECTORS, SUPERVISORS, GENERAL MANAGERS AND DEPUTY GENERAL MANAGERS	20
3.4	IMPLEMENTATION OF CORPORATE GOVERNANCE.....	24
3.5	INFORMATION REGARDING THE COMPANY’S AUDIT FEE AND INDEPENDENCE.....	55
3.6	ACCOUNTANT REPLACEMENT INFORMATION	55
3.7	CHAIRMAN, GM, AND MANAGER RESPONSIBLE FOR FINANCIAL OR ACCOUNTING AFFAIRS OF THE COMPANY, WHO HAVE WORK IN THE FIRM OF THE CERTIFIED PUBLIC ACCOUNTANT OR ITS AFFILIATED COMPANY	55
3.8	CHANGES IN SHAREHOLDING OF DIRECTORS, SUPERVISORS, AND MANAGERS WHOSE SHARE RATIO EXCEEDS 10% DURING THE MOST RECENT YEAR UNTIL THE PUBLICATION OF THIS ANNUAL REPORT	56
3.9	RELATIONSHIP OF THE TOP 10 SHAREHOLDERS.....	57
3.10	THE INFLUENCE OF THE COMPANY’S OPERATIONAL PERFORMANCE, EARNINGS PER SHARE AND SHAREHOLDERS’ RETURN ON INVESTMENT CAUSED BY THE BONUS SHARES.....	58
4.	CAPITAL OVERVIEW	59
4.1	CAPITAL AND SHARES	59
4.2	HANDLING OF CORPORATE BONDS.....	64
4.3	STATUS OF PREFERRED STOCK: NONE	66
4.4	GLOBAL DEPOSITORY RECEIPTS: NONE	66
4.5	EMPLOYEE STOCK OPTIONS: NONE	66
4.6	STATUS OF NEW SHARES ISSUANCE IN CONNECTION WITH MERGERS AND ACQUISITIONS RIGHTS: NONE.....	66
4.7	FINANCING PLANS AND IMPLEMENTATION NONE	66
4.8	EXECUTION OF THE CAPITAL UTILIZATION PLAN: N/A	66
5.	OPERATIONAL HIGHLIGHTS.....	67
5.1	BUSINESS ACTIVITIES.....	67
5.2	MARKET AND SALES OVERVIEW	77

5.3	HUMAN RESOURCES INFORMATION OF THE MOST RECENT TWO YEARS UNTIL THE PUBLICATION OF THIS ANNUAL REPORT:	83
5.4	ENVIRONMENTAL PROTECTION EXPENDITURE	84
5.5	LABOR RELATIONS	84
5.6	INFORMATION SECURITY MANAGEMENT	87
5.7	IMPORTANT CONTRACTS	90
6.	FINANCIAL INFORMATION	91
6.1	DISCLOSURE OF IMPORTANT FINANCIAL INFORMATION	91
6.2	FIVE-YEAR FINANCIAL ANALYSIS	95
6.3	SUPERVISORS' OR AUDIT COMMITTEE'S REPORT IN THE MOST RECENT YEAR	98
6.4	CONSOLIDATED FINANCIAL STATEMENTS FOR THE MOST RECENT YEAR (CERTIFIED BY INDEPENDENT AUDITORS)	98
6.5	STANDALONE FINANCIAL STATEMENTS FOR THE MOST RECENT YEAR (CERTIFIED BY INDEPENDENT AUDITORS):	98
6.6	FINANCIAL DIFFICULTIES FOR THE COMPANY AND ITS AFFILIATES DURING THE MOST RECENT YEAR UNTIL THE PUBLICATION OF THIS ANNUAL REPORT	98
7.	REVIEW AND ANALYSIS OF FINANCIAL CONDITIONS, FINANCIAL PERFORMANCE, AND RISK MANAGEMENT	99
7.1	ANALYSIS OF FINANCIAL STATUS	99
7.2	FINANCIAL PERFORMANCE	100
7.3	ANALYSIS OF CASH FLOW	101
7.4	THE IMPACT OF MAJOR CAPITAL EXPENDITURES ON FINANCIAL BUSINESS IN THE MOST RECENT YEAR	102
7.5	REINVESTMENT POLICY IN THE MOST RECENT YEAR, THE MAIN REASONS FOR ITS PROFIT OR LOSS, IMPROVEMENT PLAN AND INVESTMENT PLAN FOR THE NEXT YEAR	102
7.6	ANALYSIS OF RISK MANAGEMENT	103
7.7	OTHER IMPORTANT MATTERS: NONE	109
8.	SPECIAL DISCLOSURE	110
8.1	SUMMARY OF AFFILIATED COMPANIES	110
8.2	PRIVATE PLACEMENT SECURITIES IN THE MOST RECENT YEARS:	116
8.3	THE SHARES IN THE COMPANY HELD OR DISPOSED OF BY SUBSIDIARIES IN THE MOST RECENT	116
8.4	OTHER IMPORTANT NOTES:	116
8.5	IN THE MOST RECENT YEAR AND AS OF THE DATE OF PUBLICATION OF THE ANNUAL REPORT, ANY EVENT SPECIFIED IN SUBPARAGRAPH 2, PARAGRAPH 3, ARTICLE 36 OF THIS ACT HAS OCCURRED THAT HAS A SIGNIFICANT IMPACT ON SHAREHOLDERS' RIGHTS AND INTERESTS OR THE PRICE OF SECURITIES: N/A.	116

1. Letter to Shareholders

Dear Shareholders,

In 2021, the world is still shrouded in coronavirus pandemic. The shortage of cabinets and port closures have caused a surge in transportation costs and raw material cost. Meanwhile, China's covid policy on energy consumption has added difficulties to the overall operation. Facing such a changeable environment. With the concerted efforts of all colleagues, this year's operating, Jarllytec revenue has made a leap forward and set a record.

With the collaboration on foldable phones by major mobile phone manufacturers, Display Supply Chain Consultants (DSCC) estimates that the shipments of foldable smartphones will increase by 132% to 17.5 million units in 2022. Jarllytec has been deeply involved in the folding product for years. Based on our long-term strategy, it has actively invested in technology development.

At present, we had made major breakthroughs in the technology of folding mobile phone hinges and has also made great contributions in our revenue.

Looking ahead, in the post-pandemic era with rising vaccine coverage, market research agencies expect that the related demand driven by the pandemic will gradually slow down this year. The desktop computer market showed a flat decline, with shipments of about 79 million units; laptop computers decreased by about 3.3% year-on-year, down to 237 million units, but still strong compared to about 160 million units before the pandemic. Furthermore, innovation technology investment in Jarllytec will continue to develop new products related to hinges, such as foldable tablets and foldable laptops and fully demonstrate its competitive advantages to create new opportunities.

In view of the increasingly severe global climate problem, Jarllytec has taken the risk of climate change into the consideration of sustainable operation, and is concerned about energy conservation and carbon reduction, actively participate in ESG (environmental, social and corporate governance) related issues, and encourage employees to participate in various public welfare activities together to practice the spirit of corporate citizenship.

Chairman
Chang, Tai Yuan

2. Company Profile

2.1 Date of Incorporation

July 7th, 2004

2.2 Company History

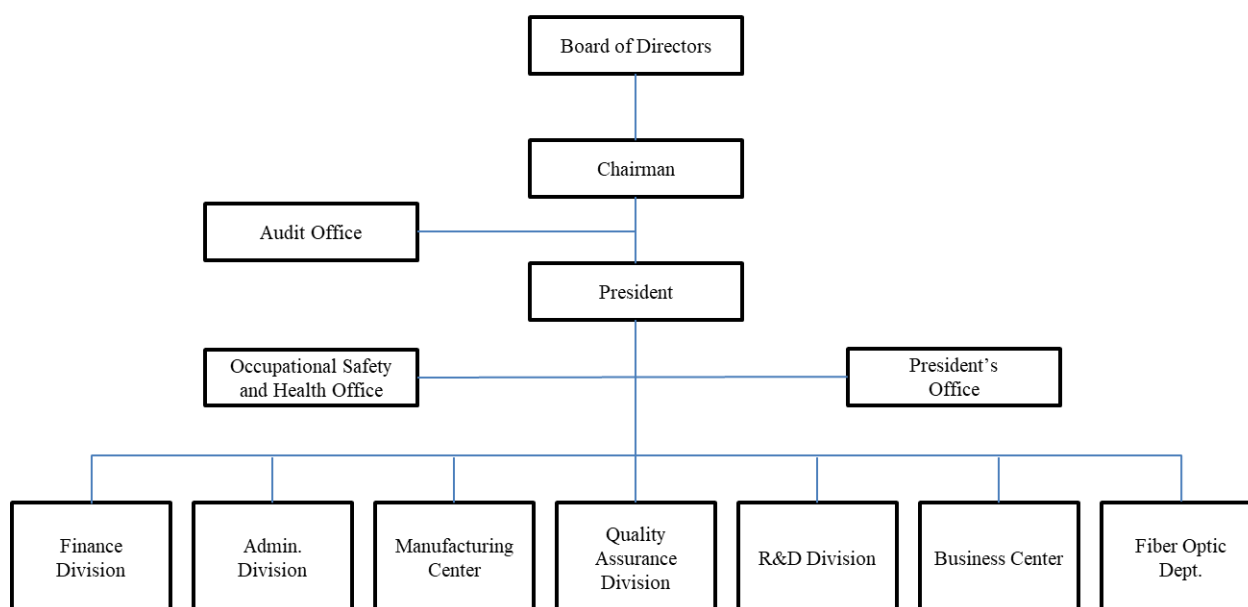
Jul, 2004	Jarlllytec founded in Wugu Industrial Center in New Taipei City
Dec, 2004	Move to a new building
Dec, 2004	Capital increased with cash to NT\$ 120,000,000
Aug, 2005	Acquired the ISO9001(2000 Edition) Quality Certification from BSMI, MOEA
Aug, 2005	Mass production of high-end LCD monitor hinge
Nov, 2005	Capital increased with cash to NT\$ 250,000,000
Dec, 2005	Won Compal Excellent Partner Award
Feb, 2006	Introduction of Finite Element Method (FEM)
Mar, 2006	Invested in Fu-Qing Jarlly Electronics Ltd. via a third place with the approval of Investment Commission
May, 2006	Invested in Jarlly Technology (Shanghai) Ltd. via a third place with the approval of Investment Commission
Jul, 2006	The design of One Laptop per Child (OLPC) NB hinge completed and patent acquired
Aug, 2006	Invested in Changshu Jarlly Electronics Co., Ltd. via a third place with the approval of Investment Commission
Dec, 2006	Excellent Partner Awards from ASUS, INVENTEC and HANNSPREE
Dec, 2006	Registered as emerging stock with the approval of GTSM
Jan, 2007	Jarlllytec stocks formally traded over the counter
Aug, 2007	Capital increased to NT\$ 409,600,000 by transforming surplus and employee dividend into capital
Dec, 2007	Jarlllytec's application for becoming OTC company approved by the OTC Review Committee by a unanimous vote
Mar, 2008	Capital increased to NT\$459,700,000 by addition of cash and transformation of surplus and dividend.
Mar, 2008	Jarlllytec listed in the OTC market on March 27, 2008
Jun, 2008	Approved by the Investment Review Committee and approved by the third place to invest in Jarlly Electronic Technology (Shanghai) Co., Ltd.
Jun, 2008	ISO14001 (2004 edition) environmental management certification of the Bureau of Standardization, Inspection and Quarantine of the Ministry of Economic Affairs.
Jun, 2008	OHSAS18001 (2007 edition) occupational safety and health management certification by the Bureau of Standards, Inspection and Quarantine of the Ministry of Economic Affairs.
Sep, 2008	The surplus and employee dividends were transferred to NT\$400,000,000.
Nov, 2008	Invested 70% equity of Jmim Precision Industry Co., Ltd.

Jan, 2009	LCIE-SNQ IECQ QC080000 Hazardous Substances Process Management System (HSPM) certification.
Feb, 2009	Handling treasury shares to cancel the share capital to NT\$ 482,905,000
Jun, 2009	ISO 9001 (2008 edition) quality management system verification
Aug, 2009	The surplus was transferred to capital increase of NT \$499 million eight hundred and twenty-three thousand nine hundred and eighty.
Sep, 2009	After the conversion of employee stock option certificates, the share capital is NT \$500.589 million nine hundred and eighty.
Mar, 2010	After the conversion of employee stock option certificates, the share capital is five hundred and thirty million one hundred and eighteen thousand nine hundred and eighty new Taiwan dollars.
Jun, 2010	Approved by the Investment Review Committee to invest in Xiamen Jarlly in a third place.
Jun, 2010	After the conversion of employee stock option certificates, the share capital is NT \$530 million, five hundred and twenty-seven thousand, nine hundred and eighty
Sep, 2010	After the conversion of employee stock option certificates, the share capital is five hundred and thirty million seven hundred and twenty-five thousand nine hundred and eighty new Taiwan dollars.
Dec, 2010	Approved by the Investment Review Committee to invest in Chongqing Jarlly in a third place.
Dec, 2010	After the conversion of employee stock option certificates, the share capital is NT \$550 million four hundred and seventy-one thousand nine hundred and eighty.
Feb, 2021	In Appreciation for Recognition of Outstanding Business Partnership Between Hewlett Packard and Jarllytec Co., Ltd. for the HP Sirens of “Consumer Displays”
Apr, 2021	After the conversion of employee stock option certificates, the share capital is NT \$500 million, five hundred and ten thousand and nine hundred and eighty.
Sep, 2021	Finish the project of ultra-small diameter shaft hinge to be line with the need for Ultrabook model design.
Oct, 2021	Successfully develop the mechanism combining the functions of hinge and docking for Pad.
Dec, 2013	Jarllytec passed the EICC audit of Microsoft Corporation.
Jan, 2014	The hinge design of the 360-degree flip laptop is developed and patented.
Oct, 2014	Sell out Jmim Precision Industry Co., Ltd. 70% shareholding.
Nov, 2014	Reinvest 62.5% stake in Jarson Precision Technology Co., Ltd.
Mar, 2015	The hinge design and development of the 360-degree flip notebook with a liftable keyboard has been completed and a patent has been applied for.
Jun, 2016	ISO14001 (2015 version) environmental management system certification of the Metal Industry Research and Development Center.
Jun, 2016	ISO9001 (2015 version) quality assurance certification of the Metal Industry Research and Development Center.
Nov, 2016	Cash capital increase to NT \$605 million, five hundred and ten thousand and nine hundred and eighty.
Feb, 2017	The development and patent application of the thin LCD screen lift bracket is completed.

Mar, 2017	The hinge design and development of the gaming laptop with a raised base has been completed.
Jun, 2017	Jarllytec Changshu moved to Kunshan and changed its name to Jarllytec Kunshan
Jan, 2018	Jarllytec USA, LLC.
Feb, 2018	Buy back a 37.5% stake in Jarson Precision Technology Co., Ltd.
Mar, 2018	Increase the capital of Jarson Precision Technology Co., Ltd. NT\$ 40,070,000.
Jun, 2018	Developed and patented in design of folding phone
Oct, 2018	Manage the cancellation of treasury shares to NT \$601 million, two hundred and ten thousand and nine hundred and eighty.
Feb, 2019	LCIE-SNQ IECQ QC 080000:2017 Hazardous Substances Process Management (HSPM) certification.
Jun, 2019	ISO 45001 (2018 edition) occupational safety and health management certification of the Commodity Inspection Bureau of the Ministry of Economic Affairs.
Dec, 2019	Increase the capital of Jarson Precision Technology Co., Ltd. NT \$20,000,000.
Dec, 2019	Jarllytec (Thailand) Co., Ltd.
Apr, 2020	Reinvest Jarwin Investment Co., Ltd.
Jan, 2021	The Shanghai plant was awarded the SGS ISO/IEC 27001:2013 information security management system certification.
Apr, 2021	Jarllytec (Singapore) PTE. Ltd.
Apr, 2021	Jarllytec (Vietnam) Co., Ltd.

3. Corporate Governance Report

3.1 Organization



	Job Description
President's Office	1. Responsible to all shareholders according to the resolution of the board of directors. 2. Formulate and promote the company's overall business goals, operating strategies and implementation plans. 3. Approval of major company decisions, project research, strategic planning, command supervision and implementation guidance. 4. Integrate the execution and coordination of the organization's business of each unit. 5. Supervise the planning and implementation of various management policies and systems throughout the company and evaluate the effectiveness of implementation. 6. Regular analysis report and revision of annual operating performance.
Audit Office	Identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement.
Occupational Safety and Health Office	Responsible for the company's labor safety issues.
Fiber Optic Department	1. Planning and execution of optical fiber business development, quotation and sales. 2. Optical fiber product research and development. 3. Optical fiber raw material procurement and product manufacturing.
Business Center	1. Sales planning and execution. 2. Business development and customer relationship maintenance and customer complaint handling. 3. Order quotation and processing. 4. Market evaluation and reporting.

Research & Development Division	<ol style="list-style-type: none"> 1. Innovation research and development of functions. 2. Solve design problems corresponding to customers. 3. Design and develop new products. 4. Confirmation of mold design and fabrication and process improvement. 5. Manage patent and trademark affairs. 6. Execute the life test and design verification of the new product design stage.
Quality Control Division	<ol style="list-style-type: none"> 1. Planning/execution/auditing/maintenance of quality/HSF system and objectives. (QS) 2. Establishment and maintenance of supplier evaluation and supplier quality management mechanism. (SQA) 3. Establishment and maintenance of quality management mechanism for incoming/process/outgoing. (MQA) 4. Establishment and maintenance of high-precision instrument measurement and calibration management mechanism. (PMC) 5. Establishment and maintenance of ORT reliability testing and verification mechanism for mass-produced products. (RQA) 6. Establishment and maintenance of customer service and delivery quality assurance mechanism. (CQA)
Manufacturing Department	<ol style="list-style-type: none"> 1. Inquiry and purchase of raw materials for production. 2. Material planning and inventory management. 3. Development and manufacture of the company's production plan. 4. Planning and execution of production schedule and confirmation of actual performance. 5. Pre-production evaluation of new products. 6. Product cost control rationalization and manufacturer supervision. 7. Select strategic vendor partners and introduce competitive new suppliers. 8. Reduce the cost of the company (reduce inventory, reduce production and distribution costs). 9. The overall "process quality" of the enterprise is optimized (removal of error costs, elimination of abnormal events). 10. Automatic equipment development and introduction into mass production.
Admin. Department	<ol style="list-style-type: none"> 1. Human resources recruitment planning, employee recruitment and absence, salary management. 2. Planning and implementation of employee education and training business. 3. The management of general affairs and general affairs, the inquiry and purchase of machinery and equipment. 4. Planning, construction, management and maintenance of information systems and networks. 5. Coordinate the use, integration, management and maintenance of the company's computer software, hardware, database and information security for procurement.
Finance Department	<ol style="list-style-type: none"> 1. Analysis and management of financial & tax accounting statements. 2. Budgeting and investment planning and execution. 3. Capital use planning, cost analysis and risk control. 4. Relevant stock operations. 5. Investor services.

3.2 Directors, Supervisors and Management Team

3.2.1 Information of directors and supervisors

Apr 23rd, 2022

Title	Name	Nationality	Date Effective	Term	Date of Election	Shareholding during elected		Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note)
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Dellson Investment Co., Ltd.	Taiwan (R.O.C)	June 7th 2021	3 Years	June 25th 2018	711,325	1.18%	711,325	1.18%	470,467	0.78%	3,492,000	5.81%	N/A	N/A	N/A			None
Director Representative,	Tai Yuan Chang	Taiwan (R.O.C)	June 7th 2021	3 Years	June, 25th 2018	711,325	1.18%	711,325	1.18%	470,467	0.78%	3,492,000	5.81%	Master of Business Administration, EMBA of National Taipei University Quality control Specialist of Inventec Co., Ltd.	Gernal Manager of Jarlytec Co., Ltd. Chairman of Jarson Precision Technology Co., Ltd. Jarwin Investment Co., Ltd. Supplier Chairman of Dellson Investment Co., Ltd. Director representative, Smart Hinge Holding Ltd Director representative, Royal Jarly Holding Ltd. Director representative, Great Hinge Trading Ltd. Chairman of Shanghai Jarlly, Chairman of Fu-Qing Jarlly, Chairman of Dong Guan Jarlly, Chairman of Jarly Electronic Shanghai, Chairman of Kunshan Jarlly, Chairman of Xiamen Jarlly Chairman of Chongqing Jarlly	Senior Vice President	Hsu, Yao Kun	affinity	None
Vice-Chairman	Sunrise Investment Co., Ltd.	Taiwan (R.O.C)	June, 7th 2021	3 Years	June, 25th 2004	6,100,000	10.15%	6,100,000	10.15%	0	0	0	0	N/A	N/A	N/A			N/A

Title	Name	Nationality	Date Effective	Term	Date of Election	Shareholding during elected		Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note)
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director Representative	Liu, Kuang Hua	Taiwan (R.O.C)	June, 7th 2021	3 Years	June, 25th 2004	1,316,000 (Trust property 1,100,000 shares)	2.19%	1,316,000 (Trust property 1,100,000 shares)	2.19%	906,000 (Trust property 700,000 shares)	1.51%	1,550,000	2.58%	Master of EMBA School of Management, National Taiwan University Taipei University of Marine Technology Inventec Sourcing Manager	Director of Jmim Precision Industry Co., Ltd., Director representative, Sunrise Investment Co., Ltd. Director representative, Jarson Precision Technology Co., Ltd. Director representative, Jarwin Investment Co., Ltd. Director Representative, Algoltek Independent Director, Audit Committee, Remuneration Committee Director of Great Hinge Trading Ltd. Director of Shanghai Jarlly Director of Fu-Qing Jarlly Director of Dong Guan Jarlly Director of Jarlly Electronic Shanghai Director of Kunshan Jarlly Director of Xiamen Jarlly Director of Chongqing Jarlly	Director representative	Liu, Chih Chen	Father Son	None
Director	Young Win Assets Management CO., Ltd.	Taiwan (R.O.C)	June, 7th 2021	3 Years	June, 7th 2021	1,550,000	2.58%	1,550,000	2.58%	0	0	0	0	N/A	N/A	N/A			N/A
Director Representative	Liu, Chih Chen	Taiwan (R.O.C)	June, 7th 2021	3 Years	June, 7th 2021	282,000	0.47%	282,000	0.47%	0	0	0	0	Bournemouth University, Master of Marketing Management	Shanghai Jarlly, Deputy Director	Director representative	Liu, Kuang - Hua	Father Son	None

Title	Name	Nationality	Date Effective	Term	Date of Election	Shareholding during elected		Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note)
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Wu, Sou Shan	Taiwan (R.O.C)	June, 7th 2021	3 Years	June, 7th 2021	0	0	0	0	0	0	0	0	PhD of Department of Finance, Insurance & Real Estate, University of Florida Master's degree of Institute of Management of Science, National Chiao Tung University Bachelor's degree of Department of Accounting and Statistics, National Chung Hsing University Independent director of Yuanta Financial Holding Co., Ltd. (Yuanta Securities Co., Ltd.) Professor and dean of College of Management, Chang Gung University Professor of Chiao Tung University Consultant of State-owned Enterprise Commission, Ministry of Economic Affairs Supervisor of Hua Nan Financial Holding Co. (and permanent in Hua Nan Bank) Chairman of Securities & Futures Institute Chairman of Taipei Exchange Director of Chunghwa Post Co., Ltd. Managing director of Taipower Co.	Compensation committee of JARLLYTEC CO., Ltd. Chair professor at National Taiwan Normal University Independent director of Citibank Taiwan Independent director of Energenesis Biomedical Co., Ltd. Consultant of Taiwan Institute of Economic Research Supervisor of the board of directors, Nan Kai University of Technology Independent director Yang, Shang Hsien Department of Accounting, Tamkang University Accountant of Baker Tilly Clock & Co Accountant of	N/A	N/A	N/A	N/A
Independent Director	Yang, Shang Hsien	Taiwan (R.O.C)	June, 7th 2021	3 Years	June, 7th 2021	0	0	0	0	0	0	0	0	Department of Accounting, Tamkang University Accountant of Baker Tilly Clock & Co Accountant of Lan-Jai CPAs Firm	Compensation committee of JARLLYTEC Co., Ltd. Accountant of Cheng Yang CPAs Firm Juristic representative director of YesHealth Agri Biotechnology Co., Ltd. Independent director of Da Hui Limited Independent director of ETREND High tech Corp. (the term of office will terminate on June 17, 2021) Independent director of REPOND Co., Ltd. Supervisor of Chip Hope Co., Ltd. Independent director of Yeedex Electronic Corporation Supervisor of A Shine Biotech Corp.	N/A	N/A	N/A	N/A

Title	Name	Nationality	Date Effective	Term	Date of Election	Shareholding during elected		Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note)
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Lee, Chien Ming	Taiwan (R.O.C)	June, 7th 2021	3 Years	June, 7th 2021	0	0	0	0	0	0	0	0	Master of Business Administration, EMBA of National Taiwan University PhD of Department of Science, New York University Tandon School of Engineering Master's degree of Department of Science, Fu Jen Catholic University Bachelor's degree of Department of Science, Fu Jen Catholic University Asia area manager of Ciba Specialty Chemicals Inc. General manager of the subsidiary, View Sonic Group (Sintech Technology Corp./Opti International Corp., Taiwan) Vice general manager of Marketing and Purchasing Departments, Chan Mao Optoelectronics Co., Ltd. Taiwan's General manager of LG Display Co., Ltd. General manager of Asian Chemical Group Division	Compensation committee of Jarlytec Co., Ltd. Vice general manager of TPK Co., Ltd.	N/A	N/A	N/A	N/A
Independent Director	Liu, Chun Ying	Taiwan (R.O.C)	June, 7th 2021	3 Years	June 21st 2021	0	0	0	0	0	0	0	0	Master of Business Administration, EMBA of National Taiwan University Master of Laws, Northwestern University Bachelor's degree of Laws, National Taiwan University Copartner of TSAR & TSAI LAW FIRM	Compensation committee of Jarlytec Co., Ltd. Copartner of TSAR & TSAI LAW FIRM Independent director and audit committee's member of Jarlytec Co., Ltd. Juristic representative director of Taiwan Cement Corporation Juristic representative Director of Chinatrust Investment Co., Ltd	N/A	N/A	N/A	N/A

*1: If the chairman of the board of directors and the general manager or equivalent (top manager) of the company are the same person, spouses or relatives of each other, they shall state the reasons, rationality, necessity and Countermeasures (for example, increasing the number of independent directors and more than half of the directors shall not be employees or managers). The chairman of the company concurrently serves as the general manager to improve the operation efficiency and the implementation of executive decisions. However, to improve the corporate governance and strengthen the independence of the board of directors, in addition to close and full communication with all directors, the company has increased the number of independent directors, the functions of the board of directors and strengthened the supervision function. The company has the following specific measures:

- (1) Set up four independent directors to effectively play the supervision function.
- (2) Set up functional committees (salary, remuneration and audit), fully discuss and put forward professional suggestions for the reference of the board of directors to implement corporate governance.
- (3) More than half of the members of the board of directors do not concurrently serve as employees or managers.
- (4) Every year, each director is arranged to attend courses of external professional institutions to improve the professional ability of directors to improve the operation efficiency of the board of directors. Arrange each director to attend the courses of external professional every institutions year to improve the professional level of directors

Note 2: Former directors Hung, Tung Hsiung and independent directors Ku, Yung Chia, Lai, Chia Yi, Chung, Kuang Chih 's term expires on July 7, 2021.

Note 3: The legal representatives of the directors are Liu, Chih Chen and the independent directors Yang, Shang Hsien, Lee, Chien Ming, Wu, Sou Shan term starts on July 7, 2021

3.2.2 Major shareholders

Feb 28th 2022

Title	Major Shareholders of Corporate Shareholders
Dellson investment Co., Ltd.	Lavish Investment Development Ltd., (13.75%), Tai Yuan Chang (25%), Shu Jin Hsu (25%), Chia Yueh Chang (18.75%), Sung Yueh Chang (17.5%)
Sunrise investment Co., Ltd.	Jumbo Technology Ltd., (100%)
Young Win assets management Co., Ltd.	Kuang Hua Liu (63 %), Wu, Yi Chuan (32%), Liu, Chih Chen (3%), Liu, Pei Yu (2%)

3.2.3 If the principal shareholder of a legal person shareholder is a legal person, its principal shareholder Feb 28th 2022

Feb 28th 2022

Name of Legal Representative	Shareholders of Legal Representative
Lavish investment development Ltd.	Tai Yuan Chang (50%), Shu Jin Hsu (50%)
Jumbo Technology Ltd.	Kuang Hua Liu (50%), Tai Yuan Chang (50%)

3.2.4 Disclosure of professional qualifications of directors and supervisors and independence of independent directors

	Qualifications and Experience	Professional	Directors from other public companies
Chairman Dellson Investment Co., Ltd. Representative: Chang, Tai - Yuan	1. Board leadership experience (For work experience, see Director Profile on page 11). 2. Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making. 3. There are no circumstances under Article 30 of the Company Law.	(6)(7)(8)(9)(10)(11)(12)	0
Vice Chairman Sunrise Investment Co., Ltd. Representative: Liu, Kuang - Hua	1. Board leadership experience (For work experience, see Director Profile on page 11). 2. Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making. 3. There are no circumstances under Article 30 of the Company Law.	(6)(7)(8)(9)(10)(11)(12)	1
Director Young Win Assets Management CO., Ltd. Representatives: Liu, Chih Chen	1. Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook. 2. There are no circumstances under Article 30 of the Company Law. (For work experience, please refer to page 12 for director information)	(2)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director Liu, Chun-Ying	1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 15). 2. Have industry knowledge and legal knowledge. 3. There are no circumstances under Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director Wu, Sou-Shan	1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 13). 2. Knowledge of industry and financial accounting. 3. There are no circumstances under Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	2
Independent Director Yang, Shang-Hsien	1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 14). 2. Knowledge of industry and financial accounting. 3. There are no circumstances under Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	3

Independent Director Lee, Chien - Ming	1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 14). 2. Knowledge of industry and financial accounting. 3. There are no circumstances under Article 30 of the Company Law.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10) (11)(12)	0
--	--	---	---

*The independence of directors and supervisors in the two years before election and during their term of office. (Those who meet the requirements are disclosed in the above table)

- (1) Not an employee of the company or its affiliated enterprises.
- (2) Directors and supervisors who are not directors or supervisors of the company or its affiliated enterprises (except for independent directors set up by the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this law or local laws and regulations).
- (3) Natural person shareholders who are not themselves, their spouses, minor children or who hold more than 1% of the total issued shares of the company in the name of others or who hold the top 10 shares.
- (4) Not the manager listed in (1) or the spouse of the personnel listed in (2) and (3), relatives within the second degree of kinship or immediate blood relatives within the third degree of kinship.
- (5) Directors, supervisors or employees of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint representatives to act as directors or supervisors of the company in accordance with paragraph 1 or 2 of Article 27 of the company law (except for independent directors set up by the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this law or local laws and regulations).
- (6) Directors, supervisors or employees of other companies who are not directors or have more than half of the voting shares of the company been controlled by the same person (except for independent directors set up by the company or its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations)
- (7) Directors (directors), supervisors (supervisors) or employees of other companies or institutions who are not the same person or spouse with the chairman, general manager or equivalent position of the company (except for independent directors set up by the company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Law or local laws and regulations).
- (8) Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the issued shares of a specific company or institution that does not have financial or business dealings with the company (except that if a specific company or institution holds more than 20% but less than 50% of the total issued shares of the company and is an independent director set up by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or the laws and regulations of the local country).
- (9) Professionals, proprietors, partners, directors (directors), supervisors (supervisors), managers and their spouses of sole proprietorships, partnerships, companies or institutions who do not provide audit services for companies or affiliated enterprises or who have received remuneration of less than NT \$500,000 in business, legal, financial, accounting and other related services in the past two years. However, this restriction shall not apply to the members of the salary and Remuneration Committee, the public takeover review committee or the Special Committee on mergers and acquisitions who perform their functions and powers in accordance with the securities and exchange law or the relevant laws and regulations of the enterprise merger and Acquisition Law.
- (10) No spouse or kinship within the second degree with other directors.
- (11) There is no one of the circumstances specified in Article 30 of the company law.
- (12) There is no provision in Article 27 of the company law that the government, legal person or its representative shall be elected.

3.2.5 Diversity and independence of the board of directors

(1) Diversity of the Board of Directors

The structure of the board of directors of the company shall determine the appropriate number of directors with more than five members based on the scale of the company's operation and development and the shareholding of its major shareholders, considering the needs of practical operation. The composition of the board of directors should consider diversification. In addition to the fact that the number of directors who are also managers of the company should not exceed one-third of the number of directors, appropriate diversification policies should be formulated according to their own operation, operation type and development needs.

When appointing directors, the company not only considers the professional background of the directors themselves, but also one of the crucial factors. The company has 7 directors, of which 4 are independent directors; Among the directors, one independent director is female. The professional background of the members covers management, science and engineering, lawyers, accountants and industrial operators. The members of the board of directors have industrial, academic and knowledge diversified backgrounds and can give professional opinions from different angles, which is of major help to improve the company's business performance and

management efficiency.

Among the members of the board of directors, the proportion of directors with employee status is 28.57% and the proportion of independent directors is 57.14%. The company also pays attention to gender equality in the composition of the board of directors. The target of female directors is more than 25%. At present, there are seven directors, including one female director, with a ratio of about 14.29%. The diversity of more board members is as follows:

	Employment in Jarlytec	Age					Term		Operational Judgment	Financial Analysis	Management	Industry Knowledge	Management Risk View	Market View	Lead	Decision Making
		31 ~ 40	41 ~ 50	51 ~ 60	61 ~ 70	Over 71	0~3 years	4~6 years								
Chang, Tai Yuan	✓			✓					✓		✓	✓	✓	✓	✓	✓
Liu, Kuang Hua	✓				✓				✓		✓	✓	✓	✓	✓	✓
Liu, Chih Chen	✓	✓							✓		✓	✓	✓	✓	✓	✓
Liu, Chun Ying			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓
Wu, Sou Shan						✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Yang, Shang Hsien				✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
Lee, Chien Ming				✓			✓		✓	✓	✓	✓	✓	✓	✓	✓

(2) Independence of the Board of Directors

The company re-elected directors (including independent directors) in 2021. At present, there are 7 directors in the board of directors, of which 4 are independent directors, accounting for 57.14% of the independent directors. Please refer to "4. Disclosure of Professional Qualifications of Directors and Supervisors and Information Disclosure of Independent Directors' Independence" for the matters stipulated in Items 3 and 4.

3.2.6 Information of the general manager, deputy general manager, associate manager, heads of departments and branches

April 23, 2022 Unit: Shares

Title	Country	Name	Effective Date	Holding Shares		Relatives hold shares		Under Other's		Experience	Occupation	Title	Name	Relationship	Employee Options	Remark
				Shares	Ratio	Shares	Ratio	Shares	Ratio							
Gernal Manager	Taiwan (R.O.C)	Chang, Tai Yuan	July 7th 2004	711,325	1.18%	470,467	0.78%	3,492,000	5.81%	Master of Business Administration, EMBA, Taipei University Inventec QA Specialist	Chairman of Jarllytec Co., Ltd. Chairman of Jarson Precision Technology Co., Ltd. Chairman of Jarwin Investment Co., Ltd. Chairman of Dellson Investment Co., Ltd. Legal representative of Smart Hinge Holding Ltd. Legal representative of Royal Jarlly Holding Ltd. Legal representative of Great Hinge Trading Ltd. Director representative of Smart Hinge Holding Ltd. Director representative of Royal Jarlly Holding Ltd. Director representative of Great Hinge Trading Ltd. Chairman of Shanghai Jarlly Chairman of Fu-Qing Jarlly Chairman of Dong Guan Jarlly Chairman of Jarlly Electronic Shanghai Chairman of Kunshan Jarlly Chairman of Xiamen Jarlly Chairman of Chongqing Jarlly	Senior Deputy General Manager	Hsu, Yao Kun	affinity	None	None
Senior Deputy General Manager	Taiwan (R.O.C)	Hsu, Yao Kun	February 1st 2005	367,237	0.61%	1,368	0.00%	0	0	Tsinghua University Jarllytec Sales Manager	General Manager of South China: Fu-Qing Jarlly, Xiamen Jarlly, Dong Guan Jarlly, Director of Fu-Qing Jarlly, Dong Guan Jarlly, Xiamen Jarlly, Jarllytec (Thailand) Co., Ltd.	Gernal Manager	Chang, Tai Yuan	affinity	None	None
Senior Deputy General Manager	Taiwan (R.O.C)	Huang, Chin Ming	July 1st 2005	84,220	0.14%	1,000	0.00%	0	0	Department of Mechanical Engineering, Chinese Culture University Director of Institutional Design of Tatung Company	General Manager of East China: Shanghai Jarlly, Kunshan Jarlly, Chongqing Jarlly, Shanghai Jarlly Director of Jarlly Electronic Shanghai, Kunshan Jarlly	None	None	None	None	None
Deputy General Manager	Taiwan (R.O.C)	Hung, Chin Fu	July 7th 2004	236,764	0.39%	187,116	0.31%	1,100,000	1.83%	Qinyi Engineering College Mechanical Division Qianji Company	Supervisor of Chongqing Jarlly	None	None	None	None	None
Deputy General Manager	Taiwan (R.O.C)	Li, Yung Ta	Feb 1st 2005	3,425	0.01%	0	0	0	0	PhD in Mechanical Engineering, National Taiwan University Shentong Computer Lecturer	None	None	None	None	None	None
Deputy General Manager	Taiwan (R.O.C)	Huang, Shih Hui	July 30th 2012	0	0	0	0	0	0	Bachelor of Mechanical Engineering, National Taiwan University Master of Industrial Engineering, Iowa State University Meilong Industrial R&D Manager Ford Liuhe Design and Technology Center Manager	Legal Representative Director and General Manager of Jarson Precision Technology Co., Ltd.	None	None	None	None	None

Title	Country	Name	Effective Date	Holding Shares		Relatives hold shares		Under Other's		Experience	Occupation	Title	Name	Relationship	Employee Options	Remark
				Shares	Ratio	Shares	Ratio	Shares	Ratio							
Deputy General Manager	Taiwan (R.O.C)	Chang, Yu Chung	August 1 st 2021	5,000	0.01%	0	0	0	0	Bachelor of Industrial Design, Datong University of Technology General Manager of Hanyang Precision, Getac Group Senior Director of Handa Precision, Mitac Group Huayu Group Jiada Precision Business Associate	None	None	None	None	None	None
Chief Financial Officer	Taiwan (R.O.C)	Hsu, Pei Wen	April 1 st 2005	0	0	0	0	0	0	Master of EMBA School of Management, National Taiwan University of Science and Technology Department of Accounting, Tamkang University Chief Financial Officer of New System Logistics Financial Manager of Qingliang Electronics Co., Ltd.	Legal Representative Supervisor of Jarson Precision Technology Co., Ltd.	None	None	None	None	None
Accounting Director	Taiwan (R.O.C)	Chen, Ying Hsuan	June 18 th 2019	0	0	0	0	0	0	Master of EMBA School of Management, National Taiwan University of Science and Technology Department of Accounting, Soochow University KPMG Manager	None	None	None	None	None	None

3.3 Annual remuneration paid to directors, supervisors, general managers and Deputy General Managers

3.3.1 Remuneration of Directors and Independent Directors

Dec 31st 2021 Unit: NT\$ (thousand)

Title	Name	Remuneration								(A)+(B)+(C)+(D)		Remuneration								(A)+(B)+(C)+(D) +(E)+(F)+(G)	
		Paid(A)		Retirement pension (B)		Remuneration (C) *1		Business execution costs (D)				Salary, bonus and special expenses (E)		Retirement pension (F)		Employee compensation (G)					
		Our company	Consolidated Statement	Our company	Consolidated Statement	Our company	Consolidated Statement	Our company	Consolidated Statement	Our company	Consolidated Statement	Our company	Consolidated Statement	Our company	Consolidated Statement	Our company	Consolidated Statement	Cash Amount	Stock Amount	Our Company	Consolidated Statement
Chairman	Dellson Investment Co., Ltd.																				
Representative	Chang, Tai Yuan																				
Vice-Chairman	Sunrise Investment Co., Ltd.																				
Representative	Liu, Kuang Hua	3,152	3,673	0	0	3,012	3,012	9	9	6,173 2.49%	6,694 2.70%	3,543	4,342	19,040	19,040	52	0	52	0	38,186 11.63%	39,506 12.16%
Director *1	Hung, Tung Hsiung																				
Director	Young Win Assets Management CO., Ltd.																				
Representative	Liu, Chih Chen																				
Independent Director	Ku, Yung Chia (Note 1)																				
	Lai, Chia Yi (Note 1)																				
	Chung, Kuang Chih (Note 1)	1,410	1,410	0	0	872	872	57	57	2,339 0.94%	2,339 0.94%	0	0	0	0	0	0	0	0	2,339 0.94%	2,339 0.94%
	Liu, Chun Ying																				
	Wu, Sou Shan																				
	Yang, Shang Hsien																				
	Lee, Chien Ming																				
<p>1. The remuneration policy, system, standard and structure of independent directors and the relationship with the amount of remuneration paid according to the responsibilities, risks, investment time and other factors. In Chapter 6, Article 22, if the company has a profit in the year, it shall allocate no more than 2% as the director's remuneration. However, when the company still has accumulated losses, it should reserve the amount in advance to make up for it. And in accordance with the company's "Board of Directors" Performance Evaluation Method" to evaluate the degree of participation in the company's operations and the value of its contribution (for example: interaction with the management team, understanding of the company's industry.), taking into account domestic and foreign industry standards to provide reasonable remuneration, the relevant performance assessment and the rationality of the remuneration are reviewed by the Remuneration Committee and the Board of Directors and the remuneration system will be reviewed in a timely manner according to the actual operating conditions and relevant laws and regulations.</p> <p>2. Except as disclosed in the above table, the remuneration received by the directors of the company for providing services to all the companies in the financial report in the most recent year (such as serving as a consultant for the parent company/all companies in the financial report/reinvestment enterprises that are not employees of the company): None.</p>																					

Note 1: The term of office of former director Hung, Tung Hsiung and independent directors Ku, Yung Chia, Lai, Chia Yi, Chung, Kuang Chih will expire on July 7, 2021.

Note 2: The legal representative of the directors Liu, Chih Chen and the independent directors Yang, Shang Hsien, Lee, Chien Ming, Wu, Sou Shan will be effective from July 7, 2021

Note 3: Directors' remuneration refers to the amount of directors' remuneration distributed by the board of directors in 2021.

Note 4: In 2021, the amount of pension withdrawals was listed. The directors included Liu, Kuang Hua and Chang, Tai Yuan with a total of RMB 18,992,000. In 2021, there was no actual payment of retirement pension for directors.

Note 5: The Company has not issued employee stock option certificates or restricted new shares of employee rights.

Note 6: It is based on the amount of employee remuneration distributed by the board of directors in 2022 and estimated based on the ratio of the distribution amount in 2021.

Remuneration scale

Remuneration level	(A+B+C+D)		(A+B+C+D+E+F+G)	
	Jarlllytec	All companies	Jarlllytec	All companies
Under NT\$1,000,000	Hung, Tung Hsiung, Ku, Yung Chia, Lai, Chia Yi, Chung, Kuang Chih, Liu, Chun Ying, Wu, Sou Shan, Yang, Shang Hsien, Lee, Chien Ming, Liu, Chih Chen	Hung, Tung Hsiung, Ku, Yung Chia, Lai, Chia Yi, Chung, Kuang Chih, Liu, Chun Ying, Wu, Sou Shan, Yang, Shang Hsien, Lee, Chien Ming, Liu, Chih Chen	Hung, Tung Hsiung, Ku, Yung Chia, Lai, Chia Yi, Chung, Kuang Chih, Liu, Chun Ying, Wu, Sou Shan, Yang, Shang Hsien, Lee, Chien Ming, Liu, Chih Chen	Hung, Tung Hsiung, Ku, Yung Chia, Lai, Chia Yi, Chung, Kuang Chih, Liu, Chun Ying, Wu, Sou Shan, Yang, Shang Hsien, Lee, Chien Ming
NT\$ 1,000,000~NT\$2,000,000	Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua	Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua	-	Young Win Assets Management CO., Ltd. Representative: Liu, Chih Chen
NT\$2,000,000~NT\$3,500,000	-	-	-	-
NT\$3,500,000~NT\$5,000,000	-	-	-	-
NT\$5,000,000~NT\$10,000,000	-	-	-	-
NT\$10,000,000~NT\$15,000,000			Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua, Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan	Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan
NT\$15,000,000~NT\$30,000,000	-	-	-	-
NT\$30,000,000~NT\$50,000,000	-	-	-	-
NT\$50,000,000~NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total amount of person	11	11	11	11

3.3.2 Remuneration of Management team

The company set up an audit committee on June 21, 2018 to replace the functions and powers of supervisors, so this disclosure is not applicable.

3.3.3 Compensation paid to President and Vice-President

Job Title	Name	Salary (A)		Retirement pension (B)		Bonus(C)		Employee compensation amount (D) (*1)				(A)+(B)+(C)+(D)	
		Our Company	Consolidated Statement	Our Company	Consolidated Statement	Our Company	Consolidated Statement	Our Company		Consolidated Statement		Our Company	Consolidated Statement
								Cash Amount	Stock Amount	Cash Amount	Stock Amount		
General Manager	Chang, Tai Yuan	13,020	14,970	10,239	10,239	4,382	5,003	2,103	0	2,103	0	29,744 12.00%	32,315 13.04%
Senior Deputy General Manager	Hsu, Yao Kun												
Senior Deputy General Manager	Huang, Chin Ming												
Deputy General Manager	Hung, Chin Fu												
Deputy General Manager	Li, Yung Ta												
Deputy General Manager	Huang, Shih Hui												
Deputy General Manager	Chang, Yu Chung												
Chief Financial Officer	Hsu, Pei Wen												

*1: It is the amount of employee compensation approved by the board of directors in 2022 and estimated according to the ratio of distribution amount in 2021.

*2: The retirement pension of the company in 2021 was 18992000, including the pension provision of general manager Tai Yuan Chang NT \$9614000 and the provision of NT \$9614000 in 2021 was not actually paid to general manager Tai Yuan Chang.

*3: The company has not issued employee stock option certificates or new shares restricting employees' rights.

Remuneration scale

Level	Jarlytec	All companies in the financial report E
Under NT\$1,000,000	-	-
NT\$1,000,000~NT\$2,000,000	-	-
NT\$2,000,000~NT\$3,500,000	Hsu, Pei Wen, Hung, Chin Fu, Li, Yung Ta, Huang, Shih Hui, Hsu, Yao Kun, Huang, Chin Ming, Chang, Yu Chung	Hsu, Pei Wen, Hung, Chin Fu, Li, Yung Ta, Huang, Shih Hui, Hsu, Yao Kun, Chang, Yu Chung
NT\$3,500,000~NT\$5,000,000	-	Huang, Chin Ming
NT\$5,000,000~NT\$10,000,000	-	-
NT\$10,000,000~NT\$15,000,000	Chang, Tai Yuan	Chang, Tai Yuan
NT\$15,000,000~NT\$30,000,000	-	-
NT\$30,000,000~NT\$50,000,000	-	-
NT\$50,000,000 ~NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total amount of person	8	8

3.3.4 Name of the manager who allocates employee remuneration and distribution

Dec 31st 2021 Unite: NTD (thousand)

Title	Name	Holding Amount	Cash Amount	Total	(%)
General Manager	Chang, Tai-Yuan	0	2,242	2,242	0.90%
Senior Deputy General Manager	Hsu, Yao Kun				
Senior Deputy General Manager	Huang, Chin Ming				
Deputy General Manager	Hung, Chin Fu				
Deputy General Manager	Li, Yung Ta				
Deputy General Manager	Huang, Shih Hui				
Deputy General Manager	Chang, Yu Chung				
Chief Financial Officer	Hsu, Pei Wen				
Director	Hsu, Ching Chih	0	2,242	2,242	0.90%
Accounting Director	Chen, Ying Hsuan				

*In the series, fill in the amount of employee remuneration (including stock and cash) approved by the board of directors to distribute to managers in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount of last year. Net profit after tax refers to the net profit after tax of the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial report of the most recent year.

Note 1: The amount of employee remuneration distributed by the board of directors in 2022 is estimated based on the ratio of the amount distributed in 2021.

Note 2: Deputy General Manager Chang, Yu Chung will take office on August 1, 2021; Associate Manager Hsu, Ching Chih will resign on August 1, 2021.

3.3.5 Compare and explain the proportion of the total remuneration paid to the directors, supervisors, general manager and deputy general manager of the company and all companies in the consolidated statements in the net profit after tax of individual or individual financial reports in the last two years, and explain the policy, standard and combination of remuneration, procedures for setting remuneration, and the relationship with business performance and future risks.

- (1) Analysis of the proportion of the total remuneration paid to the directors, supervisors, general manager and deputy general manager of the company by the company and all companies in the consolidated statements in the net profit after tax of individual or individual financial reports in the last two years

NTD (thousand)

Title	2020				2021			
	Total remuneration		Net profit after tax (%)		Total remuneration		Net profit after tax (%)	
	Our Company	Consolidated Statement	Our Company	Consolidated Statement	Our Company	Consolidated Statement	Our Company	Consolidated Statement
Director* 1	13,692	14,742	4.52	4.87	31,147	32,467	12.57	13.10
Supervisor *2	-	-	-	-	-	-	-	-
General Manager and Deputy General Manager *3	18,768	22,166	6.20	7.32	29,744	32,315	12.00	13.04

*1: The total remuneration includes remuneration, retirement pension, directors' remuneration, business execution expenses, salaries of concurrent employees, bonuses, special expenses, retirement pension and employee remuneration.

*2: The total remuneration includes remuneration, remuneration and business execution expenses; Jarlytec set up an audit committee to replace the supervisor on June 21, 2018.

*3: The total remuneration includes salary, retirement pension, bonus and special expenses and employee remuneration.

- (2) The company's policies, standards and combination of remuneration, the procedures for setting remuneration and the relationship with business performance and future risks.

The salary structure of the company is divided into salary, year-end bonus and employee compensation (variable salary). The higher the rank, the higher the responsibility for the company's business performance, so the higher the proportion of variable salary.

The payment policy of the company to the directors is clearly stipulated in Article 22 of Chapter VI of the articles of association. If the company makes profits in the year, it shall allocate no more than 2% as the directors' remuneration. However, if the company still has accumulated losses, the amount to be made up shall be reserved. In accordance with the company's "performance evaluation measures of the board of directors", evaluate its participation in the operation of the company and the value of its contribution (such as the interaction with the management team, the understanding of the company's industry.), consider the industry standards at home and abroad and give reasonable remuneration. The relevant performance evaluation and remuneration rationality are reviewed by the salary and Remuneration Committee and the board of directors and timely review the remuneration system according to the actual business conditions and relevant laws and regulation.

The remuneration of the general manager and deputy general manager includes salary, bonus, employee remuneration. the salary structure includes principal salary, grade bonus, supervisor bonus, food allowance, professional bonus. the board of directors authorizes the chairman to consider the nature and responsibilities of his work and consider his educational background, experience, skills, potential development KPI performance evaluation results and whether there are risk events causing the company's negative image (such as improper internal management, malpractice.) and other factors. The amount of employee remuneration shall be based on the total amount of annual EPS performance allocation. After the resolution of the board of directors and the report of the shareholders' meeting, the remuneration payable to individual employees shall be determined according to the employee's work performance, seniority, grade and special contribution. In addition, the company also considers the changes in the global economy and industrial prosperity, estimates the company's future operation development, profit situation and operation risk and makes appropriate adjustments.

3.4 Implementation of Corporate Governance

3.4.1 The operation of the board of directors

The Board of Directors has held 8 meetings in the last year (A) and the attendance of directors is as follows:

Title	Name *1	Actual number of seats (B)	Delegated Attendance s	Actual attendance rate (%) [B/ A] * 2	Remark
Former office (attend 5 times required)					
Director	Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua	5	0	100%	June 21st 2018 re-elected
Director	Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan	5	0	100%	June 21st 2018 re-elected
Director	Hung, Tung Hsiung	5	0	100%	June 21st 2018 elected
Independent Director	Ku, Yung Chia	5	0	100%	June 21st 2018 re-elected
Independent Director	Lai, Chia Yi	5	0	100%	June 21st 2018 re-elected
Independent Director	Chung, Kuang Chih	5	0	100%	June 21st 2018 re-elected

Independent Director	Liu, Chun Ying	5	0	100%	June 21st 2018 elected
New appointment (3 attendances; re-election date 7/7/2021)					
Director	Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan	3	0	100%	July 7th 2021 re-elected
Director	Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua	3	0	100%	July 7th 2021 re-elected
Director	Young Win Assets Management CO., Ltd. Representative: Liu, Chih Chen	3	0	100%	July 7th 2021 re-elected
Independent Director	Liu, Chun Ying	3	0	100%	July 7th 2021 re-elected
Independent Director	Wu, Sou Shan	3	0	100%	July 7th 2021 re-elected
Independent Director	Yang, Shang Hsien	3	0	100%	July 7th 2021 re-elected
Independent Director	Lee, Chien Ming	3	0	100%	July 7th 2021 re-elected

Other items to be recorded were as follows

- I. In case of any of the following circumstances in the operation of the board of directors, the date of the board of directors, the period, the content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors shall be stated:

- (1) The matters listed in article 14-3 of the securities and exchange law.
- (2) In addition to the previous matters, other matters resolved at the board meeting with objections or reservations of independent directors and records or written statements.

Date	Proposal content	SEC §14-3	Objections
2021/1/20	Discuss of 2019 bonus distribution for managers.	V	None
	Opinion of independent directors: None		
	Company's handling of the opinions of independent directors: None		
	Results of the resolution: The case was passed without objection from the directors present after consultation by the acting chairman, except that Chairman Liu, Kuang Hua and Director Chang, Tai Yuan had to withdraw due to their own interests.		
	Discuss the 2019 annual board performance evaluation proposal of the company		
	Assess the independence of the company's certified accountants	V	None
	The company's capital loan and 100% reinvestment of Jarson Precision Technology Co., Ltd. NT\$20,000,000.	V	None
	Chongqing Jarly and Kunshan Jarly which are 100% reinvested by the company, plan to apply to the bank for a foreign debt quota of USD 2 million each, which will be endorsed by the company.	V	None
	Shanghai Jarly which is 100% reinvested by the company, applied to the bank for a foreign debt quota of US\$8 million and the company endorsed it for guarantee.	V	None
	Opinion of independent directors: none		
	The company's handling of the opinions of independent directors: none		
	Resolution result: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman		
2021/03/11	Discussed the company's 2020 annual director's remuneration and employee remuneration distribution plan.		None
	The company's individual financial statements and consolidated financial statements for the year 2020 of the Republic of China.		None
	3. It is planned to pass the Company's 2020 "Internal Control System Statement".	V	None
	4. Recognize the company's 2020 business report.	V	None
	5. The company plans to manage the 2021 private placement of ordinary shares in cash, or the private placement of domestic convertible corporate bonds.	V	None
	Jarly, which is 100% re-invested by the Company, intends to apply to the bank for a financing amount of RMB 20 million (or the equivalent in USD).		None
	7. It is proposed to revise provisions of the Company's "Articles of Association" and "Rules of Procedure for the Shareholders' Meeting".		None
	8. The company's comprehensive re-election of directors.		None
	9. It is planned to convene the 2021 general meeting of shareholders of the company.		None
	Opinion of independent directors: none.		
	The company's handling of the opinions of independent directors: none.		

	Resolution result: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman.		
2021/4/12	1. The company intends to reinvest in the Singapore subsidiary.		None
	Opinion of independent directors: none.		
	The company's handling of the opinions of independent directors: none.		
	Resolution result: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman.		
	1. Adjust the annual remuneration of members of the Remuneration Committee.		None
	2. Revise the company's director's remuneration items.		None
	3. Review the salary adjustment of the company's managers.		None
	4. From the first quarter of 2021, the audit certified of the company's financial report has been changed to accountants Hsu, Ming Fang and accountants Chuang, Chun Wei.	V	None
	5. Discuss the company's 2020 earnings distribution plan.	V	None
	6. Securities underwriters issue private equity securities appraisal opinions and revise private placement and domestic convertible corporate bond issuance and conversion measures.	V	None
2021/5/6	first audit committee and the first board of directors on 2020/1/16 on 2 020 and passed the company's 100% re-investment in Chongqing Jarly capital loan and Shanghai Jarly RMB 10 million, with a loan period of two years Quota case.	V	None
	CO., Ltd. NTS 5,000,000 on 2020/8/5, 2020, through the resolution of the third audit committee and the third board of directors.	V	None
	9. The company's 100% reinvestment in the new capital loan of Chungqing Jarly and Shanghai Jarly 's RMB 10 million case.	V	None
	10. The company's 100% reinvestment in Royal Jarly Holding Ltd.'s new capital loan and Shanghai Jarly's USD 2.7 million case.	V	none
	11. The company's 100% reinvestment in Xiamen Jarly intends to reinvest in a die-casting plant.	V	none
	12. The board of directors nominates and reviews independent directors and director candidates.		none
	13. The company's application for bank financing quota.		none
	Opinion of independent directors: none.		
	The company's handling of the opinions of independent directors: none.		
	Resolution result: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman.		
2021/6/11	1. The proposal to change the date of the company's 2021 general meeting of shareholders.		
	Opinion of independent directors: none.		
	The company's handling of the opinions of independent directors: none.		
	Resolution result: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman.		
2021/7/7	1. To elect the chairman and vice chairman of the company.		
	2. The company's salary and remuneration committee members plan to re-appoint when their term of office expires.		
	Opinion of independent directors: none.		
	The company's handling of the opinions of independent directors: none.		
	Resolution result: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman.		
	1. Revise part of the company's "Compensation and Remuneration Committee Organization Regulations".		
	2. Discuss the company's 2020 annual manager's employee compensation cash distribution.		
	Opinion of independent directors: none.		
	The company's handling of the opinions of independent directors: none		
2021/8/6	Resolution Result: Directors Chang, Tai Yuan also serves as the general manager, but because he did not receive employee remuneration in 2020, he has no interest and does not need to avoid interests. The case was approved by the chairman after consultation with all the directors present without objection.		
	3. Main Source Logistic Ltd., which is 100% reinvested by the Company, is going to be liquidated.	V	none
	4. The company's 100% reinvestment of Smart Hinge Holdings Ltd.'s new capital loan and Great Hinge Trading Ltd. US\$1.8 million case.	V	none
	Proposal 1, 3 and 4: Opinions of independent directors: None.		
	Proposal 1, 3 and 4: The Company's handling of the opinions of independent directors: None.		
	Proposals 1, 3 and 4: Resolution results: All the proposals were passed after the chairman's consultation with all the directors present without objection.		
	1. It is planned to pass the 2022 audit plan of the company.	V	none
	2. Revise the Company's 2021 consolidated comprehensive budget.	V	none
	Jarlllytec (Thailand) Co., Ltd. which was 100% reinvested by the Company was ratified.	V	none
	Jarlllytec (Vietnam) Co., Ltd. 's 100% reinvested land use right assets and the construction of factories.	V	none
	5. The company's 100% reinvestment in Jarlllytec USA LLC intends to manage the liquidation and dissolution case.	V	none
	6. The company's 100% reinvestment in Jarly Electronic Shanghai's new capital loan and Shanghai Jarly's RMB 10 million case.	V	none
	7. The company intends to provide a loan endorsement guarantee of NTS 40,000,000 to Jarson Precision Technology Co., Ltd., which is 100% reinvested.	V	none
	8. The company intends to apply to the bank for a 100% reinvestment in Shanghai Jarly for a foreign debt quota of USD 4 million, which will be endorsed by the company.	V	none
	Jarlllytec (Vietnam) Co., Ltd., which is 100% reinvested by the company, intends to apply to the bank for a foreign debt quota of USD 4 million, which will be endorsed by the company.	V	none
	10. In response to the capital needs of Jarson Precision Technology Co., Ltd., which is 100% reinvested by the company, the company intends to pay its payment in advance.	V	none
	11. Renewal of the Company's Bank Financing Quota.		none
	12. The company's application for bank financing quota.		none
	13. The company's 100% reinvestment in Shanghai Jarly intends to apply to the bank for a financing quota of RMB 10 million (or equivalent USD).		none
	Opinion of independent directors: none.		
	The company's handling of the opinions of independent directors: none.		
	Resolution result: All the directors who attended the meeting passed the proposal without objection after consultation by the chairman.		

II. The implementation of the director's recusal of the interest proposal shall state the name of the director, the content of the proposal, the reasons for the recusal of interest and the circumstances of participation in voting

Date	Name	Contents	Remark
2021/1/20	Liu, Kuang Hua Chang, Tai Yuan	Discuss the company's year-end bonus distribution for managers in 2020.	In this case, in addition to the chairman, Chang, Tai Yuan Except that had to withdraw due to his own interests, the proposal was passed without objection from the directors present after consultation by the acting chairman.
2021/8/6	Chang, Tai Yuan	Discuss the company's 2020 annual manager's employee compensation cash distribution.	Director Chang, Tai Yuan also serves as the general manager, but because he did not receive employee remuneration in 2020, he has no interest and does not need to avoid interests. The case was approved by the chairman after consultation with all the directors present without objection.

III. period, evaluation scope, method and evaluation content of the board of directors' self (or peers) evaluation and fill in the attached table on the implementation of the board of directors' evaluation:

The Board of Directors evaluates the implementation

Evaluation cycle	Period	Assessment scope	Method	Evaluation content
Once pre year	2021/1/1~ 2021/12/31	Board of Directors, individual board members, functional committees (compensation committee and audit committee)	Internal self-assessment, member self-assessment	<p>Contents of the performance evaluation of the board of directors:</p> <p>(1) Participation in the company's operations</p> <p>(2) Improve the decision-making quality of the board of directors</p> <p>(3) Composition and structure of the board of directors</p> <p>(4) Election of Directors and Continuing Education</p> <p>(5) Internal control</p> <p>Contents of performance evaluation of individual board members:</p> <p>(1) Mastering the company's goals and tasks</p> <p>(2) Cognition of Directors' Responsibilities</p> <p>(3) Participation in the company's operations</p> <p>(4) Internal relationship management and communication</p> <p>(5) Professional and continuing education of directors</p> <p>(6) Internal control</p> <p>Contents of functional committee performance evaluation:</p> <p>(1) Participation in the company's operations</p> <p>(2) Cognition of the responsibilities of the functional committee</p> <p>(3) Improve the decision-making quality of functional committees</p> <p>(4) Composition and member selection of functional committees</p> <p>(5) Internal control</p>

IV. Goals for strengthening the functions of the board of directors in the current year and the most recent year (such as setting up an audit committee, improving information transparency.) and evaluation of their implementation

i. Set up a compensation committee

The Company's Remuneration Committee was established on December 27, 2021. There are 3 members and at least two meetings are held every year. The members of the Remuneration Committee, in a professional and objective position, discuss the Company's remuneration policy and remuneration policy for directors and managers. The system is evaluated and recommendations are made to the board for reference in its decision-making.

ii. Executive training

The annual training of directors of the company complies with the regulations of the competent authority. For details of the training courses, please refer to the

Public Information Observatory/Corporate Governance/Directors and Supervisors Attending (present) the board of directors and training.

iii. Improve information transparency

To improve information transparency, the company immediately announces important resolutions on the public information observatory after the meeting of the board of directors; the company's website also announces relevant measures to protect shareholders' rights and interests and improve investors' understanding and recognition of the company. In addition, in the 7th Corporate Governance Evaluation of the Securities and Foundation, the company was listed as the top 5% company in the evaluation results.

iv. Improve the operational efficiency and decision-making ability of the board of directors

To implement corporate governance, clearly define performance goals and improve the function and operational efficiency of the board of directors, the company passed the resolution of the board meeting on October 26, 2012 to formulate the company's "performance evaluation method for directors and supervisors" and 2019, August On the 8th, the board meeting passed a resolution to formulate the company's "Board of Directors Performance Evaluation Measures". In addition, in response to the amendments to laws and regulations, on December 30, 2020, the board of directors meeting passed a resolution to amend the relevant provisions and the performance of the board of directors shall be regularly evaluated every year according to the regulations.

v. Set up an audit committee

on June 21, 2018. The audit committee consists of 4 independent directors, 2 of whom are financial experts. Regularly convene the audit committee before the board of directors on a quarterly basis to review the company's internal control system and the implementation of internal audits and major financial business practices and communicate with the Certified Public Accountant to supervise the company's operations and risk control.

3.4.2 Operation of the Audit Committee

The Audit Committee held 6 meetings in the last year (A), and the attendance of independent directors is as follows:

Job title	Name	Actual attendance (B)	Number of delegated attendances	Actual attendance rate (%) (B/ A) (Note)	Remark
Former office (the number of attendances required is 4)					
Independent Director	Ku, Yung Chia	4	0	100 %	2018.6.21 Re-elected
Independent Director	Lai, Chia Yi	4	0	100 %	2018.6.21 Re-elected
Independent Director	Chung, Kuang Chih	4	0	100 %	2018.6.21 Re-elected
Independent Director	Liu, Chun Ying	4	0	100 %	2018.6.21 New appointment
New appointment (should attend 2 times; re-election date 2021, July 7)					
Independent Director	Liu, Chun Ying	2	0	100%	2021.7.7 Re-election
Independent Director	Wu, Sou Shan	2	0	100%	2021.7.7 New appointment
Independent Director	Yang, Shang Hsien	2	0	100%	2021.7.7 New appointment
Independent Director	Lee, Chien Ming	2	0	100%	2021.7.7 New appointment

Other matters to be recorded:

I. The annual work focusses of the Audit Committee:

The Audit Committee of the Company consists of 4 members from all independent directors. The Audit Committee is held in front of the board of directors on a quarterly basis to review the company's internal control system and the implementation of internal audit and major financial business practices and communicate with the Certified Public Accountant to supervise the company's operations and risk control. A total of 6 times in 2021 Meeting. The main review contents of the audit committee of the company are as follows:

1. Formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Law.
2. Evaluation of the effectiveness of the internal control system.
3. Prescribe or amend the procedures for handling major financial and business acts of acquiring or disposing of assets, engaging in derivative commodity transactions, lending funds to others, or endorsing or providing guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving the interests of directors themselves.
5. Significant asset or derivative product transactions.
6. Significant capital loan, endorsement or guarantee.
7. Raising, issuing or private placement of equity securities.
8. Appointment, dismissal or compensation of Certified Public Accountant.
9. Appointment and dismissal of financial, accounting or internal audit supervisors.

10. The annual financial report signed or stamped by the chairman, manager and accounting supervisor and the second quarter financial report which must be verified and certified by an accountant.

11. Other major matters stipulated by the company or the competent authority.

II. In the case of any of the following circumstances in the operation of the audit committee, the date of the board of directors, the period, the content of the proposal, the results of the audit committee's resolutions and the company's handling of the audit committee's opinions shall be stated:

1. Matters listed in Article 14-5 of the Securities and Exchange Act.

2. Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors.

Date	Proposal content and follow-up	SEC § 14-5	Resolutions
2021/1/20	1. Evaluate the independence of the company's Certified Public Accountant.	V	none
	Jarson Precision Technology Co., Ltd. NT\$ 20,000,000 in which the company's capital loan and 100% reinvestment.	V	none
	3. The 100% reinvestment of the company in Chungqing Jarlly and Kunshan Jarlly intends to each apply to the bank for a foreign debt quota of USD 2 million, which will be endorsed and guaranteed by the company.	V	none
	4. The company has 100% reinvested in Shanghai Jarlly to apply to the bank for a foreign debt quota of US\$8 million and the company will endorse and guarantee it.	V	none
	The result of the resolution of the Audit Committee (January 20, 2021): After consultation by the chairman of all the attending members, the proposal was passed without objection.		
	The company's handling of the opinions of the audit committee: after consultation by the chairman of all the directors present, the proposal was approved without any objection.		
2021/3/11	1. The company's 2020 individual financial statements and consolidated financial statements.	V	none
	2. It is planned to pass the "Declaration of Internal Control System" of the Company in 2020.	V	none
	3. Recognize the company's 2020 annual business report.	V	none
	The company plans to manage the 2021 private placement of ordinary shares in cash, or the private placement of domestic convertible corporate bonds.	V	none
	The result of the resolution of the Audit Committee (March 11, 2021): After consultation by the chairman of all the attending members, the proposal was passed without objection.		

	The company's handling of the opinions of the audit committee: after consultation by the chairman of all the directors present, the proposal was approved without any objection.		
2021/4/12	1. The company intends to reinvest in the Singapore subsidiary.	V	none
	Opinion of independent directors: none.		
	The result of the resolution of the Audit Committee (April 12, 2021): After consultation by the chairman of all the attending members, the proposal was passed without objection.		
	The company's handling of the opinions of the audit committee: after consultation by the chairman of all the directors present, the proposal was approved without any objection.		
2021/5/6	1. From the first quarter of 2021, the auditing certified of the company's financial reports have been changed to accountants Hsu, Ming Fang and accountants Chuang, Chun Wei.	V	none
	2. The company's consolidated financial report from the first quarter of 2021.	V	none
	3. Discuss the company's 2020 earnings distribution plan.	V	none
	4. Securities underwriters issue private equity securities appraisal opinions and revise private placement and domestic convertible corporate bond issuance and conversion measures.	V	none
	first audit committee and the first board of directors in 2020/1/16 in 2020. The first resolution of the company's 100% reinvestment in Chungqing Jarlly capital loan Shanghai Jarlly RMB 10 million and the loan period is two years Quota case.	V	none
	6. It is proposed to terminate the company's 2020/8/5/2020 third audit committee and the third board of directors' resolution to approve the company's capital loan and CHIAN FUH ENTERPRISE CO., Ltd. NT 5,000,000 proposal.	V	none
	7. The company's 100% reinvestment in the new capital loan of Chungqing Jarlly and Shanghai Jarlly 's RMB 10 million case.	V	none
	8. The company's 100% reinvestment in Royal Jarlly Holding Ltd. and Shanghai Jarlly 's USD 2.7 million loan.	V	none
	9. Xiamen Jarlly, which is 100% reinvested by the Company, intends to reinvest in a die-casting plant.	V	none
	The result of the resolution of the Audit Committee (May 6, 2021): After consultation by the chairman of all the attending members, the proposal was passed without objection.		

	The company's handling of the opinions of the audit committee: after consultation by the chairman of all the directors present, the proposal was approved without any objection.		
2021/8/6	1. The Company's consolidated financial report for the second quarter of 2020.	V	none
	2. Main Source Logistic Ltd., which is 100% reinvested by the Company, is going to be liquidated.	V	none
	3. The company's 100% reinvestment of Smart Hinge Holdings Ltd.'s new capital loan and Great Hinge Trading Ltd. US\$1.8 million case.	V	none
	The result of the resolution of the Audit Committee (August 6, 2021): After consultation by the chairman of all the attending members, the proposal was passed without objection.		
	The company's handling of the opinions of the audit committee: after consultation by the chairman of all the directors present, the proposal was approved without any objection.		
2021/11/5	1. The Company's consolidated financial report for the third quarter of 2021.	V	none
	2. It is planned to pass the company's 2022 audit plan.	V	none
	3. Revise the Company's consolidated comprehensive budget for 2021.	V	none
	Jarlllytec (Thailand) Co., Ltd. which was 100% reinvested by the Company was ratified.	V	none
	Jarlllytec (Vietnam) Co., Ltd. 's 100% reinvested land use right assets and the construction of factory buildings.	V	none
	6. The company's 100% reinvestment in Jarlllytec USA LLC intends to manage the liquidation and dissolution case.	V	none
	7. The company's 100% reinvestment in Jarlly Electronic Shanghai's new capital loan and Shanghai Jarlly's RMB 10 million case.	V	none
	8. The company intends to provide a loan endorsement guarantee of NT\$ 40,000,000 to Jarson Precision Technology Co., Ltd., which is 100% reinvested.	V	none
	9. The company intends to apply to the bank for a 100% reinvestment in Shanghai Jarlly for a foreign debt quota of US\$4 million, which will be endorsed by the company.	V	none
	Jarlllytec (Vietnam) Co., Ltd., which is 100% reinvested by the company, intends to apply to the bank for a foreign debt quota of USD 4 million, which will be endorsed by the company.	V	none
	11. In response to the capital needs of Jarson Precision Technology Co., Ltd., which is 100%	V	none

	reinvested by the company, the company intends to pay its payment in advance.		
	The result of the resolution of the Audit Committee (November 5, 2021): After consultation by the chairman of all the attending members, the proposal was passed without objection.		
	The company's handling of the opinions of the audit committee: after consultation by the chairman of all the directors present, the proposal was approved without any objection.		

The implementation of the independent director's withdrawal of the interest-related proposal, the name of the independent director, the content of the proposal, the reason for the withdrawal of interest and the voting situation: None

Communication between independent directors and internal audit supervisors and accountants (should include major matters, methods and results of communication on the company's financial and business status.): The company regularly invites accountants to participate in the audit committee to review financial statements with directors. In addition, the internal audit supervisor also provides independent directors audit report materials and reports the implementation of audit business according to regulations. The independent directors will also communicate in ways such as oral discussions or e-mails on the company's financial and business conditions in a timely manner based on their professional and industrial experience and provide constructive suggestions, which will benefit the company.

Note (1) : If an independent director resigns before the end of the year, the date of resignation should be indicated in the remarks column and the actual attendance rate (%) is calculated based on the number of audit committee meetings and the number of actual attendances during their tenure.

Note: (2) Before the end of the year, if an independent director is to be re-elected, the new and old independent directors should be filled in and the old, new or re-appointed and re-election date of the independent director should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and the actual number of attendances during the term of office.

3.4.3 The operation of corporate governance and the differences and reasons from the code of practice for corporate governance of listed companies

Evaluation	Yes	No	Summary	Differences
1. Does the company formulate and disclose the code of practice on corporate governance in accordance with the code of practice for listed companies?	✓		The company has passed the resolution of the board of directors on March 29, 2010 to formulate the company's "Corporate Governance Code" and in response to the revision of laws and practical operational needs, the relevant provisions have been revised by the resolution of the board of directors on May 11, 2022. Code is enforced. All operations are managed in accordance with this code and so far there are no major differences. In addition, this code has been disclosed on the public information observatory and the company's website.	None
2. The company's shareholding structure and shareholders' equity (1) Has the company established internal operating procedures for handling shareholders' suggestions, doubts, disputes and litigation matters and implemented them in accordance with the procedures? (2) Does the company have a list of the major shareholders who control the company and the ultimate controllers of the major shareholders? (3) Does the company establish and implement a risk control and security system mechanism with affiliated companies? (4) Does the company formulate internal norms to prohibit company insiders from using undisclosed information in the market to buy and sell securities?	✓ ✓ ✓ ✓		The company passed the resolution of the board of directors on November 5, 2020 to formulate the "Standard Operating Procedures for Handling Shareholders' Suggestions and Doubts" and established a spokesperson system to manage related matters in accordance with regulations. The stock agency department of Fengjin Securities is dedicated to handling issues such as shareholder suggestions or disputes. In accordance with the provisions of Article 25 of the Securities Exchange Act, the company shall report the changes in the shares held by insiders (directors, supervisors, managers and major shareholders holding more than 10% of the shares) monthly and keep abreast of the actual control of the company at any time. List of substantial shareholders and ultimate controllers of substantial shareholders. Stock affairs agency : SinoPac Securities Co., Ltd. Transfer Agency Department · Tel : (02) 2381-6288 The rights and responsibilities of personnel, assets and financial management between the company and its affiliated companies are clear and independent and "subsidiary monitoring and operating measures" have been formulated and monthly financial and business management reports of subsidiaries are obtained and a risk control mechanism for subsidiaries is implemented. In addition to the independent operation of each affiliated company, the company has also established "Transaction Procedures for Group Enterprises, Specific Companies and Related Persons". The company has passed the resolution of the board of directors on August 25, 2009 to formulate the company's "internal material information processing and insider transaction prevention management operating procedures" and in response to legal amendments and actual operational needs, the board of directors has passed a resolution on May 7, 2019. By amending the relevant provisions and implementing in accordance with the operating procedures.	None
3. Composition and responsibilities of the board of directors (1) Does the board of directors formulate a diversity policy, specific management objectives and implement them? (2) In addition to the remuneration committee and audit committee set up according to the law, does the company voluntarily set up other functional committees? (3) Does the company formulate performance evaluation methods and methods for the board of directors, conduct performance evaluations annually and regularly, report the results of performance evaluations to the board of directors and use them as a reference for the remuneration and nomination of individual directors? (4) Does the company regularly assess the independence of the Certified Public Accountant?	✓ ✓ ✓	✓	The company has formulated the "Corporate Governance Code", which stipulates that the composition of the board of directors should consider diversity. Except that director who also serve as managers of the company should not exceed one-third of the number of directors, they should also consider their own operation, operation type and development. It is necessary to formulate a diversity policy of basic conditions and professional knowledge and skills. The company's "Corporate Governance Code" Article 20 related to the diversity policy of board members is listed as follows: "The structure of the board of directors of the company should be based on the scale of the company's business development and the shareholding situation of its major shareholders and consider the needs of practical operations to determine the appropriate number of directors with more than five members. The composition of the board of directors should consider diversity. The number of directors should not exceed one-third of the number of directors and an appropriate Diversity policy should be formulated according to their own operation, operation type and development needs. It should include but not limited to the following two standards: 1. Basic conditions and values: gender, age, nationality and culture. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. The members of the board of directors shall possess the knowledge, skills and qualities necessary to perform their duties. To achieve the ideal goals of corporate governance, the board of directors should have the following capabilities: 1. Operational judgment ability. 2. Accounting and financial analysis ability. 3. Operation and management ability. 4. Crisis managing capability. 5. Industrial knowledge. 6. the international market view. 7. Leadership. 8. decision-making ability. " When appointing directors, the company not only considers the professional background of the directors themselves, but also the diversity of directors. The company has 7 directors, 4 of which are independent directors; among the directors, 1 independent director is a woman and the members are professional the background covers management, science and engineering, lawyers, accountants and industrial operators. The members of the board of directors have industrial, academic and diverse knowledge backgrounds. They can give professional opinions from different perspectives, which is of significant help to improve the company's business performance and management efficiency. Among the board members, 28.57% are directors with employee status and 57.14% are independent directors. The company also pays attention to gender equality in the composition of the board of directors. The target ratio of female directors is more than 25%. At	None

		<p>present, there are 7 directors, including 1 There are female directors, the ratio is about 14.29%. The term of office of 3 independent directors is less than 3 years and the term of office of 1 independent director is 4-6 years.</p> <p>(2) On December 27, 2021, the Board of Directors passed the "Organization Regulations of the Remuneration Committee" and established the Remuneration Committee, which will be held at least twice a year. The current term is July 7, 2021 to July 6, 113. In addition, on March 8, 2018, the Board of Directors approved the "Organization Regulations of the Audit Committee" and after the new independent director was elected at the shareholders' meeting on June 21, 2018, an audit committee was set up and held at least once a quarter. The term of office is 2021 July 7, 2024 to July 6, 2024. There are currently no plans to add other functional committees.</p> <p>(3) The company has discussed and approved by the Remuneration Committee on September 26, 2010 and passed the "Measures for the Performance Management of Directors and Supervisors" by the resolution of the board of directors on October 26, 101. In addition, in response to the revision of laws and regulations and the actual operation needs, it was discussed and approved by the Salary Committee on August 8, 2019 and the "Measures for the Performance Evaluation of the Board of Directors" was approved by the resolution of the board of directors on August 8, 2019. In addition to the amendments to laws and regulations, in 2020 On December 30, the board meeting resolved to amend the relevant provisions and the performance of the board of directors shall be regularly assessed every year in accordance with the regulations.</p> <p>The managers of the board of directors and the compensation and remuneration committee conduct performance evaluations of the functional committees (the compensation and compensation committee, the audit committee) and the board of directors on a regular basis every year. The presentation of statements, audit reports and their tracking, as well as communication and interaction with the company's management, after evaluating the performance of functional committees and members of the board of directors, send them to the remuneration committee for evaluation and then report to the board of directors. On January 14, 2022, the company submitted the performance evaluation of the 2021 functional committees (remuneration committee, audit committee) and the board of directors to the remuneration committee for evaluation. The results were excellent and submitted to the board of directors for approval.</p> <p>(4) The board of directors of the company regularly evaluates the independence of the appointed accountants every year in accordance with the company's "Code of Corporate Governance". The Audit Committee on January 14, 2022 and the Board of Directors on January 14, 2022 evaluated the Certified Public Accountant appointed by the company and the certified public accountants KPMG, Hsu, Ming Fang, Chuang, Chun Wei were entrusted to perform the 2021 annual financial statement audit and certified work. Independence, according to Article 47 of the Accountants Law and the content of "Integrity, Impartiality, Objectivity and Independence" in the Bulletin on the Code of Professional Ethics for Accountants of the Republic of China No. (Note), the accounting firm will also issue a letter of declaration.</p> <p>Note: Criteria for assessing the independence of accountants</p> <table><tr><th>Evaluation Items (Summary lists important evaluation items)</th><th>Result</th><th>Independent</th></tr><tr><td>Accountant without continuous certified service for seven years</td><td>Yes</td><td>Yes</td></tr><tr><td>There is no direct or material indirect financial interest relationship between the accountant and the company</td><td>Yes</td><td>Yes</td></tr><tr><td>The accountant has not accepted any gifts or gifts of excellent value from the company and its directors, supervisors and managers</td><td>Yes</td><td>Yes</td></tr><tr><td>Accountants do not receive any business-related commissions</td><td>Yes</td><td>Yes</td></tr><tr><td>The accountant issues a statement of independence</td><td>Yes</td><td>Yes</td></tr></table>	Evaluation Items (Summary lists important evaluation items)	Result	Independent	Accountant without continuous certified service for seven years	Yes	Yes	There is no direct or material indirect financial interest relationship between the accountant and the company	Yes	Yes	The accountant has not accepted any gifts or gifts of excellent value from the company and its directors, supervisors and managers	Yes	Yes	Accountants do not receive any business-related commissions	Yes	Yes	The accountant issues a statement of independence	Yes	Yes	
Evaluation Items (Summary lists important evaluation items)	Result	Independent																			
Accountant without continuous certified service for seven years	Yes	Yes																			
There is no direct or material indirect financial interest relationship between the accountant and the company	Yes	Yes																			
The accountant has not accepted any gifts or gifts of excellent value from the company and its directors, supervisors and managers	Yes	Yes																			
Accountants do not receive any business-related commissions	Yes	Yes																			
The accountant issues a statement of independence	Yes	Yes																			
4. Whether the listed OTC company has a qualified and appropriate number of corporate governance personnel and appoints a corporate governance supervisor to be responsible for corporate governance - related affairs (including but not limited to providing directors and supervisors with the Information required for business execution, assisting directors, the supervisor follows the laws and regulations, manages matters related to the meetings of the board of directors and the shareholders' meeting according to the law and produces minutes of the board of directors and shareholders' meetings.) ?	✓	<p>On August 8, 2019, the Compensation and Remuneration Committee and the Board of Directors approved the establishment of a Corporate Governance Supervisor to implement corporate governance and strengthen the functions of the Board of Directors. The corporate governance supervisor has overseen finance and stock affairs in public companies for more than three years. The personnel are responsible for corporate governance-related affairs and their main responsibilities are to provide the directors with the information needed to execute their business, as well as the latest regulatory developments related to operating the company to assist the directors in complying with laws and regulations.</p> <p>The business implementation in 2021 is as follows: before the board of directors, all directors are consulted to plan and formulate an agenda. Before the meeting, all directors are notified to attend the meeting and provide relevant information of the meeting according to the prescribed time limit to facilitate the directors to understand the content of the relevant issues. Provide the contents of the minutes to the directors within a specified time limit; conduct performance evaluations for individual directors; manage matters related to the shareholders' meeting every year according to law and prepare the minutes of the shareholders' meeting; manage the revision of the company's articles of association or the registration of changes in the election of directors; maintain the affairs related to investor relations..</p>	None																		

			complete 30 hours of initial training within one year from the date of inauguration (2019/8/8), The hours of study in 2021 are as follows:									
			<table><tr><th>Study date</th><th>Organizer</th><th>Course Title</th><th>Study Hours</th></tr><tr><td>2021 /11/18 ~ 2021/11/19</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>The latest development of China's IFRS policy and the Financial Reporting Supervision Act, follow the practical issues to analyze the role and operational practice of "independent directors" in corporate governance. Practical analysis of "Sustainability Report" under the Corporate Governance 3.0 Policy Case analysis of "false financial reports" and discussion of relevant legal liabilities.</td><td>12</td></tr></table>	Study date	Organizer	Course Title	Study Hours	2021 /11/18 ~ 2021/11/19	Accounting Research and Development Foundation of the Republic of China	The latest development of China's IFRS policy and the Financial Reporting Supervision Act, follow the practical issues to analyze the role and operational practice of "independent directors" in corporate governance. Practical analysis of "Sustainability Report" under the Corporate Governance 3.0 Policy Case analysis of "false financial reports" and discussion of relevant legal liabilities.	12	
Study date	Organizer	Course Title	Study Hours									
2021 /11/18 ~ 2021/11/19	Accounting Research and Development Foundation of the Republic of China	The latest development of China's IFRS policy and the Financial Reporting Supervision Act, follow the practical issues to analyze the role and operational practice of "independent directors" in corporate governance. Practical analysis of "Sustainability Report" under the Corporate Governance 3.0 Policy Case analysis of "false financial reports" and discussion of relevant legal liabilities.	12									
5. Whether the company has established communication channels with stakeholders, set up a specific area for stakeholders on the company's website and properly responded to the important corporate society concerned by stakeholders Liability issue?	✓		The company's website (http://www.jarlly.com) has a "Stakeholders Area", which has corresponding windows for business management and operational projects. Stakeholders (including shareholders, employees, customers and suppliers) can directly contact, communicate and coordinate with the corresponding window. In addition, there is an "Investor Corner" on the website, which regularly discloses various business, financial information and valuable information for investors' reference and implements the spokesperson system to fully understand the company. Financial and business status, in line with company policies and needs to release information on weekdays. The speakers were Hsu, Pei Wen, Chief Financial Officer. The acting spokesperson was Li Xueling, the assistant of the General Management Office.	None								
6. Does the company appoint a professional stock agency to oversee the affairs of the shareholders' meeting?	✓		The company has appointed YongFeng Gold Securities Share Agency Department to manage the affairs of the shareholders' meeting.	None								
7. Information disclosure (1) Does the company set up a website to disclose financial business and corporate governance information? (2) Has the company adopted other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the company's website during corporate briefings.)? (3) Does the company announce and file the annual financial report within two months after the end of the fiscal year and announce and file the financial report for the first, second and third quarters and the operating conditions of each month before the specified deadline?	✓ ✓	✓	(1) The company has set up an "Investor Corner" on the company's website (http://www.jarlly.com) to regularly disclose various business and financial information for investors' reference. In addition, the company has disclosed on the company's website important regulations such as fund lending and endorsement guarantee procedures, procedures for acquiring or disposing of assets and other important regulations and internal audit operations. (2) The company has designated a special person in the stock affairs office to be responsible for the collection and disclosure of company information and has implemented a spokesperson system to fully understand the company's financial and business conditions and to cooperate with the company's policies and needs to release information on weekdays. In addition, the relevant content of the corporate briefing session has been placed on the "Public Information Observatory" and the company's website. The speakers are CFO, Hsu, Pei Wen. The acting spokesperson was Li Xueling, the assistant of the General Management Office. (3) The company shall make announcements according to laws, regulations, and report financial reports and operating conditions of each month to the competent authority: 1. Within three months after the end of each fiscal year, announce and report the annual financial report that has been checked and certified by the accountant, approved by the audit committee and approved by the board of directors. 2. Within 45 days after the end of the first, second and third quarters of each fiscal year, announce and report the financial report reviewed by the accountant and submitted to the board of directors. 3. Announce and declare the operation situation of the previous month before the 10th of each month.	None								
8. Does the company have any other important information that is helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, The implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors.)?	✓		(1) Employee rights and employee care All the regulations and measures of the company regarding employee rights and labor relations are in accordance with relevant laws and regulations and the implementation is in good condition. any disputes arise. The company's employee benefits, retirement system and the implementation of labor-management agreements are described as follows: 1. Employee welfare measures and their implementation: guarantee employee salaries and allocate employee remuneration; insure employees with labor and health insurance; issue birthday/Mid-Autumn Festival/Dragon Boat Festival/labor gifts, provide subsidies for weddings and funerals, domestic and foreign travel and hold year-end events; formulate employee leave measures in accordance with the provisions of the Labor Standards Law; implement on-the-job training for employees, uphold the concept of lifelong learning and provide employees with hardware and software facilities for learning, which has achieved the purpose of whole-person education; set up an employee welfare committee, the catering committee to coordinate various welfare measures for employees and to allocate employee welfare funds on a monthly basis.	None								

		<p>2. Retirement system and its implementation: The company has already allocated full pensions under the old system in accordance with the Labor Standards Law. From July 1, 1994, the new system will be applied and 6% of wages will be allocated to employees in accordance with the Labor Pension Regulations. For the individual retirement pension account, the actuary will also ask the actuary to assess whether the withdrawal is adequate at the end of each year. If there is any deficiency, it will be supplemented.</p> <p>3. Agreement between labor and management: The rights and obligations of both parties are managed in accordance with the company's working rules and regulations and a labor-management meeting are held every quarter to ensure adequate communication between labor and management. The company's labor-management relationship is harmonious without major labor disputes and loss occurs.</p> <p>4. Implement employee remuneration system to enhance employee centripetal force.</p> <p>5. Strengthening employee education and training: The company attaches significant importance to employee education and training. If there is an individual's need to improve work skills, the individual employee or unit supervisor will fill in the application form and the unit supervisor will designate or coordinate with the human resources unit to find suitable training. Organization for training. After the training course, the unit supervisor will arrange the trainees to share their experience in the course or hold a test to discuss the training content learned and how to apply it to the improvement of the actual work quality.</p> <p>6. Designate relevant personnel to participate in safety and health training, implement health check and health promotion activities for all employees and hope to provide employees with a safe and healthy working environment.</p> <p>(2) Maintain good relationship and interaction with investors, suppliers and stakeholders The company upholds the principle of fairness and openness to all shareholders. In addition to convening shareholders' meetings every year in accordance with the provisions of the Company Law and relevant laws and regulations, shareholders are encouraged to actively participate in the proposals and questions of shareholders' meetings and they have the positions of spokesperson and acting spokesperson to effectively manage shareholders. Suggestions. In addition, special personnel are designated to be responsible for the collection and disclosure of company information and to manage information announcements and declarations at the Public Information Observatory in accordance with relevant regulations. It also respects and safeguards its legitimate rights and interests and provides sufficient information so that it can make judgments and make decisions on the company's operations and financial conditions. The company also has a good relationship with suppliers and conducts business in accordance with the principle of good faith to maintain the stability of cost and supply.</p> <p>(3) Circumstances of directors' further education The directors of the company are required to take advanced studies every year according to laws and regulations. For details of the advanced training courses, please refer to the Public Information Observatory/Corporate Governance/Directors and Supervisors Attending (non-voting) the Board of Directors and Training.</p> <p>(4) Implementation of consumer or customer protection policies: The company has special personnel to manage customer complaints.</p> <p>(5) To implement corporate governance, in addition to establishing effective internal control, the company has also introduced an independent director system, relying on the professional experience of independent directors and has formulated detailed rules of procedure for the board of directors in accordance with laws and regulations. The company has purchased liability insurance for directors, supervisors and important staff for directors and will report the relevant insurance status to the board of directors on November 5, 2020.</p> <p>(VI) The company set the code of ethics and conduct as approved by the board of directors on March 11, 2014. In addition, in response to the company's operational needs of setting up an audit committee to replace the supervisory position in 2018, it was approved by the board of directors on March 12, 2019. Amend the relevant provisions and submit the report of the shareholders' meeting on June 18, 2019. This standard has been disclosed on the public information observatory and the company's website.</p>	
9. Please explain what has been improved on the results of the corporate governance evaluation issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited in the most recent year and propose priority enhancements and measures for those that have not yet improved.	✓	<p>In the 8th Corporate Governance Evaluation of the Company (evaluation year: 2021), there are 15 indicators in total for unscored items. Currently, 2 indicators are being improved and prioritized. The following describes the improvement situation: Evaluation Indicator 2.14: Does the company set up a non-statutory functional committee with no less than three members, more than half of the members are independent directors and one or more members have the professional skills required by the committee and disclose its composition, Responsibilities and operations? English version of the annual report will be uploaded on the 7th of the ordinary shareholders' meeting next year. The company will release major information in English at the same time when it releases major information in 2022. Evaluation Indicator 3.2: Does the company simultaneously release major English messages? Improvement situation: The company will release major information in English at the same time when it releases major information in 2022.</p>	None

3.4.4 Disclose of company remuneration committee, it shall disclose its composition and operation.

(1) Compensation Committee Members

February 28, 2022

	Professional qualifications and experience	Situation	Number of members remuneration committees of another public
Independent Director Liu, Chun Ying	1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 11~14). 2. Have industry knowledge and legal knowledge. 3. There are no circumstances under Article 30 of the Company Law.	(1)(2)(3)(4)(5) (6)(7)(8)(9)(10)	0
Independent Director Wu, Sou Shan	1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 13). 2. Have industry knowledge and financial accounting knowledge. 3. There are no circumstances under Article 30 of the Company Law.	(1)(2)(3)(4)(5) (6)(7)(8)(9)(10)	1
Independent Director Yang, Shang Hsien	1. Leadership experience of compensation committee, audit committee and board of directors (for work experience, please refer to the information of directors on page 14). 2. Have industry knowledge and financial accounting knowledge. 3. There are no circumstances under Article 30 of the Company Law.	(1)(2)(3)(4)(5) (6)(7)(8)(9)(10)	3

Note: Independence of each member in the two years prior to election and during the term of office. (Conformities are disclosed in the table above).

- (1) Non-employees of the company or its affiliates.
- (2) Non-directors and supervisors of the company or its affiliated companies (except if the company and its parent company, subsidiaries or subsidiaries of the same parent company are independent directors established in accordance with this Act or the laws of the local country, this is not the case.)
- (3) Non-person shareholders who are not themselves and their spouses, minor children, or other natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others.
- (4) Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, not the managers listed in (1) or the persons listed in (2) and (3).
- (5) Directors of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Law, Supervisors or employees (except if the independent directors of the company and its parent company, subsidiaries or subsidiaries of the same parent company act concurrently with each other in accordance with this Act or the laws of the local country, this does not apply).
- (6) Directors, supervisors or employees of other companies whose directors, supervisors or employees of other companies are controlled by the same person (except for the company or its parent company, subsidiary company, or a child of the same parent company) Independent directors established by the company in accordance with this Act or local laws and regulations are not limited to each other.)
- (7) A director (director), supervisor (supervisor) or employee of another company or institution that is not the same person or spouse as the chairman, general manager or equivalent of the company (but if it is the company and its parent company), subsidiaries or subsidiaries of the same parent company where

independent directors established in accordance with this Act or the laws of the local country serve concurrently with each other, this is not the case).

- (8) Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company (but if a specific company or institution holds the issued shares of the company, More than 20% of the total, but not more than 50% and the independent directors of the company and its parent company, subsidiaries or subsidiaries of the same parent company are established in accordance with this Act or the laws of the local country.
- (9) Non- professionals, sole proprietors, partnerships, companies or institutions who are not professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT\$ 500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. However, this does not apply to the members of the Compensation Committee, Public Takeover Review Committee, or Special Committee on Mergers and Acquisitions who perform their functions in accordance with the Securities and Exchange Act or the Mergers and Acquisitions Act.
- (10) There is no one of the conditions in Article 30 of the Company Law.

(2) Information on the operation of the Remuneration Committee

A. There are 3 members of the compensation committee of the company .

B. The term of office of the current members : From July 7, 2021 to July 6, 2022, the salary and remuneration committee held 4 meetings in the most recent year (2021). The qualifications and attendance of the members are as follows:

Job title	Name	Attendance (B)	Attendance (%) (Note)	Remark
Former office (should attend 2 times)				
Convener	Ku, Yung Chia	3	100%	2018.6.21 Re-elected
Committee	Lai, Chia Yi	3	100%	2018.6.21 Re-elected
Committee	Chung, Kuang Chih	3	100%	2018.6.21 Re-elected
New appointment (1 attendance; re-election date July 7, 2021)				
Convener	Liu, Chun Ying	1	100%	2021.7.7 New appointment
Committee	Wu, Sou Shan	1	100%	2021.7.7 New appointment
Committee	Yang, Shang Hsien	1	100%	2021.7.7 New appointment
Other matters to be recorded: Compensation Committee: The committee shall, with the attention of good managers, faithfully perform the following functions and powers and submit its recommendations to the board of directors for discussion: (1) Regularly review the organizational rules of the Remuneration Committee and propose amendments. (2) To formulate and regularly review the annual and long-term performance goals and policies, systems, standards and structures of the company's directors and managers. (3) Regularly evaluate the achievement of the performance goals of the directors and managers of the company and set their salaries. The meeting date, period, resolutions, resolution results of the compensation committee in the last year and the company's handling of the compensation committee's opinions:				
Date	Proposal Content		Result	Remuneration Committee
2021/1/20	1. Discuss the distribution of year-end bonuses for managers in 2020. 2. Discuss the company's 2020 annual board performance evaluation plan.		All the members present passed the case without objection	All the directors shall approve the proposed board of directors present without objection
2021/3/11	1. Discuss the company's 2020 director's remuneration and employee remuneration distribution plan.		All the members present passed the case without objection	All the directors shall approve the proposed board of directors present without objection
2021/5/6	1. Adjust the annual remuneration of members of the Remuneration Committee. 2. Revise the company's director's remuneration items. 3. Review the salary adjustment of the company's managers.		All the members present passed the case without objection	All the directors shall approve the proposed board of directors present without objection
2021/8/6	1. Revise part of the company's "Compensation and Remuneration Committee Organization Regulations". 2. Discuss the company's 2020 annual manager's employee compensation cash distribution. 3. Discuss the work plan of the company's salary and remuneration committee in 2022		All the members present passed the case without objection	All the directors shall approve the proposed board of directors present without objection
If the Board of Directors does not adopt or amend the recommendations of the Compensation and Remuneration Committee, it should state the date of the Board of Directors, the period, the content of the proposal, the resolution of the Board of Directors and the company's handling of the opinions of the Compensation and Remuneration Committee (for example, the salary and remuneration approved by the Board of Directors is superior to that of the Compensation and Remuneration Committee). The situation and reasons for the difference should be stated): There is no such situation in the company's most recent year and up to the date of publication of the annual report. For matters resolved by the Compensation and Remuneration Committee, if members have objections or reservations and have a record or written statement, the date of the Compensation and Remuneration Committee, the period, the content of the proposal, the opinions of all members and the handling of the opinions of the members shall be stated: the company There is no such situation in the most recent year and up to the date of publication of the annual report				

Note:(1) If a member of the Compensation and Compensation Committee resigns before the end of the year, the date of resignation should be indicated in the remarks column and the actual attendance rate (%) is calculated based on the number of meetings of the Compensation and Compensation Committee and the number of actual attendances during the term of office.

Note:(2) Before the end of the year, if there is a re-election of the Remuneration Committee, the new and old members of the Remuneration and Remuneration Committee shall be filled in and the remarks column shall indicate the old, new or re-appointed members and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings held by the Compensation and Compensation Committee and the actual number of attendances during the term of office.

3.4.5 Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of listed OTC companies

Subject	Y	N	Summary	Differences								
1. Does the company establish a governance structure to promote sustainable development and set up a resolute (part-time) unit to promote sustainable development, which is authorized by the board of directors to manage senior management and the supervision of the board of directors?		✓	The company strictly abides by international conventions and established a corporate social responsibility implementation committee in 2016 to promote the governance structure of sustainable development. It is composed of representatives of various units, formulates management specifications according to various operational risk assessments and operates through internal audit and internal control mechanisms to ensure compliance with relevant laws and regulations; the company holds quarterly labor-management communication meetings to regularly review work rules, such as working hours system, salary Welfare, employee health, education and training. to ensure that all employee appointment and dismissal conditions comply with laws and regulations. Complaint system implementation). Hold internal and external education and training related to honest management issues every year (for example, courses related to honest management, corporate governance, accounting system and internal control.). In terms of the complaint system, the company has established the "Complaint and Personal Rights Protection Operational Procedures" and the public website has a complaint acceptance phone number and a complaint mailbox as a complaint channel. You can respond to the general management office, audit office or financial office through the phone and mailbox.	There are no major differences yet. Although the company has not yet compiled a sustainability report, it has set up "Corporate Social Responsibility" on the company's website (http://www.jarlly.com) to disclose corporate social responsibility-related information for investors' reference.								
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality and formulate relevant risk management policies or strategies? (Note 2)	✓		<div>Based on the principle of materiality, the company conducts risk assessments on environmental, social and corporate governance issues related to company operations and formulates relevant risk management policies or strategies as follows:</div> <table><tr><th>Subject</th><th>Risk management policy</th></tr><tr><td>Environment</td><td>The company is committed to environmental protection and responds to green and cleaner production. Operating through the ISO environmental considerations, it effectively reduces the emission of pollution and the impact on the environment. At the same time, plans and programs for implementation are formulated every year and the progress of various goals is regularly tracked and reviewed to ensure the achievement of goals.</td></tr><tr><td>Society</td><td>The company passed the ISO 45001 (2018 version) occupational safety and health management system certification in June 2019 and further implemented the occupational safety and health management system; regular fire drills and occupational safety education and training are held every year to cultivate employees' emergency response and self-safety management capabilities</td></tr><tr><td>Corporate Governance</td><td>The company strictly abides by international conventions. In 2017, the company established a corporate social responsibility implementation committee, held quarterly labor-management communication meetings and regularly reviewed work rules to ensure that all employee appointments and dismissal conditions comply with laws and regulations.</td></tr></table>	Subject	Risk management policy	Environment	The company is committed to environmental protection and responds to green and cleaner production. Operating through the ISO environmental considerations, it effectively reduces the emission of pollution and the impact on the environment. At the same time, plans and programs for implementation are formulated every year and the progress of various goals is regularly tracked and reviewed to ensure the achievement of goals.	Society	The company passed the ISO 45001 (2018 version) occupational safety and health management system certification in June 2019 and further implemented the occupational safety and health management system; regular fire drills and occupational safety education and training are held every year to cultivate employees' emergency response and self-safety management capabilities	Corporate Governance	The company strictly abides by international conventions. In 2017, the company established a corporate social responsibility implementation committee, held quarterly labor-management communication meetings and regularly reviewed work rules to ensure that all employee appointments and dismissal conditions comply with laws and regulations.	None
Subject	Risk management policy											
Environment	The company is committed to environmental protection and responds to green and cleaner production. Operating through the ISO environmental considerations, it effectively reduces the emission of pollution and the impact on the environment. At the same time, plans and programs for implementation are formulated every year and the progress of various goals is regularly tracked and reviewed to ensure the achievement of goals.											
Society	The company passed the ISO 45001 (2018 version) occupational safety and health management system certification in June 2019 and further implemented the occupational safety and health management system; regular fire drills and occupational safety education and training are held every year to cultivate employees' emergency response and self-safety management capabilities											
Corporate Governance	The company strictly abides by international conventions. In 2017, the company established a corporate social responsibility implementation committee, held quarterly labor-management communication meetings and regularly reviewed work rules to ensure that all employee appointments and dismissal conditions comply with laws and regulations.											
Environmental issues (1) Has the company established an appropriate environmental management system according to its industrial characteristics? (2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials with minimal impact on the environment?	✓ ✓		(June 2018, it was awarded the ISO14001 (2004 version) environmental management system certification by the Bureau of Standards, Inspection and Quarantine of the Ministry of Economic Affairs and was awarded by the Bureau of Standard and Inspection of the Ministry of Economic Affairs OHSAS18001 (2007 version) occupational safety and health management system certification; January 2009 awarded LCIE - IECQ QC 080000: 2012 Hazardous	None								

Subject	Y	N	Summary	Differences
(3) Has the company assessed the current and future potential risks and opportunities of climate change to the company and taken measures to address climate-related issues?	✓		Substances Process Management System (HSPM) certification; February 2020 awarded ARES-IECQ QC 080000: 2017 Hazardous Substance management system (HSPM) certification (valid period 2020/12/03~2023/12/02, certification date: 2009/01/12); in June 2019, it was awarded ISO45001 (2018 version) occupational safety and health by the Bureau of Standards, Inspection and Quarantine of the Ministry of Economic Affairs Management certification; In 2021, it will pass the ISO14001 (2015 version) environmental management system certification (valid period: 2019/06/05~2022/06/04) and ISO45001 (2018 version) occupational safety and health management certification again in 2021 (Valid period: 2019/03/30~2022/05/29).	
(4) Has the company counted the greenhouse gas emissions, water consumption and total weight of waste in the past two years and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction or other waste management?	✓		(2) To fulfill the social responsibility of protecting the global environment, the company develops relevant processes and technologies to reduce the use of harmful substances in electronic and electrical equipment and requires suppliers to provide raw materials that meet environmental protection requirements. At present, all products of the company fully comply with the European Union. The use of hazardous substances in electronic and electrical equipment is restricted and the RoHS2.0 directive is prohibited, so that the recycling and disposal of waste electronic and electrical equipment meets environmental protection requirements. In 2021, the realized amount of recycled waste is NT3,000. (3) Since 2018, the company has conducted business inventory and risk identification for climate change every year, including direct or indirect impacts caused by extreme weather, the impact of regulations or market demand and other risks and opportunities caused by the society facing the company's operating activities analysis. Based on the analysis results, a target management plan is formulated every year and the progress of each target is tracked and reviewed regularly to ensure the achievement of the target. (4) The company's energy-saving and carbon-reduction mechanism has been incorporated into the ISO14001 & ISO45001 environmental, occupational safety and health management policies and the environmental and hazard risk assessments have been considered to formulate energy-saving and carbon-saving control measures. The company's main source of carbon emissions is electrical energy, with a carbon emission of 478 tons in 2020 and 707 tons in 2021. To reduce carbon emissions, the purchased air-conditioning equipment considers its energy consumption value and frequency conversion function, lamps. Electric equipment has been replaced with energy-saving labels one after another. In 2017, lamps and lanterns have been replaced with energy-saving LED panel lights to gradually replace outdated lighting equipment. number of updated energy-saving lamps in 2021 will increase by 4% compared with 2020 and the number of energy-saving and environmentally friendly air conditioners will be replaced by 5 % in 2021 compared with 2020. 11,716 degrees in 2020 and 8,100 degrees in 2021. To fulfill social responsibilities and respond to the issue of global water shortage, the company will use 2020 as the base year and will use 2020 as the base year. / Million dollars in output value) down 10%, with global businesses facing the challenge of climate change. Waste management - The company implements internal waste classification and recycling management to reduce waste output. The waste volume in 2020 will be about 13,500 kilograms and the waste volume in 2021 will be about 12,825 kilograms. Compared with the waste volume in 2020, the waste volume will be reduced by about 5% and the goal is to reduce waste output by 1% annually in the future.	
4. Social Issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		The company refers to the Responsible Business Alliance Code of Conduct (RBA) (formerly the Electronic Industry Citizenship Coalition Code of Conduct (EICC)), the nine core human rights conventions of the United Nations (such as: the Convention on the Rights of the Child, the Convention on the Elimination of All Forms of Discrimination against Women, the Elimination of All Forms of Race International Convention on Discrimination.) and the standard requirements of labor-related laws and regulations, the "Social Responsibility Management Manual" was approved by the board of directors on January 20, 2017. This manual discloses the relevant content of labor	None

Subject	Y	N	Summary	Differences
			<p>policies and labor rights. Please refer to the full text. For details, please refer to the "Corporate Governance Zone" under "Investor's Corner" on the Company's website (http://www.jarly.com). The company organizes social responsibility education and training for suppliers every year, conducts education and training on responsible business alliance code of conduct, labor safety and health work for employees, sets up a customer service line and holds four labor-management meetings every year. Shareholders and investors explain the company's operations and other measures to implement the labor rights policy. The rights and obligations of both employers and employees of the company are managed in accordance with the company's work rules and a labor-management meeting is held every quarter to ensure adequate communication between labor and management.</p>	
<p>(2) Does the company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits.) and appropriately reflect business performance or results in employee remuneration?</p> <p>(3) Does the company provide employees with a safe and healthy working environment and conduct regular safety and health education for employees? career development training program for employees?</p> <p>(5) Regarding issues such as customer health and safety, customer privacy, marketing and labelling of products and services, does the company follow relevant regulations and international standards and formulate relevant policies and appeal procedures for the protection of consumers or customers' rights and interests?</p> <p>(6) Has the company formulated a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights and their implementation?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(2) The company guarantees employees' salaries and allocates employee remunerations; insures employees for labor and health insurance; issues birthday/mid-autumn festival/Dragon Boat Festival/labor gifts, provides subsidies for weddings and funerals, domestic and foreign travel and holds year-end events; The Labor Standards Law stipulates employee leave measures; implements on-the-job training for employees, upholds the concept of lifelong learning and provides employees with hardware and software facilities for learning, which has achieved the purpose of whole-person education; established employee welfare committees, food committees, Coordinate various welfare measures for employees and allocate employee welfare funds on a monthly basis. During 2021, the proportion of female employees will be more than 50%. At present, according to the Labor Standards Law, the old system has fully allocated full pensions. From July 1, 2005, the new system will be applied and 6% of wages will be allocated to employees' individual pension accounts in accordance with the Labor Pension Regulations. The actuary is also asked to assess whether the provision is adequate and if there is any deficiency, it will be supplemented. Article 22 of the Articles of Association of the Company clearly states:</p> <p>"If the company makes a profit in the year, it should set aside no less than 2% as employee remuneration and no more than 2% as director's remuneration. However, when the company still has accumulated losses, it should reserve the amount in advance to make up.</p> <p>The persons to whom the employee compensation referred to in the preceding paragraph is issued in stock or cash include employees of subordinate companies who meet certain conditions. "</p> <p>The company's operating results, timely feedback to employees, directors and supervisors.</p> <p>version) environmental management system certification of the Metal Industry Research and Development Center, ISO45001 (2018 version) occupational safety and health management system certification and won the LCIE-SNQ IECQ QC 080000: 2017 Hazardous Substance Process Management (HSPM) System certification, so the protection and management measures for the working environment and employees' personal safety and hygiene have reached the legal level. In 2021, the company has a total of 4 occupational accidents involving 4 employees (accounting for approximately 0.7% of the company's employees). Fire drills and occupational safety education and training will also be held regularly every year and new employees will be trained on occupational accidents and traffic safety. Propaganda and development of staff resilience and self-safety management capabilities.</p> <p>The company is committed to promoting tobacco harm prevention and health promotion and establishing an excellent healthy working environment. In January 2019, the National Health Administration of the Ministry of Health and Welfare re-assessed the compliance and issued the "Healthy Workplace Certification - Health Promotion Mark". In addition, relevant personnel are designated to participate in safety and hygiene lectures and special work health inspections are regularly conducted for special work colleagues to improve the safety and health of the labor environment.</p>	

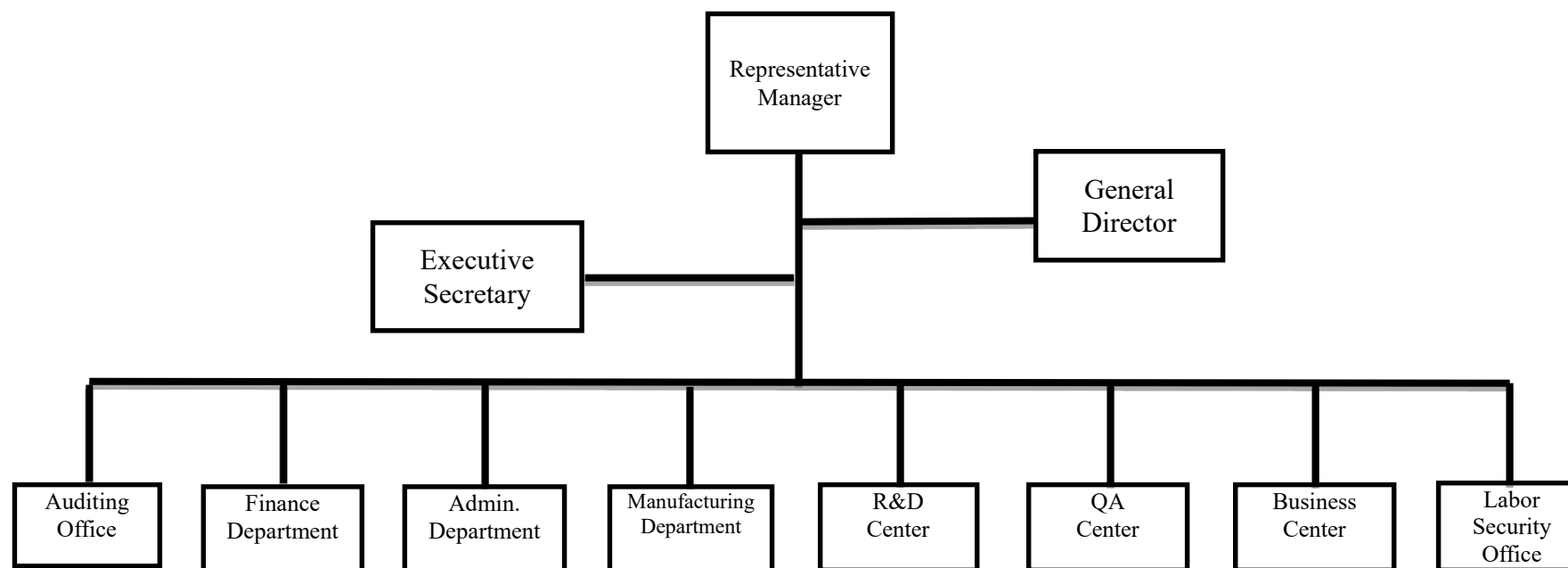
Subject	Y	N	Summary	Differences
			<p>(4) The company focuses on product quality improvement and employees' R&D and innovation capabilities and encourages employees to participate in activities such as quality technician certification, domestic and foreign technical seminars., in addition to cultivating employees' professional functions, further expand employees' international vision and grasp industry market trends and market trends. technical skills. Educational training covers: new personnel training, professional function training, supervisor ability training and general training.</p> <p>(5) The company's products are regulated by environmental safety and health, HSF, RBA social responsibility regulations and industry standards and there are special personnel and e-mail mailboxes to deal with relevant issues related to consumer rights complaints to ensure that when customer complaints occur, they can be dealt with as soon as possible. We have established a customer complaint control program and through the cause analysis and improvement of customer complaints, we can prevent similar incidents from happening again.</p> <p>(6) The company has established "External Supply Process Management Procedures" and "External Supply Process Management Measures". When selecting new suppliers, they will be required to sign the "Environmental Quality Assurance Letter" and decide to conduct an on-site evaluation. Process quality (QPA) and Hazardous Substance Process Management (HSF) are evaluated. After the evaluation records are sorted out by the quality assurance unit, they are delivered to the evaluation team for judgment and sent to the relevant units and the supplier to know and continue to follow up for the evaluation. Identify missing items, respond to improvement evidence within a time limit and then conduct regular audits on the classification of qualified suppliers to reduce environmental impact. Since 2019, the ISO 45001 occupational safety and health management system and the implementation of the CSR corporate social responsibility system have been implemented and the implementation of human trafficking prevention regulations has been increased, requiring all suppliers to sign and comply to ensure the basic rights and interests of laborers. In addition, the terms of the contract between the company and the supplier state that within the contract period, if either party is unable to perform the content and conditions of the contract for reason (including force majeure), it can notify the other party in writing and after both party's sign and agree, which terminates the contract.</p>	
5. Does the company refer to the internationally accepted report preparation standards or guidelines to prepare reports such as sustainability reports that disclose non-financial information of the company? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit?		✓	The company has not yet prepared a sustainability report.	There are no major differences yet. At present, although the company has not prepared a sustainability report, it has set up a "corporate social responsibility" on the company's website (http://www.jarlly.com) to disclose corporate social responsibility-related information for investors' reference.
<p>6. If the company has its own sustainable development code in accordance with the "Code of Practice for the Sustainable Development of Listed OTC Companies", please describe the differences between its operation and the prescribed code: On January 20, 2017, the company passed the resolution of the board of directors to formulate the "Social Responsibility Management Manual". At present, there is no major difference between the implementation and operation of corporate social responsibility and the code stipulated.</p> <p>7. Other valuable information helpful to understand the implementation of the promotion of sustainable development: From 2016 to 2020, the company has won the top 5% companies in the OTC corporate governance evaluation for five consecutive years, providing equal employment opportunities and setting up a caring team to give back to the society on a regular basis every year and organize caring public welfare activities, such as: donating to various nurseries, assisting the hospital Tong, subscribed for the products of the Autistic Children Social Welfare Foundation and the Social Welfare Foundation, co-organized blood donation activities with the Taipei Blood Donation Center. and actively participated in the "clean production", "energy saving and energy saving" promoted by the New Taipei City Government. Carbon, Green Production", "No Tobacco Harm", "Labor Health" and other activities.</p>				

Note 1: If you tick "Yes" for the implementation situation, please specify the important policies, strategies, measures and implementation situations adopted; if you tick "No" for the implementation situation, please refer to "Sustainable Development Practices with Listed OTC Companies" Circumstances and Reasons for Code Variations" field explains the circumstances and reasons for the variance and describes plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to those who have a significant impact on the company's investors and other stakeholders in relation to environmental, social and corporate governance issues.



JARLLYTEC CO., Ltd.
ESG Implementation Committee



3.4.6 Circumstances of performing honest business operations and the situation and reasons for the difference from the honest business code of listed OTC companies

Subject	Yes	No	Summary	Differences
<p>1. Formulate policies and plans for integrity management</p> <p>(1) Does the company formulate an honest management policy approved by the board of directors and express the policy and practice of honest management in its regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the management policy?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of dishonest behavior, regularly analyzes and evaluates the business activities with elevated risk of dishonest behavior within the business scope and formulates a plan for preventing dishonest behavior based on it and at least covers "listing and listing on the OTC". What are the preventive measures for the behaviors in Article 7, Paragraph 2 of the "Company Integrity Management Code"?</p> <p>(3) Has the company clearly defined operating procedures, behavior guidelines and punishment and appeal systems for violations in the plan for preventing dishonest behavior and has implemented them and regularly reviews and revises the plan before disclosure?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>On May 7, 2014, the company passed the "Integrity Management Code" by the resolution of the board of directors and cooperated with the company's actual operations and the revision and update of laws and regulations. The latest revision of the "Integrity Management Code" was approved by the resolution of the board of directors on March 12, 2019. And it will be submitted to the shareholders' meeting on June 18, 2019 and the board of directors will report on the implementation of the company's integrity management on November 05, 2021. In addition, in accordance with the company's actual operation and the revision and update of regulations, it is advisable to promote the group personnel from time to time to abide by the above regulations. In 2021, internal and external education and training related to the issue of integrity management (including courses related to integrity management, corporate governance, accounting system and internal control) will be held for 440 people and 533.5 hours.</p> <p>The company has anti-corruption clauses, the "Code of Professional Ethics" (the latest version is June 6, 2019) and the "Code of Ethics" (the latest version is June 18, 2019). Precautionary measures for the behaviors of Article 7, Paragraph 2 of the "Company Integrity Management Code"; irregularly publicize that the business activities of group personnel in the business scope should be managed in strict accordance with the regulations.</p> <p>The company has established the "Code of Professional Ethics", the latest version is June 6, 2019. There are relevant regulations for preventing dishonest behavior, as well as behavior guidelines, punishment and complaint systems for violations and internal and external education and training. To promote the related integrity issues.</p>	None
<p>2. Implement honest management</p> <p>(1) Does the company evaluate the integrity record of the counterparty and specify the terms of honesty in the contract signed with the counterparty?</p> <p>(2) Does the company set up a resolute unit for promoting corporate integrity management under the board of directors and report regularly (at least once a year) to the board of directors on its integrity management policy and plan for preventing dishonest behavior and supervise the implementation?</p> <p>(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation and implement them?</p> <p>(4) Whether the company has established an effective accounting system and internal control system for the implementation of honest management and the internal audit unit has formulated relevant audit plans based on the assessment results of the risk of dishonest behavior and checked the plan for preventing dishonest behavior accordingly. Comply with the situation, or commission an accountant to perform the audit?</p> <p>(5) Does the company regularly hold internal and external education and training on integrity management?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>	<p>The company already has a relevant evaluation mechanism for its customers and suppliers. When entering a contract with it, the rights and obligations of both parties will be stipulated in it.</p> <p>At present, the company's general management office promotes and implements the operation of corporate integrity management according to its powers and responsibilities. To prevent conflicts of interest and provide appropriate channels for presentation, the "Code of Integrity Management" was approved by the board of directors on May 7, 2014 and was approved by the board of directors on March 12, 2019 To cooperate with the company's actual operations and comply with laws and regulations Revised and submitted to the shareholders meeting on June 18, 2019. The General Management Office regularly reports to the Board of Directors on its implementation (for example, the implementation of the education training and complaint system) on a regular basis (the most recent report to the Board of Directors on November 05, 2021). In 2021, internal and external education and training related to integrity management issues (such as courses related to integrity management, corporate governance, accounting system and internal control.) will be held for 440 person-times and 533.5 hours. In terms of the complaint system, the company has established the "Complaint and Personal Rights Protection Operational Procedures" and has a complaint acceptance phone number and a complaint mailbox as a complaint channel. You can respond to complaints through the phone and mailbox or to the General Management Office, Audit Office or Finance Office. The company has established the "Professional Code of Ethics". For matters related to conflicts of interest, employees can not only report to the supervisor of the directly subordinate department, but also can be assisted by members of the general manager's office to guide and integrate related matters.</p> <p>The company has an internal audit plan and the internal audit unit conducts audits according to the audit plan.</p>	None

			The company has incorporated the relevant norms of integrity management into the content of the education and training materials for new recruits. In 2021, internal and external education and training related to integrity management issues (such as courses related to integrity management, corporate governance, accounting system and internal control.) will be held for 440 person-times and 533.5 hours.	
<p>3. Operation of the company whistleblowing system</p> <p>(1) Has the company formulated a specific whistleblowing and reward system, established a convenient reporting channel and assigned appropriate personnel in charge of managing the whistleblower?</p> <p>(2) Has the company established standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed and the relevant confidentiality mechanism?</p> <p>(3) Has the company taken measures to protect the whistleblower from being mistreated due to the whistleblower?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>The company has established the "Complaint and Personal Rights Protection Operational Procedures" and has a complaint acceptance phone number and a complaint mailbox as a complaint channel. You can respond to complaints through the phone and mailbox or to the General Management Office, Audit Office or Finance Office.</p> <p>The company has established "Complaint and Personal Rights Protection Operational Procedures", which are anonymous complaints. When receiving a complaint case, the complaint acceptor will immediately take reasonable preventive and protective measures to ensure the quality of the investigation and prevent the complainant from suffering. Unfair retaliation or treatment.</p> <p>If customers, suppliers, contractors or other third parties with major external relations complain that our employees have committed corruption, accepted bribes, or offering bribes, they will file a case for investigation as soon as possible and it is forbidden to disclose the identity of the complainant to ensure their Personal safety is free from reprisals or threats.</p>	None
<p>4. Strengthen information disclosure</p> <p>Does the company disclose the content of its integrity management code and promote its effectiveness on its website and public information observatory?</p>	✓		The company has disclosed the "Integrity Management Code" on the company's website and the public information observatory. In addition, the company's website has disclosed relevant corporate culture, business policies and other information.	None
<p>5. If the company has its own integrity management code in accordance with the "Code of Integrity Management of Listed OTC Companies", please describe the differences between its operation and the established code:</p> <p>On May 7, 2014, the company passed the "Integrity Management Code" by the resolution of the board of directors and on March 12, 2019, to cooperate with the company's actual operation and comply with laws and regulations, it was approved by the board of directors and revised on June 18, 2019. Report to shareholders meeting. From time to time, group personnel should strictly abide by the regulations and there is no major difference between the company's operation and the code of conduct.</p>				
<p>6. Other valuable information that helps to understand the company's integrity management operation: (such as the company's review and revision of its integrity management code.)</p> <p>(1) On March 12, 2019, to cooperate with the company's actual operations and comply with laws and regulations, the company approved the revision of the "Integrity Management Code" by the board of directors and submitted it to the shareholders' meeting on June 18, 2019.</p> <p>(2) The company's "Procedure Rules for the Board of Directors" stipulates a system of avoiding the interests of directors. When directors have an interest in themselves or the legal person they represent and may harm the interests of the company, they may state their opinions and answer inquiries. They shall not participate in the discussion and voting and shall abstain from the discussion and voting and shall not exercise their voting rights on behalf of other directors.</p> <p>(3) The company has established the "Management Procedures for Handling Internal Material Information and Preventing Insider Transactions", which clearly stipulates those directors, managers and employee shall not disclose material internal information they know to others and shall not report material internal information of the company to others. The person inquires or collects undisclosed internal material information of the company that is not related to the personal position.</p>				

3.4.7 If the company has formulated a corporate governance code and relevant regulations, it should disclose its inquiry method

Approved by the resolution of the board of directors on March 29, 2010. In response to legal amendments and practical operational needs, the latest amendment to the relevant provisions was approved by the board of directors on March 2, 2022. For other relevant regulations, "Risk Control Operation Specification", "Acquisition or Disposal Asset Handling Procedure" and "Fund Loan and Endorsement Guarantee Operation Procedure", please refer to the company's website [http://www.jarlly.com/Investor Corner-Company](http://www.jarlly.com/Investor_Corner-Company) important regulations.

3.4.8 Other important information sufficient to enhance the understanding of the operation of corporate governance may be disclosed together

(1) Expose managers' participation in corporate governance-related training and training.

Job title	Name	Date	Organizer	Title	Hours
General Manager	Chang, Tai Yuan	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Chief Financial Officer	Hsu, Pei Wen	2021/11/11	Accounting Research and Development Foundation of the Republic of China	Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges	12
Accounting Director	Chen, Ying Hsuan	2021/9/27	Accounting Research and Development Foundation of the Republic of China	Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges	12
		2021/11/18		The latest development of my country's IFRS policy and analysis of financial reporting/supervision legal compliance issues The Role and Operational Practice of "Independent Directors" in Corporate Governance Practical Analysis of "Sustainability Report" under the Corporate Governance 3.0 Policy Case Analysis of "False Financial Statements" and Discussion on Related Legal Responsibilities	12

(2) The company's personnel related to financial information transparency have obtained the relevant certificates and licenses designated by the competent authority as follows:

Basic competency test of enterprise internal control organized by the Securities and Foundation: 1 person from the audit department

(3) The company passed the resolution of the board of directors on August 25, 2009 to formulate the "operational procedures for internal material information processing and prevention of insider trading" and in response to legal amendments and actual operational needs, the board of directors resolved on May 7, 2019 By revising the relevant provisions, the company announced the operating procedures to all employees, managers and directors to comply with the relevant procedures and placed them in the company's intranet announcement area for all colleagues to follow and review at any time to avoid violations or occurrences Insider trading.

(4) The company passed the resolution of the board of directors on March 29, 2010 to formulate the "Risk Control and Management Operation Specifications" and in line with the company's organizational changes and actual operational needs, the board of directors approved the revision on May 7, 2014. Related provisions. The company has set up a risk management organization, with the general manager as the general convener to coordinate and direct the promotion and operation of the risk management plan. It has various power and responsibility units responsible for promoting various

business risk management.

General Management Office: allocation and response of human resources, implementation of various insurance operations, establishment and maintenance of environmental safety and health.

fiscal Affairs Office: financial risk assessment, legal and regulatory review, media public relations and external relations.

Information Department: maintain the normal operation of the system.

R&D Office: contingency measures for R&D operating environment, risk assessment of new product development and R&D progress control.

Business Office: Collection and establishment of market information, coordination of production and sales, establishment and handling of customer relationships and tracking and collection of receivables.

Manufacturing Division: contingency measures for production operations, production contingency plan specifications, direct personnel support allocation plan, establishment of supplier contingency plans, contingency matters for raw material procurement, water and electricity supply plans, equipment purchase alternative plans, on-site environmental safety Contingency plan, document preservation plan, damage and quality control of defective products and contingency measures for product testing operations.

Audit Office: According to the company's internal control and audit plan, check whether the risk control management of each unit is implemented and prepare an audit report according to the actual audit results.

The company has established a mechanism for reporting operational risk indicators and operational risk events, aggregates various business information and conducts independent analysis of various results and trends to take appropriate risk control and serve as a reference for improving relevant operational procedures.

3.4.9 The implementation of the internal control system shall disclose the following matters

- (1) Internal Control Statement, please refer to next page.

Statement on Internal Control

Date: March 2, 2022

Based on the findings of a self-assessment, Jarllytec Co., Ltd. (hereinafter, the "Company") states the following with regard to its internal control system during year 2021:

The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and managers. The Company has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations (including profitability, performance, and safe-guarding of assets), (2) reliability, timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable laws, regulations and bylaws.

An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and the Company promptly takes corrective actions whenever a deficiency is identified.

The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter, the "Regulations"). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each constituent element further contains several items. Please refer to the Regulations for details.

The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

Based on the results of the evaluation mentioned in the preceding paragraph, the Company believes that, as of December 31, 2021, its internal control system (including its supervision of subsidiaries), was effective in design and operation, and reasonably assured the achievement of the above-stated objectives.

This Statement will be an essential content of the Company's Annual Report for the year 2021 and Prospectus, and will be publicly disclosed. Any false-hood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.

This Statement has been passed by the Board of Directors in their meeting held on March 2, 2022, with 0 of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Jarllytec Co., Ltd.

CEO: Chang, Tai Yuan

Chairman: Chang, Tai Yuan

- (2) Those who entrust an accountant to review the internal control system should disclose the accountant's review report: None.

3.4.10 In the most recent year and as of the publication date of the annual report, the company and its internal personnel have been punished according to law, or the company has punished its internal personnel for violating the provisions of the internal control system, and the result of the punishment may have a significant impact on shareholders' rights and interests or securities prices, The content of the punishment, main deficiencies and improvements should be listed: none.

3.4.11 Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of printing the annual report

(1) shareholders' meeting

Date	Meeting Note	Result	Implementation
2021/7/7	Approval of the company's 2020 annual business report and final statement of accounts.	Number of votes in favor accounted for 99.69% of the total voting rights of shareholders present and this case was passed as the original proposal.	Implemented in accordance with the resolution of this case.
	Recognize the company's 2020 earnings distribution plan.	Number of votes in favor accounted for 99.94% of the total voting rights of shareholders present and this case was voted through as the original proposal.	Set July 27, 2020 as the ex-dividend base date and August 21, 2020 as the release date. (A cash dividend of 2.5 per share is distributed.)
	Discuss and amend the articles of the company's "Articles of Association".	Number of votes in favor accounted for 99.94% of the total voting rights of shareholders present and this case was voted through as the original proposal.	Approved on July 19, 2021.
	Discuss and revise part of the company's " Rules of Procedure for Shareholders' Meeting ".	Number of votes in favor accounted for 99.93% of the total voting rights of shareholders present and this case was voted through as the original proposal.	Follow the revised procedure.
	The company plans to manage the case of private placement of ordinary shares in cash, or private placement of domestic convertible corporate bonds.	Number of votes in favor accounted for 92.18% of the total voting rights of shareholders present and this case was passed as the original proposal.	on 2022/3/2 and passed the resolution of the shareholders meeting on July 7, 2020, the cash capital increase of private ordinary shares, or the private placement of domestic convertible corporate bonds will not be processed.
	Re-election of directors of the company in an all-round way.	Director: Sunrise Investment Co., Ltd. Director: Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan Director: Young Win Assets Management CO., Ltd. Independent Director: Liu, Chun Ying Independent Director: Wu, Sou Shan Independent Director: Yang, Shang Hsien Independent Director: Lee, Chien Ming	Approved by the Ministry of Economy on July 19, 2021.
	The case of lifting the prohibition on non-competition of new directors of the company.	Number of votes in favor accounted for 99.81% of the total voting rights of shareholders present and this case was voted through as the original proposal.	Implemented in accordance with the resolution of this case.

(2) Board of Directors

Date	Meeting Note
2021/1/20	<ol style="list-style-type: none"> 1. Discuss the company's year-end bonus distribution for managers in 2020. 2. Discuss the company's 2020 annual board performance evaluation plan. 3. Evaluate the independence of the Company's Certified Public Accountant. Jarson Precision Technology Co., Ltd. NT \$ 20,000,000 in which the company's capital loan and 100% reinvestment. 5. The 100% reinvestment of the company in Chungqing Jarlly and Kunshan Jarlly intends to each apply to the bank for a foreign debt quota of USD 2 million, which will be endorsed and guaranteed by the company. 6. The company 100% reinvested in Shanghai Jarlly to apply to the bank for a foreign debt quota of US\$8 million and the company will endorse and guarantee it.
2021/3/11	<ol style="list-style-type: none"> 1. Discuss the company's 2020 director's remuneration and employee remuneration distribution plan. 2. The company's 2020 individual financial statements and consolidated financial statements. 3. It is planned to pass the "Declaration of Internal Control System" of the Company in 2020. 4. Recognize the company's 2020 annual business report. <p>The company plans to manage the 2021 private placement of ordinary shares in cash, or the private placement of domestic convertible corporate bonds.</p> <ol style="list-style-type: none"> 6. The company's 100% reinvestment in Shanghai Jarlly intends to apply to the bank for a financing amount of RMB 20 million (or equivalent USD). 7. It is proposed to revise provisions of the Company's "Articles of Association" and "Rules of Procedure for the Shareholders' Meeting". 8. The company's comprehensive re-election of directors. 9. It is planned to convene the 2021 general meeting of shareholders of the company.
2021/4/12	The company intends to reinvest in a Singapore subsidiary.
2021/5/6	<ol style="list-style-type: none"> 1. Adjust the annual remuneration of members of the Remuneration Committee. 2. Revise the company's director's remuneration items. 3. Review the salary adjustment of the company's managers. 4. From the first quarter of 2021, the audit certified of the company's financial reports have been changed to accountants Hsu, Ming Fang and accountants Chuang, Chun Wei. 5. Discuss the company's 2020 earnings distribution plan. 6. Securities underwriters issue private equity securities appraisal opinions and revise private placement and domestic convertible corporate bond issuance and conversion measures. <p>First audit committee and the first board of directors on 2020/1/16 in 2020. The first resolution of the company's 100% re-investment in Chungqing Jarlly capital loan and Shanghai Jarlly RMB 10 million, loan period 2 Annual quota case. 's fund loan and Chian Fuh Enterprise Co., Ltd. NT\$ 5,000,000 propose on 2020/8/5</p> <ol style="list-style-type: none"> 9. The company's 100% reinvestment in the new capital loan of Chungqing Jarlly and Shanghai Jarlly 's RMB 10 million case. 10. The company's 100% reinvestment in Royal Jarlly Holding Ltd.'s new capital loan and Shanghai Jarlly's USD 2.7 million case. 11. The company's 100% reinvestment in Xiamen Jarlly intends to reinvest in a die-casting plant 12. The board of directors nominates and reviews independent directors and director candidates. 13. The company's application for bank financing quota.
2021/6/11	Proposal to change the date of the company's 2021 general meeting of shareholders.
2021/7/7	1. To elect the chairman and vice chairman of the company.

Date	Meeting Note
	2. The company's salary and remuneration committee members plan to re-appoint when their term of office expires.
2021/8/6	<p>1. Revise part of the company's "Compensation and Remuneration Committee Organization Regulations".</p> <p>2. Discuss the company's 2020 annual manager's employee compensation cash distribution.</p> <p>3. Main Source Logistic Ltd., which is 100% reinvested by the Company, is going to be liquidated.</p> <p>4. The company's 100% reinvestment of Smart Hinge Holdings Ltd.'s new capital loan and Great Hinge Trading Ltd. US\$1.8 million case.</p>
2021/11/5	<p>1. It is planned to pass the company's 2021 audit plan.</p> <p>2. Revise the consolidated budget of the Company for 2021.</p> <p>Jarlllytec (Thailand) Co., Ltd. which was 100% reinvested by the Company was ratified.</p> <p>Jarlllytec (Vietnam) Co., Ltd. 's 100% reinvested land use right assets and the construction of factories.</p> <p>5. The company's 100% reinvestment in Jarlllytec USA LLC intends to manage the liquidation and dissolution case.</p> <p>6. The company's 100% reinvestment in Jarllly Electronic Shanghai's new capital loan and Shanghai Jarllly's RMB 10 million case.</p> <p>7. The company intends to provide a loan endorsement guarantee of NT\$ 40,000,000 to Jarson Precision Technology Co., Ltd., which is 100% reinvested.</p> <p>8. The company intends to apply to the bank for a 100% reinvestment in Shanghai Jarllly for a foreign debt quota of USD 4 million, which will be endorsed by the company.</p> <p>Jarlllytec (Vietnam) Co., Ltd., which is 100% reinvested by the company, intends to apply to the bank for a foreign debt quota of USD 4 million, which will be endorsed by the company.</p> <p>10. In response to the capital needs of Jarson Precision Technology Co., Ltd., which is 100% reinvested by the company, the company intends to pay its payment in advance.</p> <p>11. Renewal of the Company's Bank Financing Quota.</p> <p>12. The company's application for bank financing quota.</p> <p>13. The company's 100% reinvestment in Shanghai Jarllly intends to apply to the bank for a financing quota of RMB 10 million (or equivalent USD).</p>
2022/1/14	<p>1. The company will issue year - end bonuses for managers in 2021.</p> <p>2. The company's 2021 annual board performance evaluation proposal.</p> <p>3. The company's "Administrative Measures for Rewards and Remuneration for Managers".</p> <p>4. The change of the company's internal business director.</p> <p>5. Evaluate the independence of the Company's Certified Public Accountant.</p> <p>6. The consolidated comprehensive budget of the company and overseas factories in 2022.</p> <p>Jarson Precision Technology Co., Ltd. NT \$ 20,000,000 in which the company's capital loan and 100% reinvestment.</p> <p>8. The company's 100% re-investment in Chungqing Jarllly's new capital loan and Shanghai Jarllly's RMB 10 million case.</p> <p>9. The company's 100% reinvestment in Shanghai Jarllly intends to apply to Yushan Commercial Bank for a financing amount of RMB 10 million (or equivalent USD).</p>
2022/3/2	<p>1. Discuss the company's 2021 annual director's remuneration and employee remuneration distribution plan.</p> <p>2. The company's individual financial statements and consolidated financial statements for 2021.</p> <p>3. It is planned to pass the "Declaration of Internal Control System" of the Company in 2021.</p> <p>4. Recognize the company's 2021 annual business report.</p> <p>5. The company's 100% reinvestment in Fu-Qing Jarllly's capital loan and Kunshan Jarllly's RMB 10 million extension for the second time.</p>

Date	Meeting Note
	<p>6. The 100% reinvestment of the company in Chungqing Jarlly and Kunshan Jarlly intends to apply to the bank for the renewal of the foreign debt quota of USD 2 million and the company will endorse and guarantee them.</p> <p>The company plans to manage the 2022 cash capital increase issue of ordinary shares and the first domestic unsecured conversion of corporate bonds.</p> <p>8. The company's 2021 regular shareholders' meeting will increase capital through private placement of ordinary shares in cash, or private placement of domestic convertible corporate bonds.</p> <p>9. Revise part of the company's internal rules and regulations.</p> <p>10. It is planned to hold the company's 2022 general meeting of shareholders.</p> <p>11. The company's application for the renewal of the bank financing quota.</p>
2022/5/11	<p>1. Consolidated Financial Statements report has been passed for the first quarter of 2022.</p> <p>2. Discuss the 2021 earnings distribution plan.</p> <p>3. Ratified the case of the Jarson Precision Technology Co., Ltd. the right of use.</p> <p>4. Ratified the case of the Kunshan Jarlly Technology Co., Ltd. the right of use.</p> <p>5. Extension of the capital loan for Chungqing Jarlly Technology Co., Ltd. and Kunshan Jarlly Technology Co., Ltd. first extension of RMB 7 million.</p> <p>6. Improve part of "The procedures for acquisition or disposal of assets".</p> <p>7. Greenhouse gas audit check plan.</p> <p>8. Revised internal rules and regulations.</p> <p>9. Applied for extension of the renewal of the bank financing.</p> <p>10. Confirmation of regular shareholders meeting dates, time, location, and meeting reasons of year 2022</p>

3.4.12 In the most recent year and as of the publication date of the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board of directors, and there is a record or written statement, the main content: N/A

3.4.13 A summary of the resignation and dismissal of the company's chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year and as of the publication date of the annual report:

JOB TITLE	NAME	APPOINTMENT DATE	DATE OF DISMISSAL	RESIGNATION OR DISMISSAL
Chairman	Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua	2004.06.25	2021.07.07	When the term of the original director expires, he will be elected as the current vice chairman after a comprehensive re-election of the directors of the shareholders' meeting.
Vice Chairman	Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan	2004.06.25 as vice chairman on 2019.06.18	2021.07.07	When the term of the original director expires, he will be elected as the chairman of the board of directors after a comprehensive re-election of the directors of the shareholders' meeting.

3.5 Information Regarding the Company's Audit Fee and Independence

Unit: NT\$ thousand

Firm	Name	Accountant audit period	Audit fees (Note 1)	Non-audit public fees	Total	Remark
KPMG	Hsu, Ming Fang Chuang, Chun Wei	2021/1/1~ 2021/12/31	2,450	660	3,110	"Other" items that are not audited public expenses are for-profit enterprise income tax settlement and declaration verification certified \$350,000, transfer pricing report \$220,000, inventory scrapping public expense \$30,000, employee salary check form review \$20,000 and declaration of funds Return to Taiwan to review \$40,000.

Note 1: Audit fees refer to the public fees paid by the company to the Certified Public Accountant for financial report verification, review, review and financial forecast review.

If the accounting firm is changed and the audit fee paid in the year of the change is lower than the audit fee of the year before the change, the amount of the audit fee before and after the change and the reasons shall be disclosed: N/A

If the public audit fee is reduced by more than 10% compared with the previous year, the amount, proportion and reason for the reduction of the public audit fee shall be disclosed: N/A

3.6 Accountant Replacement Information

Replacement Date	April 7, 2021		
Replacement reason and description	Internal adjustment of accounting firm		
A statement that the appointer or accountant has terminated or refused to accept the appointment		Accountant	Appointed Person
	Voluntary termination of appointment	N/A	N/A
	no longer accept (continue) appointment	N/A	N/A
Comments and reasons for issuing audit reports other than unqualified opinions within the last two years	not applicable		
Disagree with the issuer	Have	Accounting principles or practices	
		Disclosures in Financial Reporting	
		Check scope or steps	
		Other	
	none	N/A	
Other disclosure matters (those that should be disclosed in points 4 to 7 of Article 10, paragraph 6, item 1, item 1)	N/A		

About the Accountant

Firm	KPMG
Name	Hsu, Ming Fang, Chuang, Chun Wei
Date	May 6, 2021
Opinion of Consultation	N/A
Opinions of Disagreement	N/A

Reply from the former accountant on the items in item 1 and item 2, item 2, subparagraph 6 of Article 10 of this Standard: N/A

3.7 Chairman, GM, and manager responsible for financial or accounting affairs of the company, who have work in the firm of the certified public accountant or its affiliated company:

None

3.8 Changes in Shareholding of Directors, Supervisors, and Managers whose Share Ratio Exceeds 10% during the most recent year until the publication of this annual report

3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Job title	Name	2021		2022 (Until April 23 rd)	
		Change in shares held	Change in pledged shares	Change in shares held	Change in pledged shares
Chairman and Major Shareholder (Note 2)	Dellson Investment Co., Ltd.	100,000	-	-	-
	Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan	-	-	-	-
Vice Chairman and Major Shareholder (Note 2)	Sunrise Investment Co., Ltd.	-	-	-	-
Vice Chairman (Note 2)	Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua	-	-	-	-
Director (Note 3)	Hung, Tung Hsiung	-	-	-	-
Legal representative director (Note 3)	Young Win Assets Management CO., Ltd.	-	-	-	-
	Young Win Assets Management CO., Ltd. Representatives: Liu, Chih Chen	-	-	-	-
Independent director (Note 4)	Ku, Yung Chia	-	-	-	-
Independent director (Note 4)	Lai, Chia Yi	-	-	-	-
Independent director (Note 4)	Chung, Kuang Chih	-	-	-	-
Independent director (Note 4)	Liu, Chun Ying	-	-	-	-
Independent director (Note 4)	Wu, Sou Shan	-	-	-	-
Independent director (Note 4)	Yang, Shang Hsien	-	-	-	-
Independent director (Note 4)	Lee, Chien Ming	-	-	-	-
General manager	Chang, Tai Yuan	-	-	-	-
Senior Deputy General Manager	Hsu, Yao Kun	-	-	(15,000)	-
Senior Deputy General Manager	Huang, Chin Ming	-	-	-	-
Deputy General Manager	Hung, Chin Fu	-	-	-	-
Deputy General Manager	Li, Yung Ta	-	-	-	-
Deputy General Manager	Huang, Shih Hui	-	-	-	-
Deputy General Manager (Note 5)	Chang, Yu Chung	5,000	-	-	-
CFO	Hsu, Pei Wen	-	-	-	-
Director (Note 6)	Hsu, Ching Chih	-	-	-	-
Accounting Director	Chen, Ying Hsuan	-	-	-	-

Note 1: Shareholders holding more than 10% of the company's total shares should be marked as major shareholders and listed separately.

Note 2: The former legal person director and chairman of Sunrise Investment Co., Ltd. and its representatives Liu, Kuang Hua will resign on June 20, 2021 and will be re-elected as legal person director and deputy at the general meeting of shareholders on July 7, 2021 Chairman, whose representatives are Liu, Kuang Hua; former legal person director and vice chairman Dellson Investment Co., Ltd. and its representatives Chang, Tai Yuan will resign at the expiration of his term on June 20, 2021 and will be re-elected as a legal person director and chairman at the shareholders' general meeting on July 7, 2021, whose representative is Liu Kuang Hua, Chang, Tai Yuan.

Note 3: Hong Dongxiong, the former director, will resign at the expiration of his term on June 20, 2021 and Young Win Assets Management CO., Ltd. will be re-elected as a legal person director at the general meeting of shareholders on July 7, 2021.

Note 4: Former independent directors Ku, Yung Chia, Lai, Chia Yi, Chung, Kuang Chi and Liu, Chun

Ying will resign on June 20, 2021 and Wu, Sou Shan, Yang, Shang will be re-elected at the shareholders' general meeting on July 7, 2021

Hsien, Lee, Chien Ming and Liu, Chun

Ying is an independent director.

Note 5: Deputy General Manager Chang, Yu Chung took office on August 1, 2021.

Note 6: Associate Hsu, Ching Chih will resign on August 1, 2021.

3.8.2 Information that the directors, supervisors, managers, and shareholders who hold more than 10% of the shares are related parties involved in the transfer of equity: None

3.8.3 Information that directors, supervisors, managers, and the counterparties of shareholders who hold more than 10% of the shares pledged are related persons: None

3.9 Relationship of the Top 10 Shareholders

April 23, 2022; Unit: Shares

Name (Note 1)	Holding shares		Spouse		Total Holding Shares		Relationships (Note 3)		Note
	Shares	Ratio (Note 2)	Shares	Ratio (Note 2)	Shares	Ratio (Note 2)	Name	Relation	
Sunrise Investment Co., Ltd.	6,100,000	10.15%	0	0	0	0	none	none	none
Sunrise Investment Co., Ltd. Representative: Liu, Kuang Hua	1,316,000 (Note 4)	2.19%	906,000 (Note 5)	1.51%	1,550,000	2.58%	Wu, Yi Chuan	spouse	none
Dellson Investment Co., Ltd.	3,492,000	5.81%	0	0	0	0	none	none	none
Dellson Investment Co., Ltd. Representative: Chang, Tai Yuan	711,325	1.18%	470,467	0.78%	3,492,000	5.81%	none	none	none
Young Win Assets Management CO., Ltd.	1,550,000	2.58%	0	0	0	0	none	none	none
Young Win Assets Management CO., Ltd. Representative: Wu, Yi Chuan	906,000 (Note 5)	1.51%	1,316,000 (Note 4)	2.19%	0	0	Liu, Kuang Hua	spouse	none
Li Hong Capital Co., Ltd.	1,455,000	2.42%	0	0	0	0	none	none	none
Li Hong capital Co., Ltd. Representative: Qiu, Yi Cheng	0	0	0	0	0	0	none	none	none
Ou, Rui Yun	1,170,000	1.95%	0	0	0	0	none	none	none
Lin, Jin Cai	1,130,000	1.88%	0	0	0	0	none	none	none
Tai shin International Commercial Bank is entrusted	1,100,000	1.83%	0	0	0	0	none	none	none

Name (Note 1)	Holding shares		Spouse		Total Holding Shares		Relationships (Note 3)		Note
	Shares	Ratio (Note 2)	Shares	Ratio (Note 2)	Shares	Ratio (Note 2)	Name	Relation	
with Liu, Kuang Hua Trust Property Account									
Yong Lixing Investment Co., Ltd.	1,100,000	1.83%	0	0	0	0	none	none	none
Yong Lixing Investment Co., Ltd. Representative: Peng, Yiling	187,116	0.31%	236,764	0.39%	1,100,000	1.83%	none	none	none
Lin, Ren He	1,040,000	1.73%	0	0	0	0	none	none	none
Chang, Tai Yuan	711,325	1.18%	470,467	0.78%	3,392,000	5.64%	none	none	none

Note 1: The names of shareholders are listed separately (for legal person shareholders, the names of legal person shareholders and their representatives are listed separately).

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in their own name, spouse, minor children or in the name of others.

Note 3: The shareholders listed above include legal persons and natural persons and the relationship between them is disclosed in accordance with the issuer's financial reporting standards.

Note 4: Among them, the special account of trust property holds 1,100,000 shares.

Note 5: Among them, 700,000 shares are held by the special account of trust property.

3.10 The influence of the Company's operational performance, earnings per share and shareholders' return on investment caused by the bonus shares

December 31, 2021; Unit: thousand shares

Title (Note 1)	Holding		Investment of Directors, Supervisors		Comprehensive Investment	
	Shares	Ratio	Shares	Ratio	Shares	Ratio
Great Hinge Trading Ltd.	10	100%	-	-	10	100%
Smart Hinge Holdings Ltd.	23,434	100%	-	-	23,434	100%
Jarson Precision Technology Co., Ltd.	11,480	100%	-	-	11,480	100%
Jarlllytec USA, LLC	-	100%	-	-	-	100%
Jarwin Investment Co., Ltd.	5,000	100%	-	-	5,000	100%
Jarlllytec (Singapore) Pte. Ltd. (Note 2)	-	100%	-	-	-	100%
Main Source Logistic Ltd. (Note 3)	-	-	-	-	-	-
Jarlllytec (Vietnam) Co., Ltd. (Note 2)	-	100%	-	-	-	100%
Royal Jarlly Holding Ltd.	23,434	100%	-	-	23,434	100%
Jarlllytec (Thailand) Co., Ltd.	2,000	100%	-	-	2,000	100%
Shanghai Jarlly (Note 2)	-	100%	-	-	-	100%
Fu-Qing Jarlly (Note 2)	-	100%	-	-	-	100%
Dong Guan Jarlly (Note 2)	-	100%	-	-	-	100%
Kunshan Jarlly (Note 2)	-	100%	-	-	-	100%
Jarlly Electronic Shanghai (Note 2)	-	100%	-	-	-	100%
Xiamen Jarlly (Note 2)	-	100%	-	-	-	100%
Chongqing Jarlly (Note 2)	-	100%	-	-	-	100%

Note 1: It is an investment made by the Company using the equity method.

Note 2: Fu-Qing Jarlly, Shanghai Jarlly, Dong Guan Jarlly, Kunshan Jarlly, Jarlly Electronic Shanghai, Xiamen Jarlly, Chongqing Jarlly, Jarlllytec (Singapore) Pte. Ltd. and Jarlllytec (Vietnam) Co., Ltd. are all limited companies, therefore No shares issued.

Note 3: The liquidation has been completed in September 2021.

4. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

April 20, 2022

Shares Type	Approved Share Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Stock	60,121,398 shares	39,878,602 shares	100,000,000 shares	OTC stock

(1) The formation of share capital

Unit: NT\$,000; 1,000 shares

Date	Price	Approved share capital		Paid-up share capital		Remark		
		Shares	Amount	Shares	Amount	Source	Cash offset share capital	Other
July 2004	10	100	1,000	100	1,000	Established NT1,000,000	none	Note 1
December 2004	15	12,000	120,000	12,000	120,000	Cash capital increase of RMB 119,000,000	none	Note 2
November 2005	20	25,000	250,000	25,000	250,000	Cash capital increase of RMB 130,000,000	none	Note 3
August 2006	10 70	35,000	350,000	33,800	338,000	Capital increase of RMB 28,000,000 from surplus Cash capital increase of RMB 60,000,000	none	Note 4 Note 5
August 2007	10	60,000	600,000	40,960	409,600	Capital increase of RMB 71,600,000 from surplus	none	Note 6
March 2008	65	60,000	600,000	45,970	459,700	Cash capital increase of RMB 50,100,000	none	Note 7
September 2008	10	60,000	600,000	48,768	487,685	Capital increase of RMB 27,985,000 from surplus	none	Note 8
February 2009	10	60,000	600,000	48,291	482,905	Cancellation of treasury shares with a share capital of RMB 4,780,000	none	Note 9
March 2009	10	60,000	600,000	48,527	485,266	\$2,361,000 for the replacement of new shares by employee stock option certificates	none	Note 10
August 2009	10	60,000	600,000	49,982	499,824	Capital increase of RMB 14,558,000 from surplus	none	Note 11
October 2009	10	60,000	600,000	50,059	500,590	Employee stock option certificates were exchanged for new shares of \$766,000	none	Note 12
April 2010	10	60,000	600,000	50,312	503,119	\$2,529,000 for the replacement of new shares by employee stock option certificates	none	Note 13
July 2010	10	60,000	600,000	50,353	503,528	Employee stock option certificates are exchanged for new shares of \$409,000	none	Note 14
October 2010	10	60,000	600,000	50,373	503,726	Employee stock option certificates are exchanged for new shares of \$198,000	none	Note 15
January 2021	10	60,000	600,000	50,547	505,472	Employee stock option certificates were exchanged for new shares of RMB 1,746,000	none	Note 16
April 2021	10	60,000	600,000	50,551	505,514	\$42,000 for the replacement of new shares by employee stock option certificates	none	Note 17
October 2016	60	70,000	700,000	60,551	605,514	Cash capital increase of \$100,000,000	none	Note 18
October 2018	10	70,000	700,000	60,121	601,214	Cancellation of treasury shares with a share capital of RMB 4,300,000	none	Note 19

Note 1: The establishment registration was approved by the letter of Shuzhong Zi No. 09332366390 on July 07, 2004

Note 2: The change registration was approved by the letter of Shuzhong Zi No. 09431567730 on January 18, 2005

Note 3: The change registration was approved by the letter of Shuzhong Zi No. 09433238720 on November 28, 2005
Note 4: The change registration was approved by the letter of Shuzhong Zi No. 09532692440 on 2006.08.17
Note 5: The change registration was approved by the letter of Shuzhong Zi No. 09532800370 on 2006.09.06
Note 6: The change registration was approved by the letter of Shuzhong Zi No. 09632685250 on August 29, 2007
Note 7: The change registration was approved by the letter of Shuzhong Zi No. 09732059320 on April 14, 2008
Note 8: The change registration was approved by the letter of Shuzhong Zi No. 09733188570 on 2008.10.02
Note 9: The change registration was approved by the letter of Shuzhong Zi No. 09831746290 on February 20, 2009
Note 10: The change registration was approved by the letter of Shuzhong Zi No. 09832095670 on April 20, 2009
Note 11: The change registration was approved by the letter of 2009.8.26 by Shuzhong Zi No. 09832920600
Note 12: The change registration was approved by the letter of Shuzhong Zi No. 09801247630 issued on October 29, 2009
Note 13: The change registration was approved by the letter of 2010.4.20 by Shuzhong Zi No. 09901076760
Note 14: The change registration was approved by the letter of Shuzhong Zi No. 09901160480 on July 19, 2010
Note 15: The change registration was approved by the letter of Shuzhong Zi No. 09901236520 on 2010.10.21
Note 16: The change registration was approved by the letter of Shuzhong Zi No. 10001012680 on January 19, 2021
Note 17: The change registration was approved by the letter of Shuzhong Zi No. 10001075820 on April 18, 2021
Note 18: The change registration was approved by the letter of Shuzhong Zi No. 10501257490 on 2016.11.03
Note 19: The change registration was approved by the letter of Shuzhong Zi No. 10701133080 on October 31, 2018

(2) General information about the reporting system: None.

4.1.2 Shareholder structure

April 23, 2022; Unit: thousand shares

	Government	Financial Institutions	Other legal persons	Personal	Foreign Institution	Total
Number of people	1	10	196	15,962	68	16,237
Number of shares held	560	1,564	16,704	37,693	3,600	60,121
Shareholding ratio	0.93	2.6%	27.78%	62.7%	5.99%	100.00%

4.1.3 Equity dispersion situation

(1)Dispersion of common shares

April 23, 2022; \$10 per share

Classification	Shareholders	Shares Held	Ratio
1 to 999	11,060	136,421	0.23%
1,000 to 5,000	4,197	7,976,273	13.27%
5,001 to 10,000	448	3,574,686	5.95%
10,001 to 15,000	155	1,992,111	3.31%
15,001 to 20,000	88	1,616,022	2.69%
20,001 to 30,000	86	2,197,477	3.66%
30,001 to 40,000	43	1,568,482	2.61%
40,001 to 50,000	36	1,664,145	2.77%
50,001 to 100,000	52	3,830,389	6.37%
100,001 to 200,000	33	4,844,332	8.06%
200,001 to 400,000	17	4,855,320	8.08%
400,001 to 600,000	8	4,303,415	7.16%
600,001 to 800,000	5	3,425,325	5.70%
800,001 to 1,000,000	0	0	0%
1,000,001 or more	9	18,137,000	30.17%
Total	16,237	60,121,398	100.00%

(2)Dispersion of preferred shares: None.

4.1.4 List of major shareholders (revealing the names of the top ten shareholders, amount and proportion of shares held)

April 23, 2022; Unit: Shares

Name	Shares Held	Ratio
Sunrise Investment Co., Ltd.	6,100,000	10.15%
Dellson Investment Co., Ltd.	3,492,000	5.81%
Young Win Assets Management Co., Ltd.	1,550,000	2.58%
Li Hong Capital Co., Ltd.	1,455,000	2.42%
Ou, Rui Yun	1,170,000	1.95%
Lin, Jin Cai	1,130,000	1.88%
Tai shin International Commercial Bank is entrusted with Liu, Kuang Hua Trust Property Account	1,100,000	1.83%
Yong Lixing Investment Co., Ltd.	1,100,000	1.83%
Lin, He Ren	1,040,000	1.73%
Chang, Tai Yuan	711,325	1.18%

4.1.5 Stock price, net worth, earnings, dividends and related information per share for the last two years

Unit: New Taiwan dollar; thousand shares

		2020	2021	2022 (By March 31) * 8
Stock Price *1	High	101.50	92.10	81.7
	Low	54.50	50.00	62.7
	Average	74.70	75.06	73.75
Book Value *2	Before dividend	68.39	68.69	72.87
	After dividend	65.89	66.69 *9	*9
Earnings Per Share	Taiwan Weight Index average		60,121	60,121
	EPS *3	Before retrospective adjustment	5.03	4.12
		After retrospective adjustment	5.03	4.12 *9
Dividend per share	Cash dividend		2.5	2 *9
	Free allotment	Earnings allotment	0	0 *9
		Allotment of capital reserve	0	0
	Accumulated unpaid dividends *4		0	0
Analysis	P/E *5		14.85	18.22
	P/E *6		29.88	37.53
	Cash dividend yield *7		3.35%	2.66%

* Disclose the market price and cash dividend information retrospectively adjusted according to the number of issued shares and the conversion of surplus or capital reserve into capital increase and allotment

Note 1: List the highest and lowest market prices of ordinary shares in each year and calculate the average market price of each year based on the transaction value and transaction volume in each year.

Note 2: The number of shares issued at the end of the year shall prevail and it shall be filled in according to the situation of distribution through the resolution of the shareholders' meeting of the following year.

Note 3: If retrospective adjustment is required due to free allotment, the earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for the issuance of equity securities stipulate that the undistributed dividends in the current year shall be accumulated until earnings are distributed in the year, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year/earnings per share.

Note 6: Cost-to-earnings ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: The net value per share and earnings per share shall be filled with the information checked (reviewed) by the accountants in the most recent quarter up to the printing date of the annual report; other fields shall be filled with the information of the current year up to the printing date of the annual report.

Note 9: The Company's 2021 earnings distribution proposal has been approved by the board of directors but has not yet been resolved by the shareholders' meeting.

4.1.6 Company Dividend Policy and Implementation Status

(1) Company Dividend Policy

According to the provisions of Article 22-1 of Chapter VI of the Articles of Association:

"If there is a surplus in the company's annual final accounts, tax should be paid first to make up for past losses, and 10% of the second withdrawal is the statutory surplus reserve, but this is not limited when the statutory surplus reserve has reached the company's paid-in capital; Operational needs and laws and regulations set aside special surplus reserves. If there is still surplus and the surplus has not been distributed at the beginning of the same period, 0 to 90% will be allocated as shareholder dividends, and The board of directors will formulate a profit distribution plan by issuing new shares. At the time, it shall be submitted to the shareholders' meeting for resolution to distribute it.

In accordance with the provisions of Paragraph 5 of Article 240 of the Company Act, the company authorizes the board of directors to distribute dividends and bonuses with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present. All or part of the statutory surplus reserve and capital reserve prescribed in Paragraph 1 of Article 1 shall be distributed in cash and reported to the shareholders' meeting.

The company's policy of dividend distribution in the future will be in line with the company's business development and expansion, considering factors such as the company's future capital expenditure budget and capital needs, taking into account shareholders' interests, balancing dividends and the company's long-term financial planning, etc. Cash dividends or stock dividends can be used for this purpose. However, the cash dividends distributed each year shall not be less than 10% of the total dividends distributed in the current year. "

(2) Circumstances of the proposed dividend distribution at the shareholders' meeting

The company's 2021 earnings distribution plan was approved by the board of directors on May 11, 2022, and submitted to the shareholders' meeting for resolution. The proposed distribution of dividends was as follows

JARLLYTEC CO., Ltd.
Earnings distribution statement

		Unit: NTD
	Subtotal	Sum
Beginning of period undistributed earnings	1,645,016,712	
Add: 2021 Net profit after tax	247,796,107	
Minus: 2021 Measure on defined benefit plans	(4,291,000)	
Minus: Designated legal reserve	(24,350,511)	
Minus: Designated special reserve	(75,193,620)	
Distributable earnings		1,788,977,688
Distributed items:		
Stock dividend to shareholders	0	
Cash dividend to shareholders (per share NT\$ 2.0)	(120,242,796)	
Accumulated undistributed earnings		1,668,734,892

4.1.7 The impact of the proposed free allotment of shares at the shareholders' meeting on the company's operating performance and earnings per share

The company did not distribute stock dividends for shareholders and employees at this shareholders' meeting, and did not disclose the financial forecast for 2021, and there is no need to disclose the estimated information for 2021. Therefore, the free allotment of shares has no impact on the company's operating performance and earnings per share.

4.1.8 Remuneration of employees, directors and supervisors

- (1) The percentage and scope of remuneration for employees, directors and supervisors as stated in the company's articles of association

According to Article 22 of Chapter VI of the Articles of Association of the Company:

"If the company has a profit in the year, it should allocate no less than 2% as employee compensation and no more than 2% as director compensation. However, when the company still has accumulated losses, it should reserve the amount in advance to make up for it.

- (2) The Basis for estimating the amount of remuneration of employees, supervisors, and directors, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period.

If there is a difference between the amount of remuneration paid by employees, directors and supervisors and the amount estimated at the balance sheet of the annual financial report, the amount of the difference shall be treated in accordance with the change in the accounting estimate and shall be classified as the profit or loss for the following year, without affecting the financial report that has been recognized.

(3) Remuneration distribution approved by the board of directors

- A. Employee remuneration and director and supervisor remuneration amount distributed in cash or stock. If there is a discrepancy with the estimated amount in the year of recognition of expenses, the number of discrepancies, reasons and handling shall be disclosed

March 2, 2021, the board of directors resolved to approve the amount of employee remuneration and directors' remuneration to be distributed:

Unit: New Taiwan Dollar

Proposed Allotment Amount	
Employee Compensation (Cash)	15,537,548
Director's Remuneration	3,884,386

Discrepancy with the estimated amount in the year in which the expense is recognized, the number of discrepancies, reasons and handling shall be disclosed: No discrepancy.

- B. The amount of employee compensation distributed in stock and its proportion to the net profit after tax and total employee compensation in the current period's individual or individual financial report

There is no amount of employee remuneration proposed to be distributed in stock by the board of directors, so it is not applicable.

- (4) The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), and the difference between the remuneration of employees, directors and supervisors recognized, and the difference and reasons shall be stated and handling

	2020		
	Income Statement Recognition Number	The actual number of allotments as resolved by the shareholders' meeting	Difference
Employee cash bonus	17,925,540	17,925,540	None
Employee Stock Bonus	0	0	None
Director's Remuneration*1	4,481,385	4,481,385	None

Note: On June 21, 2017, the company established an audit committee to replace the supervisory authority.

4.1.9 The company bought back the company's shares: None

4.2 Handling of corporate bonds

The company issued 4,000,000 shares on April 28, 2021, with an interest rate of 0% in NTD denominated three-year convertible corporate bonds, and the principal amount is NT\$400,000,000.

Types of corporate bonds	1st domestic unsecured convertible corporate bonds
Issuance date	2022/4/28
Issuance and Trading Location	N/A
Issue price	Issued at 109.57% of par value
Total	NT\$438,284,930
Interest rate	The coupon rate is 0%
Expiration Date	3 Years Expiration Date: 2025/4/28
Guarantee agency	N/A
Trustee	Bank Sinpac Co., Ltd.
Underwriting agency	SinoPac Securities Co., Ltd.
Certified Attorney	Attorney Yawen Qiu, Far East Law Offices
Certified Accountant	N/A
Repayment method	Unless the bondholders are converted into ordinary shares of the Company in accordance with Article 10 of the Issuance and Conversion Regulations, or the Company may redeem them in advance in accordance with Article 18 of the Issuance and Conversion Regulations, or the Company may buy back and cancel them from the business office of a securities firm, When the convertible corporate bonds mature, the company will repay in cash in one lump sum according to the bond face value. Payments will be made within five business days (including the fifth business day) after the due date.
Outstanding principal	NT\$400,000,000
Terms of redemption or prepayment	Detailed Issuance and Conversion Methods
Restrictions	Detailed Issuance and Conversion Methods
Credit rating agency, rating date, corporate bond rating result: Not applicable	
Additional remark	Amount converted (exchanged or subscribed) of ordinary shares, overseas depositary receipts or other marketable securities up to the date of publication of the annual report: none Issuance and Conversion (Exchange or Subscription) Methods: Detailed Issuance and Conversion Methods
Issuance and conversion, exchange or subscription method, issuance conditions may dilute the equity and Impact on existing shareholders' equity	The company issued the first domestic convertible corporate bonds of \$400,000,000. As of April 30, 2022, the outstanding balance was \$400,000,000 and the latest conversion price was \$72. It is assumed that the convertible corporate bond creditors will all convert the conversion price to \$72 in the future. In the case of ordinary shares, it will be convertible into 5,555,000 ordinary shares of the company. Based on the company's 60,121,000 shares of the company's outstanding shares on April 30, 2022, the estimated number of convertible shares will be added. The maximum dilution to the original shareholder's shareholding ratio is 8.46%. Interests are not yet materially affected.
The name of the custodian institution for the subject of the exchange	N/A

Information of convert corporate bonds

Types of corporate bonds		The conversion of corporate bonds
Year		2022
Price range	High	-
	Low	-
	Average	-
Conversion price		NT\$72 per share
Issuance (transaction) date and conversion price at the time of issuance		Issued on 2022/4/28 NT\$72 per share
Fulfilling conversion obligations		Perform conversion obligations by issuing new shares

4.3 **Status of Preferred stock: None**

4.4 **Global Depository Receipts: None**

4.5 **Employee Stock Options: None**

4.6 **Status of New Shares Issuance in Connection with Mergers and Acquisitions rights: None**

4.7 **Financing Plans and Implementation None**

4.8 **Execution of the capital utilization plan: N/A**

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) The business of the company is as follows

- A. CA02040 Spring Manufacturing.
- B. CA02990 Other metal products manufacturing.
- C. CB01990 Other machinery manufacturing.
- D. CC01020 Wire and Cable Manufacturing.
- E. CC01040 Lighting Equipment Manufacturing.
- F. CC01060 Manufacturing of wired communication machinery and equipment.
- G. CC01080 Manufacturing of electronic components.
- H. CC01110 Computer and peripheral equipment manufacturing.
- I. CQ01010 Mold manufacturing.
- J. F119010 Wholesale of electronic materials.
- K. F219010 Retailing of electronic materials.

(2) Proportion of business

Unit: thousand

Product	2020		2021	
	Amount	%	Amount	%
Hinge	5,405,896	97.47	7,133,101	95.79
Optical fiber connector	140,334	2.53	313,565	4.21
Total	5,546,230	100.00	7,446,666	100.00

(3) The company's current products and services

- A. Hinge: Laptop/LCD Monitor/ AIO /LCD TV/Smartphone
- B. Optical fiber connector

(4) New products and services planned to be developed

Innovative portable notebook hinge technology development plan, innovative flexible screen notebook hinge technology development plan, Technology development plan for a new generation of adjustable load screen lifting device, evolutionary flexible screen inner folding water drop hinge technology development plan, innovative flexible screen inner folding horseshoe hinge technology development plan, innovative multi-directional screen camera hinge technology development.

5.1.2 Industry overview

(1) Industry status and development:

The company is engaged in the research and development, production and sales of various hinge components, accounting for about 96% of the company's revenue. Among them, liquid crystal displays (LCD Monitor and AIO) have the highest application proportion, followed by notebook. Therefore, the company's industry development is inseparable from the liquid crystal display and notebook computer industries; in addition, the connectors produced by the company are used in optical signal transmission, which belong to optical fiber connectors, and are classified as optical passive components in the optoelectronic industry. We make the following analysis on the industry status of LCD monitors, notebook computers, foldable smartphones, and optical fiber connectors:

A. Hinge

i. Liquid crystal display (LCD Monitor and AIO)

According to the research report of the Sankei Database of the Taiwan Academy of Economic Sciences, looking forward to the first half of 2022, although the virus continues to mutate, with the steady increase in vaccine coverage in various countries, it is expected that the development of the epidemic will tend to become flu-like, and countries will gradually relax while coexisting with the epidemic. Border control, transportation and various entertainment activities will be resumed in an orderly manner, and increased orders for commercial, transportation and other professional application displays will help the industry's sales value regain its growth momentum. In addition, in terms of general consumer models, despite the slowdown in consumer driven demand by the home economy, under the support of the enterprise commercial market and e-sports market demand, global LCD monitor shipments in the first half of 2022 are expected to decline slightly compared with the same period in 2021. Although the shipment performance of Taiwanese manufacturers is affected by the weakening of global demand, the price of upstream LCD panels is still at a high level, and the shipment size of Taiwanese manufacturers continues to develop towards larger sizes, and the proportion of shipments of high -end models such as gaming and 4K has increased. It is estimated that my country's LCD output value in the first half of 2022 can still grow compared with the same period in 2021.

In addition, manufacturers continue to focus on high-end technologies and products in response to special applications in the professional market. For example, Jingda focuses on the development of high-brightness LCD panel modules, displays and special application system platforms. In 2022, it will continue to develop different sizes, multi-touch and the multifunctional LCD monitor focuses on the development of four major application project markets including gaming, smart transportation, digital signage, and smart medical care, and provides more diversified professional application display solutions to enhance new sports performance.

In terms of upstream LCD panels, the supply of components is gradually improving. However, since panel prices in the base period are still relatively low, it is estimated that the panel prices in the first quarter of 2022 will be higher than the performance in the same period in 2021. Manufacturers in this industry continue to face LCD panel prices. Display panel procurement cost pressure.

Based on the above, although the decline in global LCD monitor shipments is not conducive to the shipment performance of Taiwanese manufacturers, as the unit price of shipments remains high, the overall output value is expected to grow. It will help the company's business to develop positively, so it is estimated that the performance of my country's display manufacturing industry in the first half of 2022 will show a growth trend compared with the same period in 2021.

ii. Laptop

According to the research report of the Sankei Database of the Taiwan Academy of Economic Sciences, the global notebook computer shipments change overview (see the picture below), since 2021, due to the fluctuating global new crown pneumonia (COVID-19) epidemic, and people's work and education patterns have been changed. In addition, some orders in the fourth quarter of 2020 were delayed to 2021 due to the tight supply of components such as processors and ICs, and the epidemic in the same period in 2020 affected China's supply chain capacity. , the base period is relatively low, so the global notebook computer shipments in the first quarter of 2021 will increase by 92.55% year-on-year. The second quarter of 2021 will benefit from the booming market demand for education, e-sports, and business, and the US government's release of relief funds in mid-March will boost buying sentiment. In the third quarter, employees from European and American companies have returned to the office one after another. The mixed work mode of going to work or working from home and working in the office has prompted the strong shipment momentum of business aircraft to maintain a strong momentum of shipments, offsetting the decline in demand in the education market. In addition, brand manufacturers are worried about the problem of port congestion in Europe and the United States, so that products cannot be put on the shelves during the Thanksgiving and Christmas shopping seasons. The assembly and shipment were completed ahead of schedule by the end of September, so that the global notebook computer shipments in the second and third quarters of 2021 both increased compared with the same period in 2020 but continued to be affected by supply-side factors such as the length of components and the unsmooth global transportation and logistics. As a result, the shortage of materials and the lack of materials and parts have restrained the strength of brand factories' shipments, and the base period has been raised, so the annual growth rate has slowed down quarter by quarter.

As for the fourth quarter of 2021, although the business market demand is still strong, and Microsoft's new Windows 11 operating system has been officially launched globally on October 5, due to the weakening demand in the education market, and the length of components, shortage of cabinets and port congestion, etc. It is still unresolved, which affects the shipments of brand factories. In addition, the base period for the same period in 2020 is already high. Therefore, it is estimated that the global notebook computer shipments in the fourth quarter of 2021 will be 61.25 million units, a slight annual decrease of 2.77%.



Note: DIGITIMES Research classifies detachable models as Tablets, so NB shipments do not count such products.

Looking forward to the first half of 2022, although the global COVID-19 epidemic has heated up again due to the spread of the Omicron variant virus, which has prompted some countries to increase the level of epidemic prevention, as countries continue to expand vaccine coverage to reduce mortality, and the variant virus tends to become milder, The mortality rate is relatively low, so most countries maintain normal economic life in the coexistence of the epidemic. It is expected that the mixed work/study model will gradually become the normal life. The increase in volume has prompted the global notebook market demand to remain supportive.

In addition, Intel's new notebook processor, Alder Lake, will begin mass shipments in the first quarter of 2022, prompting brand manufacturers to launch notebook products equipped with the new processor. Affected by problems such as lack of cabinets and port congestion, orders that have been delayed due to lack of materials will be shipped in 2022. Production will continue to maintain high-end levels. However, ICs will continue to be short of materials until the first half of 2022 and the logistics and transportation restrictions have not yet eased, resulting in unstable supply of components and rising prices, increasing manufacturers' overall machine manufacturing costs and suppressing shipment performance. Material specifications by long-term contracts or adding component suppliers to reduce the impact of component price fluctuations, it is estimated that the overall industry performance in the first half of 2022 will remain flat.

iii. 3C Electronic Product (Folding Smartphone)

Folding mobile phones have undergone years of transformation and optimization, and the related technologies have gradually matured, bringing consumers an innovative appearance, and at the same time solving the contradiction between screen size and portability. The key to opening the market in recent years is that the technical obstacles have been overcome. The key to the completion of the design is undoubtedly the flexible panel and the hinge. At present, most brand manufacturers choose to develop the design hinge by themselves and hand it over to the supplier for OEM. The differentiated competitive advantages of its own products, such as Samsung's horizontal hinge design, Huawei's teardrop hinge design, etc., have also led to a rapid increase in the number of hinge patent

applications under healthy competition, which is conducive to the maturity of hinge design technology.

When the folding screen is closed seamlessly, the bending angle should also be reduced to reduce the traces of bending and increase the durability of the folding screen. Therefore, whether it is folded up or down or inside and out, it needs to be closely matched, and the product precision is required. This also makes the average unit sales price of foldable phones as high as \$1,500, with a high market value, and has gradually become the representative of new flagship models of various brands, although its penetration rate is small (global mobile phone sales of 1.35 billion units, folding machines only account for 0.65%), but big manufacturers dare not ignore it. On the one hand, it can reflect the technical capabilities of brand factories, and on the other hand, it is another entry point to enter the high-end market.

B. Optical fiber connector

The upsurge of global information and communication infrastructure and the popularity of the Internet have driven services such as cable TV, distance learning, telemedicine and video conferencing and other high-speed broadband networks. The trend of 3C integration and multimedia applications has highlighted the importance, urgency and inevitability of optical fiberization, optical communication has become a major mainstream in the field of communication. From long-distance telecommunication transmission to Internet and multimedia communication, optical fiber communication methods with high bandwidth, low loss and no electromagnetic interference during transmission have gradually attracted attention. Therefore, the rapid growth of optical fiber communication has replaced the traditional communication methods transmitted by copper wires.

Due to the high cost of optical fiber deployment, optical communication equipment depends on the capital investment of telecommunications companies around the world in equipment. According to Allied Market Research, the global fiber optic connector market is estimated to grow at a compound annual growth rate of 9.4% between 2020 and 2025, from \$4 billion in 2020 to \$6.2 billion in 2025.

(2) Upstream, Mid-stream and Downstream

The company's main product hinge, through the mechanical structure design, assembles many mechanical components into a finished hinge, and meets the inspection standards such as torque, hole position and durability required by customers. As far as this industry is concerned, the relevant hinge parts manufacturers (such as: male and female shafts, mandrels, castings, iron sheets, gaskets, screws, nuts, sleeves, metal powder injection) are upstream; the company is responsible for working with downstream customers. Collaborative development of structural design and assembly of hinge products belong to the midstream of the industry, and downstream is the manufacture of notebook computers, LCD monitors, 3C and other related system manufacturers. The upper, middle and downstream structures of the hinge industry

(3) Product development trends and competition

A. Hinge

i. Liquid crystal display (LCD Monitor and AIO)

According to TrendForce research, benefiting from the increased demand for remote office and education, LCD monitor shipments will reach 140 million units in 2020, with an annual growth rate of 8.6%, setting a new high in the past decade, and this demand momentum will also continue into 2021 the first half of the year. LCD display shipments in the first quarter increased by 34.1% compared with the same period last year, and the annual growth rate in the second quarter is expected to exceed 10%, which is expected to push up the annual shipment of 110 to 150 million units, with an annual growth rate of 7.3 %. In addition, the e-sports products that have attracted attention from the market, in addition to being the key projects where the resources of LCD display brand factories and panel factories are focused, also continue to benefit from the demand of the residential economy. It is estimated that the shipment volume in 2021 will reach 25.9 million units. It accounts for 17.3% of the overall LCD display.

According to TrendForce , judging from the annual shipment growth rate of the top ten LCD display brands in 2021, Samsung Electronics and ASUS are expected to perform well. For Samsung, although the supply of its panel factories has been reduced, the company has set a goal of expanding the market share of liquid crystal displays. Therefore, for the advance layout of panel and whole machine purchases, it is estimated that the annual growth rate of shipments will exceed 20%, which will become the fastest growing market in 2021. The brand with the highest growth rate in shipments in the top ten rankings; ASUS is expected to increase by more than 10% annually due to the strong demand in the consumer market and the hot sale of e-sports products.

ii. Laptop

According to the latest research report released by Strategy Analytics, thanks to Windows 11 and DaaS (digitalization as a service), notebook computer demand will remain strong in the fourth quarter of 2021, with shipments reaching 68 million units, a decrease of 1% year-on-year. The cumulative 2021 full-year shipments will increase by 19% year-on-year to 268 million units, a record high.

However, as 2022 begins, the industry must remain cautious about ongoing supply issues and rising freight and manufacturing costs.

The notebook market was strong in the fourth quarter of 2021, capping off another strong year. Growth in advanced markets is driven by continued demand for hybrid work environments, also driven by attractive pricing for Windows 11 and DaaS.

Emerging markets are benefiting from continued demand from small and medium-sized enterprises, while consumers turn to mobile devices. In addition, orders delayed from the third quarter of 2021 were resolved in the fourth quarter as component shortages and supply issues eased.

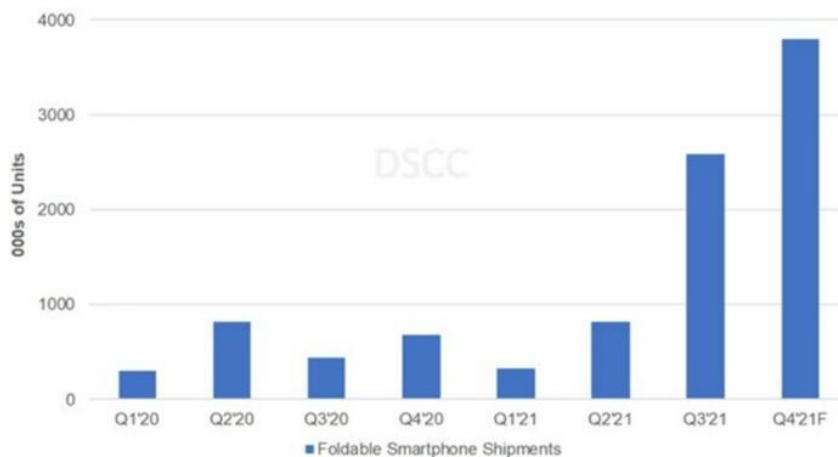
Demand for Windows PCs began to grow in the fourth quarter of 2021, Windows 11 Enterprise upgrade brought strong momentum to Windows laptops, and as demand for gaming laptops continued during the holiday season, Windows PCs remained the main popular choice for consumers.

In the fourth quarter of 2021, by brand, Lenovo's notebook shipments were 16.2 million units, down 9% year-on-year and up 6% quarter-on-quarter, with a market share of 24%. Hewlett-Packard (HPQ- US) ranked second, with shipments reaching 14.5 million units, a decrease of 4% year-on-year, and a market share of 21%. Dell (DELL-US) shipped a record 13.2 million units, an increase of 14% year -on-year and 8% quarterly, with a market share of 19%.

Apple's (AAPL-US) Mac series shipped more than 6.6 million units, an 11% year-on-year increase and a 10% share. Acer (2353-TW) returned to the top five with 5.2 million units shipped, down 6% year-on-year, negatively impacted by supply issues.

iii. 3C Electronic Product (Folding Smartphones)

In the third quarter of 2021, the global smartphone shipments reached about 2.6 billion units, and reached 3.8 billion units in the fourth quarter, a record high. As the largest supplier of flexible OLED panels, Samsung will have a market share of 85% in 2021. Under the control of key components, it is estimated that the shipment volume of folding panels will increase from 8.1 million to 18 million next year. Market research agencies estimate that Samsung's foldable smartphone sales will reach 12 million-13 million units next year, with a market share of 74%; Huawei, OPPO, Xiaomi and other three mainland factories will have a combined market share of 14%. With the addition of the land-based brands VIVO and Honor, it is rumored that Google and Apple are also expected to follow suit. Under the healthy competition of many brands, it will also add more variables to the folding machine market.



B. Optical fiber connector

At present, the optical fiber technology is based on passive optical fiber network (PON). After deployment through FTTH (fiber to the home), FTTB (fiber to the building) and FTTx, VDSL is used to complete the last mile deployment. In the future, optical fiber network deployment, digital audio-visual and voice applications, and network storage requirements will become the main driving forces for the growth of the network industry. The most important thing in the field of optical communication is advanced technology. As early as before the communication bubble in 2000, the optical communication technology in the laboratory can already reach the bandwidth of Tera (10¹² bit/s, 1 Tb) level, which is higher than that of today. The bandwidth of the Mega (10⁶ bit/s, 1 Mb) class that is popular in households is six orders of magnitude higher. In the past few years, the driving force for maintaining the growth of the optical communication market has come from the construction of FTTH and 3G infrastructure. The future development will depend on the upgrade of network bandwidth and the more popularization of FTTH. Currently, GEAPON is the mainstream specification in countries with leading FTTH markets in Japan and Asia, which is different from the GPON specification that is widely used in the United States. In the future, the industry will depend on whether China will adopt GPON or GEAPON more. China is regarded as the largest market for FTTH in the future.

In addition, the 10G EPON standard was formulated in November 2009, and the 10G market, which has been proposed for years, is just around the corner. Related companies have successively launched 10G EPON chips and equipment, which will gradually dominate the optical communication market in the next few years. By then, the bandwidth speed of FTTH end users is expected to move towards 100M. After the fiber-to-the-home market is popularized, it will enter a stage of continuous bandwidth upgrade. In addition, the world's major cable TV operators will also accelerate the pace of optical fiberization. Through RFoG or with various PON technologies, they can achieve bandwidth upgrades and save operating costs, bringing another wave of business opportunities to the optical communication industry.

Optical fiber connectors are used to connect between optical fibers, optical transmission equipment ports and optical fibers, and are used in data centers, wireless base station access, and fiber-to-the-home FTTx downstream. Like other optical devices, small size and high precision are the main directions of connector development in the future. With the large-scale opening of 5G base station construction, a new round of capital expenditures for wireless base station construction is accelerated, data centers are upgraded to 40G/100G, and large data centers are upgraded to 400G, which will further drive the application demand for optical fiber connectors. Among the fiber optic connectors, MPO/MTP is a multi-core multi-channel high-density fiber optic connector, which can connect to two rows of 24-core fibers at the same time. As the network data transmission rate is getting higher and higher, it is difficult for traditional fiber optic connectors to meet high-speed network standards in terms of core count and miniaturization. According to IEC international standards, high-density MPO/MTP connectors have become 40G and the standard interface of 100G network transmission.

5.1.3 Technology and R&D Overview

- (1) R&D expenses invested in the last five years and up to the date of publication of the annual report

Unit: NT\$ thousand

	2017	2018	2019	2020	2021	2022 (By March 31st)
Research and Development Fees	164,444	190,437	197,469	230,672	279,822	47,453
Operating income	5,472,828	5,775,584	5,763,574	5,546,230	7,446,666	2,232,349
R&D expenses to revenue ratio	3.00%	3.30%	3.43%	4.16%	3.76%	2.13%

- (2) Developed technologies or products

- A. One-line pivot structure
- B. Shrapnel hinge structure
- C. Wrapped hinge structure
- D. Double- hinge 360-degree rotating structure
- E. Automatic drop structure
- F. Automatic pop-up structure
- G. Switch light and switch heavy structure
- H. Four-stage torsion shaft
- I. The notebook computer hinge of the automatic drop type with light switch and heavy switch
- J. Ultra-thin laptop hinge
- K. Four-link structure
- L. Lifting structure
- M. Photo frame structure
- N. Double hard screen seamless folding hinge structure
- O. Flexible screen horseshoe-shaped inner folding hinge structure
- P. Flexible screen drop-shaped inner folding hinge structure
- Q. External folding hinge structure of flexible screen

5.1.4 Long- and short-term business development plans

Jarllly has been focusing on the development of its own business. In response to industry development trends and changes in domestic and foreign business environments, it adjusts the company's constitution and enhances overall competitiveness through various long-term and short-term plans. The company's long-term and short-term plans are explained as follows:

- (1) Short-term plans

A. Short-term market strategy

- i. Adjust product mix and strive for niche products for maximum profit.
- ii. Expand new customers and increase the market share of the hinge.
- iii. Accelerate and enhance customer satisfaction through the operation of the organization.

B. Short-term business strategy

- i. Continue to integrate internal and external resources of the company and establish strategic partnerships with suppliers to improve vertical integration capabilities.

- ii. Improve the self-made rate of components, reduce the ratio of outsourcing and the cost of raw materials.
- iii. Continue to introduce automated production equipment to improve production efficiency and product quality stability.
- iv. Assist and coach third-party manufacturers to improve the quality of their products.

C. Short-term R&D strategy

- i. Improvement and control of the existing species structure to enhance the efficiency of product production.
- ii. Strengthen the verification and experiment of the existing structure to improve the quality of the product and reduce the defective rate of the product.
- iii. Implement the simplified design experiment of the existing product structure, reduce the cost of the product structure and increase the competitiveness of the product.
- iv. Become a customer's R&D partner and shorten the product development schedule to meet the customer's product development and schedule requirements.

(2) Long-term plans

A. Long-term market strategy

- i. Develop OEM upstream customer communication channels and grasp business opportunities.
- ii. Actively contact new customers, increase cross-category products and integrate customer needs. Accelerate and enhance customer satisfaction through the operation of the organization.

B. Long-term business strategy

- i. Seek strategic alliance partners.
- ii. Increase the added value of existing products.
- iii. Create the best interests of employees and shareholders to introduce automated production equipment to improve production efficiency and product quality stability.

C. Long-term R&D strategy

- i. Purchase precision processing machines to increase the processing capacity of precision parts.
- ii. Cooperate with brand customers to form R&D partners to fully grasp the R&D orientation of new models and effectively invest R&D resources.
- iii. Recruit outstanding R&D talents, strengthen the education and training of R&D personnel and strengthen the ability of the R&D team.
- iv. According to market trends, develop new structural hinges and apply for patent rights to protect intellectual property rights.
- v. Organize an automation R&D team to match the development schedule of new models, so that products can be imported into automatic production at an early stage and increase the competitiveness of products.

5.2 Market and Sales Overview

5.2.1 Market Analysis

- (1) The company's current main products (services) sales (provided) areas

Unit: NT\$ thousand

	2020		2021	
	Amount	%	Amount	%
Taiwan	86,285	1.56	120,928	1.62
China	5,220,022	94.12	6,876,753	92.35
USA	176,741	3.19	285,523	3.83
Thailand	25,405	0.46	3,339	0.04
Others	37,777	0.67	160,123	2.16
Total	5,546,230	100.00	7,446,666	100.00

- (2) Market share

According to the statistics of the "Investigation Report on Manufacturing Investment and Operation in the First Three Quarters of 2021" published by the Ministry of Economic Affairs, the overall industrial turnover of my country's electronic components industry in 2021 will be \$7,338.3 billion. According to the consolidated revenue of \$7.447 billion in the financial statements reviewed by accountants in 2021, the market share of the company and its subsidiaries in my country's electronic components industry is 0.1%, which shows that the company and its subsidiaries have a strong market share in my country's electronic components industry. The company has a certain competitive position in the industry and the market. In the future, it will uphold the spirit of excellence and cooperate with the world's major system manufacturers to continuously develop new products that conform to market trends and continue to enhance its market position.

- (3) The supply and demand situation and growth potential of the market in the future

Research institutions predict that global PC shipments will be flat or grow slightly in 2022. In the stage of rapid growth, it is estimated that the sales volume of folding mobile phones in 2022 will reach 17.5 million units. But in the Russian-Ukrainian war. Controversy, shortage of cabinets and port congestion and the continued expansion of inflation problems have seriously affected the future economic prospects. Given that the global economic growth forecast has been revised down to 3.4% from the previous 4.3%, amid weakening macroeconomic conditions, will revise down the expected shipments.

(4) Competing for a niche

A. Stay focus

The company has been focusing on the hinge industry for years and has accumulated considerable experience and is well-known. At present, it is a world-renowned supplier of notebook computer hinges, AIO hinges and LCD hinges, with a certain economic scale.

B. Actively develop products with new types of structures

Since its establishment, the company has increased the breadth and depth of research and development and continued to develop products with new types of structures. To cooperate with the development trend of innovative application and design of various electronic products, we provide the best cooperation and service for the client, thereby enhancing the added value of the client's products and product competitiveness.

C. Excellent R&D and design capabilities

R&D and design capabilities are the most important capabilities of the company and we are constantly trying to improve ourselves. As far as the entire R&D system is concerned, a feedback mechanism for failure experience and design standards have been established. All design experience will be continuously accumulated, improved and grown through such a mechanism, which not only enables new recruits to quickly accumulate experience, but also Quickly translate personal failure experience into the experience of all designers. In addition, our company is also the first company in the industry to introduce the finite element analysis method into design verification. The computer finite element software assists in the analysis of strength, life and movement and the previous trial and error process is advanced to the front end of the design. It enables front-end design methods to be determined early, accurately and quickly to meet customer quality and R&D speed requirements and to improve design capabilities.

D. Financially sound

The competitive nature of the market favors those who can respond quickly, while the pivot product has the characteristics of short development time and frequent design changes. Frequent design changes make it more expensive to invest in the initial stage of development. Unless there is sufficient capital, it is difficult to bear the loss of funds during the development period. Therefore, the company is financially sound and can meet the huge capital needs from development to mass production.

E. Patent threshold

The company protects the research and development achievements by applying for patents and effectively improves the entry threshold of the industry by accumulating patents. With the continuous evolution of products, there will also be innovative technologies and new structures. As soon as the company has a new technical

structure, it will immediately apply for patent protection to maintain this competitive advantage.

F. CAE software

Has strong calculation and verification ability and can provide data reference for the strength of the product in the early design stage.

G. Perfect supply base

There are production bases, which can meet the supply needs of customers in various regions and each base has a precision measurement center, which can effectively control the quality.

H. Professional management team and corporate reputation

The company has a professional management team with rich experience and excellent technical ability. The leaders of each business department have rich qualifications in related industries and all have professional technical background. Therefore, whether it is the consolidation of the market or the expansion of performance, they all occupy an absolute position. Competitive Advantage. The company has been committed to the development of production hinges for more than ten years and has a certain reputation, which can attract better talents to join.

I. Invest in automated production equipment

Actively develop automation equipment to save labor costs, improve product production stability and quality and reduce costs.

(5) Advantages, disadvantages and countermeasures of development prospects

A. Favorable factors

i. The hinge product has a wide range of applications and has room for growth

The pivot product is the main pivot of the connection between the screen and the base in various electronic products to achieve the rotation function of opening and closing, such as notebook computers, LCD screens for various purposes, mobile phones, screen cameras. Important parts that must be used. Under the situation that the annual output of major electronics manufacturers is increasing day by day, the future development of hinge products is limitless and has great room for development.

ii. Strong R&D and design capabilities

The company has always been aiming at innovative technology and actively researching and developing types of hinge products. In addition to being sensitive to market trends, it can also develop according to customer needs. In recent years, the hinge of folding mobile phones has also brought considerable benefits to the company's revenue, which is enough to prove that the company It has leading R&D competitiveness in the industry

B. Unfavorable factors

- i. The competition of information electronic products is fierce and the profit is meager

Due to the short life cycle of information and electronic products and the rapid changes in product technology and functions, the price of products has fallen rapidly and the cost of raw materials has continued to rise.

Our Countermeasures

In the face of rapid changes in the information and electronics industry environment, the company actively develops new structural designs to meet the needs of the current market environment. In addition, the continuous upward trend of raw material costs enables the company to introduce the feasibility assessment and verification of low-cost alternative materials while developing new structures and adopt the research and development direction of matching and simplifying the design structure to improve the profit of its own hinge products.

In response to the current market situation with meager profits, the Company actively develops the structural design of high-end products, so that the entry threshold of high-end products is higher than that of existing products to increase profits.

- ii. Lack of labor causes a relative increase in labor costs

In recent years, Taiwan's industrial pattern has been gradually changing. Various service industries are on the rise. The manufacturing industry has also transformed from traditional labor-intensive to capital-intensive and technology intensive. The number of employees in the manufacturing industry has decreased, the recruitment of basic labor is difficult and wages have continued to rise., The increase in wage costs has also caused pressure on domestic manufacturers to operate.

Our Countermeasures

Since the company started the production of notebook computer components, it has been committed to the improvement of production and process. By adding machinery and equipment, increasing the degree of factory automation and mechanization to reduce the dependence on manpower and improve the unit of grassroots manpower output.

Strengthen pre-employment and on-the-job training of employees to improve the quality and productivity of personnel and commit to human resource planning and enhance employee benefits to effectively reduce personnel turnover and improve the company's profitability.

5.2.2 Important uses and manufacturing processes of main products

:	Main products and their uses
Hinge	Mainly used in connecting shafts of computers, electronics, optics, home appliances, information, communications, instruments and other products, such as: commercial notebook computer hinges, industrial notebook computer hinges, military notebook computer hinge, LCD Monitor
Optical Fiber Connector	Mainly used in optical transmission systems, as a connection between telecommunications companies' computer rooms, base stations, cable TV operators' computer rooms, relay stations, network operators' computer rooms Fiber to home users, theater-level audio equipment, optical master and passive (active) Component manufacturers' inspection equipment and military communication equipment.
Other	Applicable to all products and equipment spare parts products.

5.2.3 Availability of main raw materials

The company's main raw materials are male and female shafts, mandrels, castings, iron sheets, copper sheets, gaskets, shrapnel, sleeves, screws, nuts and metal powder injection. Each raw material has more than two suppliers as a response and establishes long -term cooperative partnership with suppliers and the supply quality is stable.

5.2.4 Customers who have accounted for more than 10% of the total purchases (sales) in any of the last two years

- (1) The names of suppliers who have accounted for more than 10% of the total purchases in any of the last two years, their purchase amounts and proportions and the reasons for their increase or decrease

From 2020 to 2021 and as of the first quarter of 2022, the company has no suppliers that account for more than 10% of the total purchases.

- (2) The names of the sales customers who have accounted for more than 10% of the total sales in any of the last two years, the sales amount and proportion and the reasons for the increase or decrease

Unit: NT\$ thousand

2020				2021				2022 up to the first quarter			
Name	Amount	Ratio to net sales for the year (%)	Relationship with the issuer	Name	Amount	Ratio to net sales for the year (%)	Relationship with the issuer	Name	Amount	First quarter (%)	Relationship with the issuer
Client A	1,315,998	23.73	none	Client A	1,416,903	19.63	none	Customer C	704,638	31.56	none
Customer B	892,758	16.10	none	Customer C	1,154,852	15.51	none	Client A	492,234	22.05	none
				Customer Ding	808,032	10.85	none				
other	3,337,474	60.17	-	other	4,021,879	54.01	-	other	1,035,477	46.39	-
net sales	5,546,230	100.00	-	net sales	7,446,666	100.00	-	net sales	2,232,349	100.00	-

Explanation of changes: The ranking of the company's sales customers varies with the ratio of each end customer to the system manufacturers and models, resulting in a change in the company's sales and proportion of the hinges supplied to each customer. The increase in net sales in 2021 is due to the strong demand in the industry and the company's active development of a hinge for multiple application fields, so new customers will be added. In the future, in addition to consolidating existing customers, it will continue to expand the potential customer base to increase market share.

5.2.5 Production Value Table for the Last Two Years

Unit: 1,000 pieces / NT\$ 1,000

	2020			2021		
	Capacity	Yield	Output	Capacity	Yield	Output
Hinge	80,000	64,698	6,030,919	84,000	75,528	7,846,412
Optical Fiber Connector	16,500	14,837	159,187	28,000	25,070	351,192
Total	96,500	79,535	6,190,106	112,000	100,598	8,197,604

Note 1: Production capacity refers to the amount that the company can produce under normal operation using existing production equipment after considering factors such as necessary shutdowns and holidays.

Note 2: If the production of each product is substitutable, the production capacity may be calculated on a consolidated basis and an explanation should be attached.

5.2.6 Sales Value Table for the Last Two Years

Unit: 1,000 pieces /NT\$ 1,000

	2020				2021			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Hinge	1,370	71,831	55,666	5,334,065	3,062	119,119	65,600	7,013,982
Optical Fiber Connector	377	1,548	12,703	138,786	454	1,809	21,930	311,756
Total	1,747	73,379	68,369	5,472,851	3,516	120,928	87,530	7,325,738

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

March 31, 2022

		2020	2021	2022 (until March 31st)
Labor	1,376	1,376		1,461
Employees	914	929		946
Total	2,290	2,296		2,407
Average age		35.15	39.91	35.84
Average Years of Service		4.21	3.17	2.82
Education	PhD	0.09	0.13	0.12
	Master	2.40	2.79	2.58
	Undergraduate	20.00	23.82	23.27
	High school	20.13	22.04	25.43
	Below high school	57.38	51.22	48.61

5.4 Environmental Protection Expenditure

In the most recent year and as of the publication date of the annual report, the losses incurred due to environmental pollution (including compensation and environmental protection inspection results that violated environmental protection laws and regulations) shall list the date of punishment, the name of the punishment, the provisions of the violation, the content of the violation and the punishment. content) and disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be estimated, the fact that it cannot be estimated shall be stated): None

5.5 Labor Relations

5.5.1 The company's various employee welfare measures, further education, training and retirement systems and their implementation, as well as labor-management agreements and various employee rights protection measures

(1) Employee Welfare Measures

The company attaches immense importance to employee welfare, establishes an employee welfare committee in accordance with the Employee Welfare Fund Regulations to manage various employee welfare matters and allocates welfare funds for monthly operating income, employee salaries and the sale of salaries in accordance with regulations. In accordance with labor insurance regulations and national health insurance regulations, it provides labor insurance and health insurance for all employees and enjoys various labor insurance payment rights. The company has always paid attention to humanized management and adhered to the concept of coexistence and humiliation of labor and management. Therefore, it adopts a variety of methods to deal with labor-management issues. Through labor-management meetings, we listen to employees' voices, understand employees' ideas and increase employee communication channels to unite employees. Centripetal force to promote the continuous improvement of the company y's operating results and achieve the goal of sustainable development. In addition, our employees also enjoy the following benefits:

- A. Insurance benefits: Travel “Ping An” Insurance for colleagues on business trips.
- B. Vacation benefits: two days off (plus national holidays), marriage leave, maternity leave, paternity leave, special leave.
- C. Traffic welfare: There are parking lots for cars and locomotives.
- D. Meal benefits: meal options in the staff restaurant.
- E. Clothing Welfare: Provide staff uniforms.
- F. Bonus and benefits: year-end bonus, employee remuneration, incentive bonus, patent bonus, production performance bonus, annual full-time bonus and annual senior employee bonus.
- G. Entertainment and benefits: annual staff travel, annual staff dinner, year-end dinner party and lottery activities.
- H. Subsidy and welfare: pre-employment education and training, in-service education and training and internal/external training professional course arrangement fee subsidies.
- I. Other benefits: regular health check-ups for employees, gifts for three festivals, gifts for birthdays, subsidies for various weddings and funerals and discounts for employees in various special stores.

5.5.2 2021 Employee Education and Training Achievements

Unit: person/hour/NTD

Title	Trainees	Training hours	Expenditures
New personnel training	1,734	3,917	0
Professional functional training	14,151	11,252	418,839
Supervisors can train	370	211	0
General knowledge training	23,979	23,600	0
Total	40,234	38,980	418,839

- (1) The actual number of employees who participated in the training in 2021 was 40,234, including free training courses held at their own expense and by various competent authorities, accounting firms, industries and the company. The actual training expenses of the company for the year were NT\$418,839.
- (2) The company's employees conduct pre-employment training courses and functional on-the-job training for new recruits after registration. In addition, according to the annual training demand survey, the annual training plan is formulated and implemented and the performance evaluation is made according to the training results to strengthen the functions of employees, enhance the business performance and competitiveness of enterprises.
- (3) To cooperate with the company's long-term development and improve the quality of employees, the company plans professional functional training and general training and invites employees to do professional skills sharing courses internally. Through talent training, each employee can achieve the greatest potential.

Professional function training: send personnel to participate in the training of various training institutions according to the professional courses and knowledge required by each department, such as: audit training, accounting training, professional technical training, procurement and inventory management training, patent management training.

Competency training for supervisors: Department supervisors participate in seminars held by government agencies or various associations, such as business management, risk and human management.

General training: fire safety training, labor safety education and training, responsible business alliance code of conduct training, environmental protection issues training.

5.5.3 Retirement System

- (1) In accordance with the provisions of the "Labor Standards Law", the company has established a retirement method with defined benefits, which is applicable to the years of service of all regular employees before the implementation of the "Labor Pension Regulations" on July 1, 2005. Employees who choose to continue to apply the Labor Standards Law after the Labor Pension Regulations" will continue to serve their employees. For employees who meet the retirement conditions, the payment of pension is calculated based on the length of service and the average salary of the 6 months before retirement. Two bases are given for each full year of service within 15 years and each year for more than 15 years of service. One base is given for one full year, but the maximum accumulation is limited to 45 bases. The company allocates 2% of the total salary to the retirement fund monthly and deposits it in a special account in the Trust

Department of the Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee.

- (2) Since July 1, 2005, the company has established a retirement method with certain contributions in accordance with the "Labor Pension Regulations", which is applicable to employees of their own nationalities. The company chooses to apply the part of the labor pension system stipulated in the "Labor Pension Regulations". The company pays 6% of the employee's monthly insured salary to the employee's personal account of the Bureau of Labor Insurance according to the salary grading table monthly. Retirement pension is paid in monthly pension or lump sum pension according to the employee's personal pension account and the amount of accumulated income.

5.5.4 Employee Code of Conduct or Ethics

Regarding the behavior and code of ethics of employees, the company has formulated relevant measures and regulations such as work rules, as a guideline for employee behavior. The main contents are:

- (1) Standardize the duties and organizational functions of each unit.
- (2) Employees must establish good discipline.
- (3) Comply with government laws and regulations.
- (4) Protect the company's assets for effective use.
- (5) The company's confidential business and information should be kept confidential.
- (6) The periodic reports submitted shall be disclosed in a complete, fair, correct, timely and easy-to-understand manner.
- (7) To reward or punish the company's operating profit or loss due to the employee's behavior.
- (8) To formulate assessment standards for assessing employees' work achievements and performance and use them as the basis for salary adjustment and promotion bonus distribution and education and training course arrangement.

The company evaluates employees according to the work responsibilities of various departments, employee attendance management methods, employee reward and punishment management methods, performance appraisal work methods and other regulations. All reward and punishment regulations are well known to employees to abide by, so that employees clearly know the code of conduct and employees are entitled to sufficient salary. When encouraging deeds or admonishing behaviors, rewards and punishments shall be managed in accordance with the above-mentioned regulations.

5.5.5 Protection Measures for Working Environment and Personal Safety of Employees

The company has won the ISO14001 (2015 version) environmental management system certification of the Metal Industry Research and Development Center, ISO45001 (2018 version) occupational safety and health management system certification and LCIE-SNQ IECQ QC080000: 2017 Hazardous Substance Process Management System (HSPM) certification, so in terms of protection and management measures for the working environment and employees' personal safety and health, it has reached the level of regulations.

5.5.6 The agreement between labor and management and various measures to protect the rights and interests of employees

The company attaches significant importance to humanized management and recognizes that labor and capital are integrated to coexist and prosper. In the recent year and as of the publication date of the annual report, there have been no major labor disputes. In the

future, the communication between labor and management will continue to be strengthened and two-way coordination will be adopted in policy promotion and employee feedback to protect the rights and benefits of employees., so that both parties can recognize and understand each other better, eliminate unnecessary disputes, maintain harmony and move towards the common goal of the company.

Losses suffered from labor disputes in the most recent year and up to the date of publication of the annual report (including the violation of the Labor Standards Act by the labor inspection results, the date of punishment, the name of the punishment, the violation of laws and regulations, the content of laws and regulations and the content of punishment) and disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be estimated, it should explain the fact that it cannot be estimated.

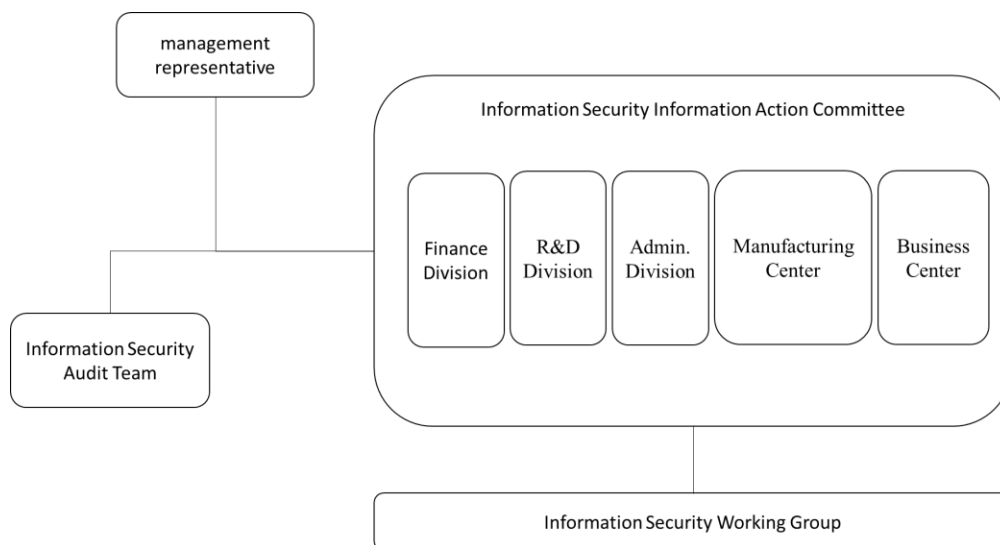
The company recognizes the integration of labor and capital and continues to strengthen the communication between labor and management. In the most recent year and as of the publication date of the annual report, there has been no major labor disputes and losses. Since then, efforts have been made to eliminate the occurrence of disputes and various employee welfare measures have been implemented. It is estimated that there will be no losses in the future.

5.6 Information Security Management

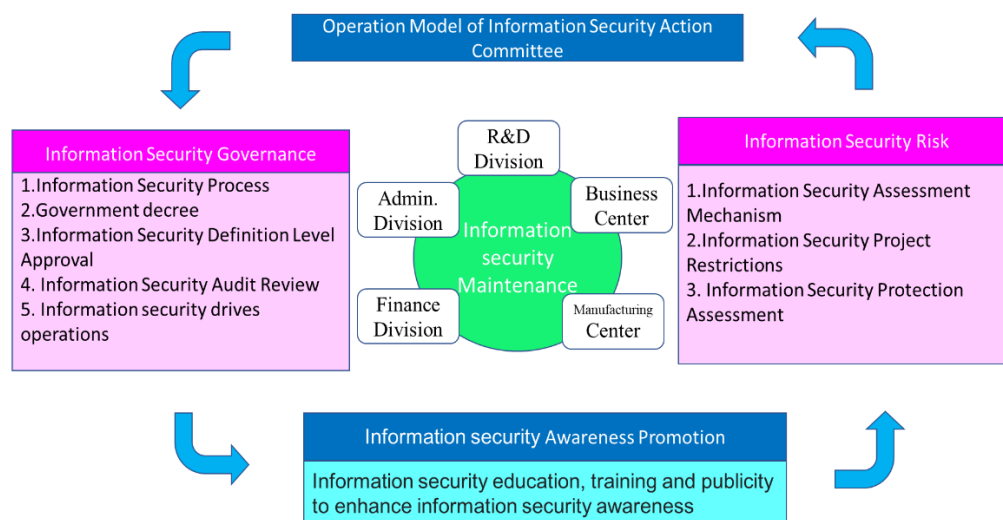
5.6.1 State the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management.

With the advancement of network technology and the increase of information security risks, the information security risks faced by enterprises are increasing day by day. In recent years, there have been frequent domestic and foreign information security incidents. Accuracy and reliability of computer software, hardware and network systems, the company established an information security information project promotion organization on April 22, 2019, with management representative and 7 information security information project committees (including referrals). 1 convener, 1 executive secretary), 2 information security audit team, 8 information security working group, the organization chart and operation mode are as follows:

Information Security Information Project Promotion Organization Chart



Operational Mode of Information Security Information Action Committee



The head of the information unit regularly reports information security management to the board of directors every year.

Information unit revised the "Information Security Management Procedures" on April 25, 2019 and formulated the information security policy as "Information Security is Everyone's Responsibility" to strengthen information security management and ensure data, system, equipment and network security. The term "information security" as mentioned in this policy refers to ensuring the correctness of the company's information processing, the reliability of the computer software, hardware, peripheral and network systems used by operators and ensuring that the above-mentioned resources are protected from interference, damage and intrusion act or attempt. The goal of information security is to ensure the legal access to the company's information and to provide a complete and uninterrupted information system operation. After making prompt and necessary contingency measures, normal operation can be resumed in the

shortest possible time to reduce the possibility of the accident. damage to come. Information security covers the following areas:

- (1) Information Security Responsibilities and Business Responsibilities
- (2) Personnel safety management and information security education and training
- (3) Computer system security management
- (4) Network security
- (5) Access control
- (6) System development and maintenance
- (7) Information asset management
- (8) Physical and environmental safety management
- (9) Operational continuity plan management
- (10) Other information security management matters

The company's information security management policy is to formulate a complete plan with reference to the ISO/IEC 27001 standard, establish high operational continuity management and conduct a complete system disaster recovery plan (ERP, HRM, electronic sign-off) and allocate resolute personnel for information security. Personnel assist the company's operations. The information unit personnel regularly attend external professional institutions for training every year, continue to pay attention to the changing trend of the information environment, perform regular security inspections, conduct regular information security education and training for colleagues and strengthen the company's employees. Information security crisis awareness and information security managing the resilience of personnel.

In addition, the company regularly invests funds related to information security every year to establish a basic protection structure to ensure that enterprise operations are within a safe range. Therefore, the security risk of information communication has not had a significant impact on the company's financial business. At present, the company has invested 6 sets of software and hardware protection measures, including the new fourth-generation security system (with WAF, IPS module), enterprise file encryption system, vulnerability scanning software, asset management software, antivirus software, garbage The mail filtering system does not need to be insured for capital security insurance at this stage after internal assessment. At present, all newly purchased computers are equipped with anti-virus software and the deployment rate has reached more than 99%. In 2021, the information security software MDR will be purchased on the server 7X24 hours to monitor whether there is virus generation and immediately delete it and notify the MIS by mail; the machine equipment is connected to the server Set up different network segments, scan the virus through the intermediary server before uploading; complete the backup and recovery drill of each system in 2020 and 2021; upgrade the server version to avoid information security loopholes and have completed the upgrade services such as: AD server, Mail server.; The old computers of the production line cannot install the anti-virus software part and the anti-virus software is directly scanned by regularly scanning the hard disk.

Shanghai Jarlly was awarded SGS ISO/IEC 27001:2013 Information Security Management System Certification.

5.6.2 List the losses, impacts and countermeasures caused by major information security incidents in the most recent year and as of the date of publication of the annual report. If it cannot be estimated, the facts that cannot be estimated should be stated: the most recent year and the end of the year as of the publication date of the annual report, there is no loss due to major information security incidents, so it is not applicable.

5.7 Important Contracts

The company has signed relevant supply and sales contracts and engineering contracts with customers and manufacturers, but the above-mentioned contracts have no content that is sufficient to affect shareholders' rights and interests

Contractual nature	Party	Contract start and end date	Main content	Restrictions
Short-term loan	South China Bank	2021/12/03~2022/03/03	Operating Turnover	secured loan
Short-term loan	South China Bank	2021/12/06~2022/03/04	Operating Turnover	secured loan
Short-term loan	China Trust	2021/12/30~2022/03/30	Operating Turnover	No guarantee
Short-term loan	Yushan Bank	2021/11/18~2022/02/18	Operating Turnover	No guarantee
Short-term loan	Changhua Bank	2021/06/25~2022/05/31	Operating Turnover	No guarantee
Short-term loan	KGI Bank	2021/12/02~2023/12/02	Operating Turnover	No guarantee
Short-term loan	Yuanta Bank	2021/05/24~2022/05/23	Operating Turnover	No guarantee
Medium and long-term loans	South China Bank	2019/12/30~2024/12/30	Operating Turnover	No guarantee
Medium and long-term loans	Taiwan SME Bank	2020/11/06~2023/11/06	Operating Turnover	secured loan
Long term loan	Changhua Bank	2019/12/11~2029/11/15	Operating Turnover	secured loan
Medium and long-term loans	Changhua Bank	2019/07/10~2024/07/10	Operating Turnover	secured loan
Long term loan	Yushan Bank	2019/12/18~2024/12/15	Operating Turnover	No guarantee
Medium and long-term loans	Yuanta Bank	2020/05/18~2022/05/18	Operating Turnover	No guarantee
Medium and long-term loans	KGI Bank	2021/12/02~2023/12/02	Operating Turnover	No guarantee

6. Financial Information

6.1 Disclosure of Important Financial Information

6.1.1 Five-Year Financial Information Summary

(1) Condensed Balance Sheet (Consolidated)

Unit: NT\$ thousand

		Financial information for the last five years					By 2022 March 31 Financial Information
		2017	2018	2019	2020	2021	
Current assets		4,292,543	4,719,796	4,174,543	5,161,731	6,087,142	6,631,667
Property, plant and equipment (Note 2)		1,219,101	1,312,409	1,939,992	2,226,593	2,412,499	2,529,130
Intangible assets		12,839	15,963	18,218	16,671	21,821	20,248
Other assets (Note 2)		67,032	83,331	68,866	109,198	107,424	105,483
Total assets		5,934,012	6,351,455	6,616,059	7,908,137	9,048,481	9,731,373
Current liabilities	Before assignment	2,238,956	2,380,003	2,135,292	3,149,254	4,258,075	4,686,881
	After assignment	2,420,610	2,650,549	2,285,595	3,299,557	(Note 4)	(Note 4)
Non-current liabilities		105,745	171,617	573,323	647,403	660,918	663,287
Total liabilities	Before assignment	2,344,701	2,551,620	2,708,615	3,796,657	4,918,993	5,350,168
	After assignment	2,526,355	2,822,166	2,858,918	3,946,960	(Note 4)	(Note 4)
Equity attributable to owners of parent company		3,580,318	3,799,835	3,907,444	4,111,480	4,129,488	4,381,205
Share capital		605,514	601,214	601,214	601,214	601,214	601,214
Capital reserve		1,339,375	1,334,534	1,334,534	1,334,534	1,334,534	1,334,534
Reserve Surplus	Before assignment	1,587,189	1,836,456	2,021,932	2,177,024	2,270,225	2,433,309
	After assignment	1,405,535	1,565,910	1,871,629	2,026,721	(Note 4)	(Note 4)
Other rights		57,381	27,631	(50,236)	(1,292)	(76,485)	12,148
Treasury stock		(9,141)	0	0	0	0	0
Non-controlling interests		8,993	0	0	0	0	0
Rights and interests Lump sum	Before assignment	3,589,311	3,799,835	3,907,444	4,111,480	4,129,488	4,381,205
	After assignment	3,407,657	3,529,289	3,757,141	3,961,177	(Note 4)	(Note 4)

Note 1: The 2017 financial information was verified and approved by K PMG, Accountants Wang Qingsong and Yang Shuzhi; the financial information for 2018~2020 was verified and approved by KPMG, Hsu, Ming Fang and Wang Qingsong.

The 2021 financial information has been verified and certified by accountants K PMG, Hsu, Ming Fang and accountants Chuang, Chun Wei.

The financial information for the first quarter of 2022 has been reviewed by accountants K PMG, Hsu, Ming Fang, accountants Chuang, Chun Wei.

Note 2: Assets revaluation and appreciation have not been processed.

Note 3: The above figures after distribution are filled in according to the resolutions of the shareholders' meeting in the following year.

Note 4: The Company's 2021 earnings distribution proposal has been approved by the board of directors but has not yet been resolved by the shareholders' meeting.

(2) Condensed Individual Balance Sheet

Unit: NT\$ thousand

		Financial information for the last five years				
		2017	2018	2019	2020	2021
Current assets		1,845,606	1,658,183	1,178,893	1,849,999	2,489,026
Property, plant and equipment (Note 2)		764,105	885,092	1,510,180	1,609,766	1,533,493
Intangible assets		5,024	7,597	8,827	8,842	10,746
Other assets (Note 2)		15,864	21,375	21,959	58,021	49,496
Total assets		4,607,195	4,722,633	5,213,567	6,301,972	6,928,238
Current liabilities	Before assignment	922,380	755,012	829,054	1,600,687	2,164,391
	After assignment	1,104,034	1,025,558	979,357	1,750,990	(Note 4)
Non-current liabilities		104,497	167,786	477,069	589,805	634,359
Total liabilities	Before assignment	1,026,877	922,798	1,306,123	2,190,492	2,798,750
	After assignment	1,208,531	1,193,344	1,456,426	2,340,795	(Note 4)
Equity attributable to owners of parent company		-	-	-	-	-
Share capital		605,514	601,214	601,214	601,214	601,214
Capital reserve		1,339,375	1,334,534	1,334,534	1,334,534	1,334,534
Reserve Surplus	Before assignment	1,587,189	1,836,456	2,021,932	2,177,024	2,270,225
	After assignment	1,405,535	1,565,910	1,871,629	2,026,721	(Note 4)
Other rights		57,381	27,631	(50,236)	(1,292)	(76,485)
Treasury stock		(9,141)	0	0	0	0
Non-controlling interests		-	-	-	-	-
Rights and interests Lump sum	Before assignment	3,580,318	3,799,835	3,907,444	4,111,480	4,129,488
	After assignment	3,398,664	3,529,289	3,757,141	3,961,177	(Note 4)

Note 1: The 2017 financial information was verified and approved by K PMG, Accountants Wang Qingsong and Yang Shuzhi; the 2018-2020 financial information was verified and approved by K PMG, Hsu, Ming Fang and Wang Qingsong; the 2021 financial information was verified by Accountants K PMG, Hsu, Ming Fang, Chuang, Chun Wei verified the certified; the financial information for the first quarter of 2022 was reviewed by accountants K PMG, Hsu, Ming Fang, Chuang, Chun Wei.

Note 2: Assets revaluation and appreciation have not been processed.

Note 3: The above figures after distribution are filled in according to the resolutions of the shareholders' meeting in the following year.

Note 4: The Company's 2021 earnings distribution proposal has been approved by the board of directors but has not yet been resolved by the shareholders' meeting.

(3) Condensed Consolidated Income Statement

Unit: NT\$ thousand

	Financial information for the last five years					By 2022 March 31 Financial Information
	2017	2018	2019	2020	2021	
Operating Income	5,472,828	5,775,584	5,763,574	5,546,230	7,446,666	2,232,349
Operating Profit	1,250,287	1,117,145	1,293,327	1,127,270	1,228,725	466,711
Operating Profit and Loss	534,816	434,580	516,313	309,010	229,951	202,705
Non-operating income and expenses	(67,642)	193,215	100,906	59,207	59,071	39,751
Net profit before tax	467,174	627,795	617,219	368,217	289,022	242,456
Continuing business unit Net profit for the current period	333,538	449,249	464,690	302,684	247,795	163,084
Loss of closed units	0	0	0	0	0	0
Net profit (loss) for the current period	333,538	449,249	464,690	302,684	247,795	163,084
Other comprehensive gains and losses for the current period (Net after tax)	(5,998)	(33,067)	(86,535)	51,655	(79,484)	88,633
Total comprehensive profit and loss for the current period	327,540	416,182	378,155	354,339	168,311	251,717
Net profit attributable to Parent company owner	350,351	447,413	464,690	302,684	247,795	163,084
Net profit attributable to non-controlling interests	(16,813)	1,836	0	0	0	0
Total comprehensive profit and loss attributable to owners of parent company	344,353	414,346	378,155	354,339	168,311	251,717
Total comprehensive profit or loss attributable to non-controlling interests	(16,813)	1,836	0	0	0	0
EPS	5.83	7.44	7.73	5.03	4.12	2.71

Note 1: The 2018 financial information has been verified and approved by K PMG, Accountants Wang Qingsong and Yang Shuzhi; the financial information of 2018~2020 has been verified and approved by K PMG, Hsu, Ming Fang and Wang Qingsong.

The 2020 annual financial information was certified by K PMG, Hsu, Ming Fang, Chuang, Chun Wei.

The financial information for the first quarter of 2022 has been reviewed by accountants K PMG, Hsu, Ming Fang, accountants Chuang, Chun Wei.

Note 2: Losses from discontinued units are presented on a net basis after deducting income tax.

(4) Condensed Individual Comprehensive Income Statement

Unit: NT\$ thousand

	Financial information for the last five years				
	2017	2018	2019	2020	2021
Operating Income	1,872,973	1,614,897	1,299,796	1,920,084	3,551,941
Operating Profit	595,565	469,004	317,445	259,444	556,125
Operating Profit and Loss	273,205	180,018	(38,268)	(137,017)	26,108
Non-Operating Income and Expenses	159,250	384,698	547,312	413,369	213,429
Net Profit Before Tax	432,455	564,716	509,044	276,352	239,537
Continuing Business Unit Net Profit for The Current Period	350,351	447,413	464,690	302,684	247,795
Loss Of Closed Units	0	0	0	0	0
Net Profit (Loss) for the Current Period	350,351	447,413	464,690	302,684	247,795
Other Comprehensive Gains and Losses for The Current Period (Net After Tax)	(5,997)	(33,067)	(86,535)	51,655	(79,484)
Total Comprehensive Profit and Loss for The Current Period	344,354	414,346	378,155	354,339	168,311
Net Profit Attributable To Parent Company Owner	-	-	-	-	-
Net Profit Attributable to Non-Controlling Interests	-	-	-	-	-
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	-	-	-	-	-
Total Comprehensive Profit or Loss Attributable to Non-Controlling Interests	-	-	-	-	-
EPS	5.83	7.44	7.73	5.03	4.12

Note 1: The 2017 financial information was verified and certified by K PMG, Accountant Wang Qingsong and Accountant Yang Shuzhi.

The financial information for 2018~2020 was verified and approved by accountants K PMG, Hsu, Ming Fang and Wang Qingsong; the financial information for 2021 was verified and approved by accountants K PMG, Hsu, Ming Fang, Chuang, Chun Wei; The financial information for the first quarter of 2022 has been reviewed by accountants K PMG, Hsu, Ming Fang, accountants Chuang, Chun Wei.

Note 2: Losses from discontinued units are presented on a net basis after deducting income tax.

6.1.2 Names and audit opinions of Certified Public Accountants for the last five years

	Firm	Name	Remark
2017	KPMG	Wang Qingsong, Yang Shuzhi	None
2018	KPMG	Hsu, Ming Fang, Wang Qingsong	None
2019	KPMG	Hsu, Ming Fang, Wang Qingsong	None
2020	KPMG	Hsu, Ming Fang, Wang Qingsong	None
2021	KPMG	Hsu, Ming Fang, Chuang, Chun Wei	None

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

		Financial analysis for the last five years					End of 2022 Until March 31st
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt to Assets Ratio	39.51	40.17	40.94	48.01	54.36	54.98
	Long-Term Funding as A Ratio of Property, Plant and Equipment	303.10	302.61	230.97	213.73	198.57	199.46
Solvency %	Current Ratio	191.72	198.31	195.50	163.90	142.96	141.49
	Quick Ratio	166.28	171.07	163.75	140.62	121.30	120.79
	Interest Coverage Ratio	201.25	248.65	78.03	36.52	25.41	70.19
Management Capacity	Accounts Receivable Turnover Rate (Times)	2.94	2.80	2.70	2.56	2.70	2.80
	Average Days of Receipt	124.15	130.36	135.19	142.58	135.19	130.36
	Inventory Turnover Rate (Times)	8.87	9.47	8.38	7.74	8.84	8.49
	Payables Turnover Rate (Times)	3.31	3.29	3.12	2.95	3.15	2.73
	Average Days on Sale	41.15	38.54	43.56	47.16	41.29	42.99
	Real Estate, Plant and Equipment Turnover (Times)	3.98	4.56	3.54	2.66	3.21	3.61
	Total Asset Turnover Rate (Times)	0.93	0.94	0.89	0.76	0.88	0.95
Profitability	Return On Assets (%)	5.73	7.35	7.27	4.28	3.03	7.07
	Return On Equity (%)	9.44	12.16	12.06	7.55	6.01	15.33
	Before Tax to Paid -In Capital (%) (Note 7)	77.15	104.42	102.66	61.25	48.07	161.31
	Net Profit Rate (%)	6.09	7.78	8.06	5.46	3.33	7.31
	Earnings Per Share	5.83	7.44	7.73	5.03	4.12	2.71
Cash Flow	Cash Flow Ratio (%)	24.90	10.99	34.60	18.62	9.08	10.23
	Cash Flow Fair Ratio (%)	106.13	92.21	108.16	106.96	79.27	77.80
	Cash Reinvestment Ratio (%)	8.14	1.73	9.30	7.95	4.16	6.03
Leverage	Operating Leverage	1.36	1.61	1.48	1.82	2.24	1.39
	Financial Leverage	1.00	1.01	1.02	1.03	1.05	1.02

Please explain the reasons for the changes in financial ratios in the last two years. (If the increase or decrease is less than 20 %, the analysis can be exempted)

1. The decrease in interest coverage ratio is due to the decrease in net profit before tax in 2021.
2. The increase in the turnover rate of real estate, plant and equipment is due to the increase in revenue in 2021.
3. The decrease in the return on assets, the decrease in the return on equity, the decrease in the ratio of net profit before tax to paid-in capital, the decrease in net profit ratio and the decrease in earnings per share are due to the decrease in net profit before tax and net profit after tax in 2021.
4. The decrease in cash flow ratio and fair cash flow ratio is due to the decrease in net cash inflow from operating activities in 2021 compared with 2020.
5. The increase in operating leverage is due to the increase in operating income in 2021 compared to 2020.

Note 1: The 2017 financial information was verified and approved by K PMG, Accountants Wang Qingsong and Yang Shuzhi; the financial information for 2018~2020 was verified and approved by K PMG, Hsu, Ming Fang and Wang Qingsong.

The 2021 financial information has been verified and certified by accountants K PMG, Hsu, Ming Fang and Wang Qingsong.

The financial information for the first quarter of 2022 has been reviewed by accountants K PMG, Hsu, Ming Fang, accountants Chuang, Chun Wei.

Note 2: Although the annual net cash from operating activities is the inflow, but after deducting the cash dividend distribution, it is the outflow, so it is a negative value.

Note 3: At the end of the annual report, the following calculation formula should be listed.

6.2.2 Individual Financial Analysis

		Financial Analysis for the Last Five Years				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt to assets ratio	22.29	19.54	34.76	34.76	40.40
	Long-Term Funding a Ratio of Property, Plant and Equipment	482.24	448.27	292.05	292.05	310.65
Solvency%	Current Ratio	200.09	219.62	115.58	115.58	115
	Quick Ratio	177.24	198.89	105.36	105.36	102.99
	Interest Coverage Ratio	943.17	1,609.88	56.00	56.00	42.87
Management Capacity	Accounts Receivable Turnover Rate (Times)	3.72	3.02	2.90	2.90	2.98
	Average Days of Receipt	98.12	120.86	125.86	125.86	122.48
	Inventory Turnover Rate (Times)	6.01	6.43	9.95	9.95	16.47
	Payables Turnover Rate (Times)	2.83	3.13	2.97	2.97	3.08
	Average Days on Sale	60.73	56.77	36.68	36.68	22.16
	Real Estate, Plant and Equipment Turnover (Times)	2.05	1.96	1.23	1.23	2.26
	Total Asset Turnover Rate (Times)	0.41	0.35	0.33	0.33	0.54
Profitability	Return On Assets (%)	7.66	9.60	5.33	5.33	3.82
	Return On Equity (%)	9.97	12.12	7.55	7.55	6.01
	Before Tax to Paid -In Capital (%) (Note 6)	71.42	93.93	45.97	45.97	39.84
	Net Profit Rate (%)	18.71	27.71	15.76	15.76	6.98
	Earnings Per Share	5.83	7.44	5.03	5.03	4.12
Cash Flow	Cash Flow Ratio (%)	6.29	27.41	2.74	2.74	13.84
	Cash Flow Fair Ratio (%)	83.44	67.89	45.20	45.20	32.28
	Cash Reinvestment Ratio (%)	- (Note 2)	0.58	- (Note 2)	- (Note 2)	2.75
Leverage	Operating Leverage	1.247	1.506	0.030	0.030	5.93
	Financial Leverage	1.00	1.00	0.96	0.96	1.28
Please explain the reasons for the changes in financial ratios in the last two years. (If the increase or decrease is less than 20 %, the analysis can be exempted)						
1. The decrease in interest coverage ratio is due to the decrease in net profit before tax in 2021.						
2. The increase in the inventory turnover rate was due to the increase in the cost of goods sold due to the increase in the price of raw materials in 2021.						
3. The increase in the turnover rate of real estate, plant and equipment and the total asset turnover rate was due to the increase in net sales.						
4. The decrease in return on assets, return on equity and net profit rate is due to the decrease in after-tax net profit in 2021.						
5. The increase in cash flow ratio is due to the increase in net cash flow from operating activities in 2021 compared with the previous year.						
6. The decrease in the fair cash flow ratio was due to the decrease in the total net cash flow from operating activities in the last five years.						
7. The increase in operating leverage and financial leverage was due to the increase in operating net profit in 2021.						

Note 1: The 2017 financial information was verified and approved by KPMG accountants Wang Qingsong and Yang Shuzhi; the 2018-2020 financial information was verified and approved by KPMG, Hsu, Ming Fang and Wang Qingsong; the 2021 financial information was verified by KPMG, Hsu, Accountants Ming Fang, Accountants Chuang, Chun Wei checked the certified; the financial information for the first quarter of 2022 was reviewed by Accountants KPMG, Hsu, Ming Fang, Accountants Chuang, Chun Wei.

Note 2: Although the net cash from operating activities for the year is the inflow amount, it is the outflow amount after deducting the amount of cash dividends.

Note 3: The operating net loss occurred in the current year, so it is a negative value.

Note 4: At the end of the annual report, the following calculation formula should be listed:

1. Financial structure

(1) The ratio of liabilities to assets = total liabilities/total assets.

(2) Ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.

2. Solvency

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense for the current period.

3. Operational ability

- (1) Turnover rate of accounts receivable (including accounts receivable and bills receivable arising from business operations) = net sales/average receivables in each period (including accounts receivable and bills receivable arising from business operations) Receivables) balance.
- (2) The average number of days for collection = 365/receivables turnover rate.
- (3) Inventory turnover ratio = cost of goods sold/average inventory.
- (4) Accounts payable (including accounts payable and bills payable arising from business operations) turnover ratio = cost of goods sold / balance of average payables (including accounts payable and bills payable arising from business operations) in each period.
- (5) Average days of sales = 365/inventory turnover rate.
- (6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.
- (7) Turnover rate of total assets = net sales/total average assets.

4. Profitability

- (1) Return on assets = [after-tax profit and loss + interest expense \times (1-tax rate)]/average total assets.
- (2) Rate of return on equity = profit and loss after tax/total average equity.
- (3) Net profit ratio = after-tax profit and loss/net sales.
- (4) Earnings per share = (Profits and losses attributable to owners of the parent company - dividends on special shares)/weighted average number of issued shares. (Note 3)

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Permissible ratio of net cash flow = net cash flow from operating activities in the last five years / (capital expenditure + increase in inventory + cash dividends) in the last five years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 4)

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit (Note 5).
- (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 5: The calculation formula of earnings per share should pay special attention to the following matters when measuring:

1. Based on the weighted average number of ordinary shares, not the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated considering its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share for previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred stock is of a non-cumulative nature, if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 6: Cash flow analysis should pay special attention to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total property, plant and equipment before accumulated depreciation.

Note 7: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, they should pay attention to their rationality and maintain consistency.

Note 8: If the shares of the company have no par value or the denomination per share is not NT\$10, the ratio of the paid - in capital stated in the preceding paragraph will be calculated based on the equity ratio attributable to the owners of the parent company on the balance sheet.

6.3 Supervisors' or Audit Committee's Report in the Most Recent Year

Please refer to p.117.

6.4 Consolidated Financial Statements for the Most Recent Year (certified by Independent Auditors)

Please refer to p.118-184.

6.5 Standalone Financial Statements for the Most Recent Year (certified by Independent Auditors):

Please refer to p.185-257.

6.6 Financial Difficulties for the Company and its Affiliates during the most recent year until the publication of this annual report

None.

7. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT \$ thousand

	2020	2021	Difference	Different
			Amount	%
Current assets	5,161,731	6,087,142	925,411	17.93
Property, Plant and Equipment	2,226,593	2,412,499	185,906	8.35
Intangible assets	16,671	21,821	5,150	30.89
Other assets	109,198	107,424	(1,774)	(1.62)
Total assets	7,908,137	9,048,481	1,140,344	14.42
Current liabilities	3,149,254	4,258,075	1,108,821	35.21
Non-current liabilities	647,403	660,918	13,515	2.09
Total liabilities	3,796,657	4,918,993	1,122,336	29.56
Share capital	601,214	601,214	0	0.00
Capital reserve	1,334,534	1,334,534	0	0.00
Retained surplus	2,177,024	2,270,225	93,201	4.28
Other rights	(1,292)	(76,485)	(75,193)	5,819.89
Equity attributable to owners of parent company	4,111,480	4,129,488	18,008	0.44
Non-controlling interests	0	0	0	0.00
Total equity	4,111,480	4,129,488	18,008	0.44

The main reasons for the major changes in the company's assets, liabilities and equity in the last two years (the changes in the previous and later periods are more than 20% and the number of changes is NT\$10 million), the main reasons and the impact and future response plans:

(1) Increase in intangible assets:

An increase of \$5,150,000 in 2021 compared with 2020, due to the increase in software purchases in 2021.

(2) Increase in current liabilities:

Current liabilities in 2021 increased by RMB 1,108,821,000 compared with 2020, due to the increase in accounts payable and borrowings in 2021.

(3) Decrease in other equity:

The decrease in 2021 of RMB 75,193,000 compared with that in 2020, due to the decrease in the exchange difference on the translation of the financial statements of foreign operating agencies in 2021 compared with 2020 and the unrealized profit and loss of financial assets measured at fair value through other comprehensive profit and loss compared with 2020 year-to-year decrease.

7.2 Financial Performance

7.2.1 Analysis of financial performance

Unit: NT \$ thousand

	2020	2021	Difference	
			Amount	Ratio (%)
Operating income	5,546,230	7,446,666	1,900,436	34.27
Operating cost	(4,418,960)	(6,217,941)	(1,798,981)	40.71
Operating profit	1,127,270	1,228,725	101,455	9.00
Operating expenses	(818,260)	(998,774)	(180,514)	22.06
Net operating profit	309,010	229,951	(79,059)	(25.58)
Non-operating income and expenses	59,207	59,071	(136)	(0.23)
Net profit before tax	368,217	289,022	(79,195)	(21.51)
Income tax expense	(65,533)	(41,227)	24,306	(37.09)
Net profit for the current period	302,684	247,795	(54,889)	(18.13)
Other comprehensive gains and losses	51,655	(79,484)	(131,139)	(253.87)
Total comprehensive profit and loss for the current period	354,339	168,311	(186,028)	(52.50)

7.2.2 Analysis and explanation of the change in the increase and decrease ratio in the last two years:

- (1) Increase in operating income: Due to the impact of the epidemic, the global shipments of notebooks and LCD increased and the strong demand in the industry led to an increase in revenue.
- (2) Increase in operating costs: due to strong demand in the industry and an increase in raw materials.
- (3) Increase in operating expenses: due to the increase in sales - product testing expenses, management - pension expenses, research and development - miscellaneous purchase expenses.
- (4) Decrease in net operating profit: due to the increase in operating expenses in 2021.
- (5) Decrease in net profit before tax, decrease in income tax expense and decrease in net profit for the current period: due to the decrease in net profit before tax due to the increase in operating expenses and the decrease in income tax expense and the decrease in net profit for the current period.

7.2.3 The expected sales volume in the next year and its basis, the possible impact on the company's future financial business and its response plan

In the first quarter of 2022, the global political and economic situation continued to be turbulent. The Russian-Ukrainian war, the closure of Shanghai and inflation all added a variable to the future economic prospects., conservatively look at sales in 2022; since the company has no public financial forecast, it does not explain the expected sales volume and its basis.

7.3 Analysis of Cash Flow

7.3.1 Analysis and explanation of changes in cash flow in recent years

Unit: NT\$ thousand

Title	Cash Flow		Change	
	2020	2021	Amount	%
Business Activities	586,333	386,691	(199,642)	(34.05)
Investment Activity	(456,473)	(556,988)	(100,515)	22.02
Fund Raising	433,856	80,494	(353,362)	(81.45)
Analysis of the change in the increase or decrease ratio: 1. The decrease in net cash inflow from operating activities was due to the decrease in net profit before tax and the increase in accounts receivable and inventories in the current period. 2. The increase in net cash outflow from investing activities was due to the increase in the right-of-use assets obtained in the current period. 3. The decrease in net cash inflow from financing activities was due to the increase in repayment of long-term borrowings in the current period.				

7.3.2 Improvement plan for insufficient liquidity: N/A

7.3.3 Analysis of cash flow in the coming year

Unit: NT\$ thousand

Beginning cash Balance	Year-round from business activities Net cash flow	Net cash flow from other activities for the full year	Cash surplus (insufficient) amount	Remedies for insufficient cash	
				Investment plan	Fundraising plan
1,887,924	10,297,487	(12,434,032)	(248,621)	—	cash capital increase
1. Analysis of cash flow situation in the next year (1) Operating activities: the net cash inflow of cash flow from operating activities is due to the superior performance and continuous profit of the Company. (2) Investing activities: To increase the purchase of machinery and equipment in response to production capacity needs, it is a net cash outflow. (3) Financing activities: due to the distribution of cash dividends and the expected repayment of bank loans and cash capital increase, it is a net cash inflow. 2. Remedial measures and liquidity analysis for the expected cash shortfall: In 2022, the company has completed the issuance of new shares through cash capital increase and the first domestic unsecured conversion of corporate bonds.					

7.4 The impact of major capital expenditures on financial business in the most recent year

7.4.1 Application of major capital expenditures and sources of funds

Unit: NT\$ thousand

Plan project	Actual or expected Sources of funds	Actual or Expected Completion Date	Required capital	Scheduled Case
				2022
Purchase machinery and equipment	own funds and Bank loan	December 2022	267,732	267,732

7.4.2 Expected to generate benefits

We invest a total of RMB 267,732,000 to purchase machinery and equipment, for the expansion of production capacity to cope with future market expansion.

7.5 Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plan and investment plan for the next year

7.5.1 Reinvestment policy

The company focuses on long-term holding and reinvests in the mainland, Thailand and Vietnam through third places to set up production bases and set up service bases in Singapore to deploy overseas markets, establish a complete supply chain, serve customers nearby and strive for a wider range of products. market and strengthen the overall competitiveness. From time to time, the company assigns financial and audit personnel to the subsidiary to understand the actual operation and operation status and to check the implementation of internal control operations and report to the parent company to implement control.

7.5.2 Profits or losses from reinvestment December 31, 2021

Unit: NT\$ thousand

Reinvestment business	Invest amount	Main reason for profit or loss			Remark
		This period profit and loss	Listed in this issue investment profit and loss	Description	
Great Hinge Trading Ltd.	318	(13,082)	(13,082)	Holding company for reinvestment of Main Source Logistic Ltd. and its Vietnamese subsidiary.	N/ A
Smart Hinge Holdings Ltd.	750,588	37,211	38,457	The main reason is that the profit of the mainland subsidiary has resulted in the recognition of interests in its holding investment.	N/ A
Jarson Precision Technology Co., Ltd.	134,076	64,897	66,129	Due to the increase in revenue and proper cost control.	N/ A
Jarlllytec USA, LLC	2,959	(1,684)	(1,684)	This company has no transactions at present and has been deregistered at the end of 2021.	N/ A
Jarwin Investment Co., Ltd.	50,000	7,169	7,169	It is a general investment company, due to the difference between the purchase cost of securities held at the end of the period and the market price evaluation.	N/ A
Jarlllytec (Singapore) PTE.Ltd.	423	(381)	(381)	This company does not manufacture and sell but serves customer needs.	N/ A
Main Source Logistic Ltd.	-	(2,841)	(2,841)	This overseas company has no transactions at present and has been dissolved and liquidated in September 2021.	N/ A
Jarlllytec (Vietnam) Co., Ltd.	166,723	(1,225)	(1,225)	The main reason is that it is currently in the initial stage of preparation and has no revenue, resulting in losses.	N/ A
Royal Jarlly Holding Ltd.	750,588	37,189	37,189	Due to the profit of the mainland subsidiary, which led to the recognition of interests in its holding investment.	N/ A
Jarlllytec (Thailand) Co., Ltd.	149,229	273	273	The company is currently in the initial stages of preparation.	N/ A
Shanghai Jarlly	261,462	(22,487)	(22,487)	It is due to the development of new products and the initial investment in research and development costs is large.	N/ A
Fu-Qing Jarlly	240,658	28,815	28,815	Stable operation and continuous profit.	N/ A
Dong Guan Jarlly	81,466	2,277	2,277	Stable operation and continuous profit.	N/ A
Kunshan Jarlly	71,906	11,703	11,703	Stable operation and continuous profit.	N/ A
Jarlly Electronic Shanghai	473,450	5,079	5,079	Stable operation and continuous profit.	N/ A
Xiamen Jarlly	43,801	19,195	19,195	Stable operation and continuous profit.	N/ A
Chongqing Jarlly	61,722	(8,234)	(8,234)	The main department revenue decreased, resulting in losses.	N/ A

7.5.3 Investment plan for the next year: None

7.6 Analysis of Risk Management

7.6.1 The impact of interest rate, exchange rate changes and inflation on the company's profit and loss and future countermeasures

(1) Interest rate changes and interest expenses

Unit: NT\$ thousand

	2021	As of March 30, 2022
Interest Income	6,841	2,500
Interest Expense	11,838	3,504
Operating Income	7,446,666	2,232,349
Net profit before tax	289,022	242,456
(Interest Expense - Interest income)/operating income	0.07%	0.04%
(Interest Expense - Interest income)/net profit before tax	1.73%	0.41%

The company's current floating rate assets are bank deposits and floating rate liabilities are long-term and short-term loans. At present, the proportion of the company's loan amount is not high and the working capital is sufficient. There is a large flexibility in financial operations to cope with the risk of interest rate changes. The cash flow risk arising from changes is immaterial.

Policies and Responses:

- A. In terms of interest rate, the company refers to the research reports of domestic and foreign economic research institutions and banks to grasp the future trend of interest rates and maintain a smooth communication channel with the correspondent banks to obtain favorable loan conditions.
- B. Improve the company's financial planning and effectively use various financial tools to reduce the risk of interest rate changes.
- C. In the future, the company will still be based on the principle of conservative and prudent, considering the safety and reasonable income and the idle funds of the company will be deposited in financial institutions with good credit.

(2) Foreign exchange gains and losses

Unit: NT\$ thousand

	2021	As of March 30, 2022
Net foreign exchange gains (losses)	(45,637)	28,268
Operating income	7,446,666	2,232,349
Net profit before tax	289,022	242,456
Net foreign exchange gains (losses)/operating income	(0.61%)	1.27%
Net foreign exchange (loss)/net profit before tax	(15.79%)	11.66%

The Group's operating income is denominated in US dollars for export revenue and exchange rate changes affect sales revenue and gross profit. At present, the Group adopts natural hedging measures and has reached an agreement with the top raw material suppliers. The payment for goods is in US dollars to reduce the impact of exchange rate fluctuations on the company. The balance of financial assets of the Group after offsetting financial assets and financial liabilities in 2021 is \$1,865,054, (USD67,379,000). If the New Taiwan dollar depreciates or appreciates by 5% against the US dollar, the pre-tax net profit of the Group will increase or decrease by approximately \$93,253,000.

Policies and Responses:

- A. The company collects information on exchange rate changes at any time, judges the situation of exchange rate changes and takes hedging operations in a timely manner to avoid the risk of exchange rate changes and reduce the adverse impact of exchange rate changes on the company's profit and loss.
 - B. For the foreign exchange positions held, the company will refer to the professional consulting services provided by various financial institutions, fully control the exchange rate trend and determine the favorable time to convert Taiwan dollars depending on the actual capital needs.
 - C. The company will adopt the operation strategy of derivative financial products with the nature of hedging, such as options, pre-purchase forward foreign exchange (Forward), to avoid relevant exchange rate risks according to the changes in the foreign exchange market and the demand for foreign exchange funds., to minimize the impact of exchange rate changes on the company's profit and loss.
- (3) The impact of inflation on the company's profit and loss and future countermeasures
- The purchase amount of the Group in 2021 is RMB 4,591,228,000. If the inflation rate increases by 1%, the purchase cost of the Company will increase by RMB 45,912,000.

Policies and Responses:

The company pays attention to the changing trend of international raw material prices at any time and maintains a good cooperative relationship with raw material suppliers to reduce the impact of rising raw material prices. At the same time, the company also continues to achieve the goal of cost reduction through product and process improvement or cost transfer.

7.6.2 Main reasons for profit or loss and future countermeasures for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees and derivatives transactions in the most recent year

(1) Engage in high-risk, high-leverage investment situations

Based on the principle of prudence and pragmatic business philosophy, the company has not engaged in any high-risk, high-leverage investment except for focusing on long-term investment in the company's related businesses.

(2) Fund loan to others

2021 and as of the date of publication of the annual report, the Group has funds loaned to others. The parent company has, with the approval of the board of directors, lent funds to manufacturers and subsidiaries that need short-term financing; and engage in capital lending due to the necessity of financing.

(3) Endorsement guarantees for others

In 2021 and as of the date of publication of the annual report, the Group has endorsed guarantees for others. As of the date of publication of the annual reports in 2021 and 2022, the parent company has endorsed and guaranteed the investee companies evaluated by the equity method as approved by the board of directors.

(4) Engaging in Derivative Commodities Transactions

The Group has not engaged in derivatives trading in 2021 and up to the date of publication of the annual report.

The Group's capital lending to others and endorsement guarantees are managed in accordance with the policies and corresponding measures set by the parent company's "Funds Lending and Endorsement and Guarantee Procedures" and the parent company's subsidiary "Funds Lending to Others and Endorsements and Guarantee Procedures." In the future, it will still strictly follow the relevant regulations to protect the best interests of the company.

7.6.3 Future R&D plans and estimated R&D expenses

The company has been actively developing new products and committed to innovative technologies as the goal. The new products currently expected to be developed are mainly innovative portable notebook hinge technology development plans, innovative flexible screen notebook hinge technology development plans, new generation Technology development plan for adjustable load screen lifting device, technology development plan for evolutionary flexible screen inner-folding water drop hinge technology, innovation flexible screen inner-folding horseshoe-shaped hinge technology development plan, innovative multi-directional screen camera hinge technology research program.

For a variety of supporting new products, the prototype, verification and patent application layout of the design side have been completed and the market promotion has been conducted, which has been affirmed by customers. Therefore, the recent R&D plan is for further joint system design and verification with customers, including the testing and verification of mold parts, fixtures required for automated production processes and products, in preparation for smooth mass production. It is estimated that about NT\$143,000,000 will be invested in research and development related to manpower, time and equipment in 2022.

Recent annual R&D plan	Current progress	Estimated amount of R&D expenses	Estimated time to complete mass production	The main factors affecting the success of R&D in the future
Innovative Portable Laptop Hinge Technology Development Program	Mold opening verification	23,000,000	December 2022	Mechanism design, process technology
Innovative flexible screen notebook hinge technology development plan	Mold opening verification	27,000,000	December 2022	Mechanism design, process technology
Technology development plan of a new generation of adjustable load-type screen lifting device	Open mold trial production	20,000,000	December 2022	Mechanism design, process technology
Evolutionary flexible screen folding water drop hinge technology development plan	Design verification in progress	29,000,000	December 2022	Mechanism design, process technology

Innovative flexible screen folding horseshoe hinge technology development plan	Design verification in progress	27,000,000	December 2022	Mechanism design, process technology
Innovative multi-directional screen camera hinge technology research project	Open mold trial production	17,000,000	December 2022	Mechanism design, process technology

7.6.4 The impact of important domestic and foreign policies and legal changes on the company's financial business and countermeasures

The company and its subsidiaries conduct various operations in accordance with relevant laws and regulations and pay attention to changes in important policies and regulations at home and abroad at any time to adjust business policies appropriately. Therefore, important policy and legal changes have not had a significant impact on the Company's financial business.

7.6.5 The impact of technological changes (including information security risks) and industrial changes on the company's financial business and countermeasures

The company regularly invests funds related to data communication security every year to ensure that the company's operations are built under a protective framework; it also actively encourages innovation and research, applies for patents on new products and technologies and establishes a comprehensive patent intelligence protection network. In the future, it will also cooperate with market trends and Research and development according to customer needs. Therefore, technological changes and industrial changes have not had a significant impact on the financial business of the Company. For the information security risk management and countermeasures, please refer to this annual report No. 5, Operation Overview No. 6: Information Security Management, page 87.

7.6.6 The impact of corporate image change on corporate crisis management and countermeasures

Since its establishment, the company has always adhered to the principles of professional and honest sustainable operation and there are no relevant reports in the market that are unfavorable to the company's corporate image. Therefore, there is no incident of corporate crisis management caused by changes in corporate image.

7.6.7 Expected benefits, risks and countermeasures of M&A

As of the publication date of the annual report, the company has no plans to acquire other companies.

7.6.8 Expected benefits, risks and countermeasures of plant expansion

As of the date of publication of the annual report, the Company has no plans to expand its factories.

7.6.9 Risks faced by purchase or concentration of sales and countermeasures

(1) Purchase concentration risk assessment and countermeasures

The company has no suppliers that account for more than 10% of the total purchases. The main raw materials purchased are male and female shafts, mandrels, castings, iron sheets, copper sheets, gaskets, shrapnel, sleeves, screws, nuts and metal powder injection. Each raw material has more than two suppliers as a response and

establishes long-term cooperative partnership with suppliers and the supply quality is stable.

(2) Sales concentration risk assessment and countermeasures

The company's main sales customers are domestic and foreign well-known system factories and has established a good reputation among customers and the market share has also maintained a certain level. In recent years, the company has made major breakthroughs in the technology of folding mobile phone hinges, which has also contributed significantly to revenue. In the future, the company will continue to develop new products and actively expand different customer groups to reduce the risk of sales concentration. Customers who accounted for more than 10% of net sales in the last two years, please refer to this annual report No. 5, Operation Overview II: Market, Production and Sales Overview, page 77.

7.6.10 Directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of large-scale transfer or replacement of shares on the company

The major shareholders of the company are quite optimistic about the company's prospects, but each shareholder has different considerations for their own investment and financial planning. Based on the needs of safeguarding the company's interests and stabilizing the confidence of the public, the major shareholders must transfer equity. After full communication with the board of directors and the management team, increase investment or transfer through appropriate channels. Therefore, the impact on the Company is quite limited. In addition, to meet the policy requirements of the competent authority and hope that the company's operation and management can be sounder, to make the company's board structure more in line with the spirit of corporate governance, the company's director and supervisor structure has been adjusted slightly. In 2018 The establishment of an audit committee to replace the supervisory powers makes the operation of the board of directors of the company more independent, which is of positive benefit to the company.

7.6.11 The impact, risks and countermeasures of the change of management rights on the company

Company's equity is concentrated in the chairman of the board and other directors and managers. Therefore, the management class has a powerful sense of mission to the company and regards the company's management as a lifelong job. In addition, employees agree with the company's development direction and are willing to Holding the company's stock for a long time and growing together with the company, the company will continue to uphold the stable business philosophy and good management ethics to create the growth of the company's operations and profits and strive for the approval of all shareholders for the management team. To sum up, the Company should have no risk of changes in management rights due to substantial transfer or replacement of equity interests.

7.6.12 The company and its directors, supervisors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares and subordinate companies have decided or are still in the process of major litigation, non- litigation or administrative disputes If the outcome of a lawsuit may have a significant impact on shareholders' rights and interests or securities prices, the facts at issue, the amount of the subject matter, the start date of the lawsuit, the main parties involved and the handling as of the date of publication of the annual report: None.

7.6.13 Other important risks and countermeasures

For the information security risk management and countermeasures, please refer to this annual report No. 5, Operation Overview No. 6: Information Security Management, page 84.

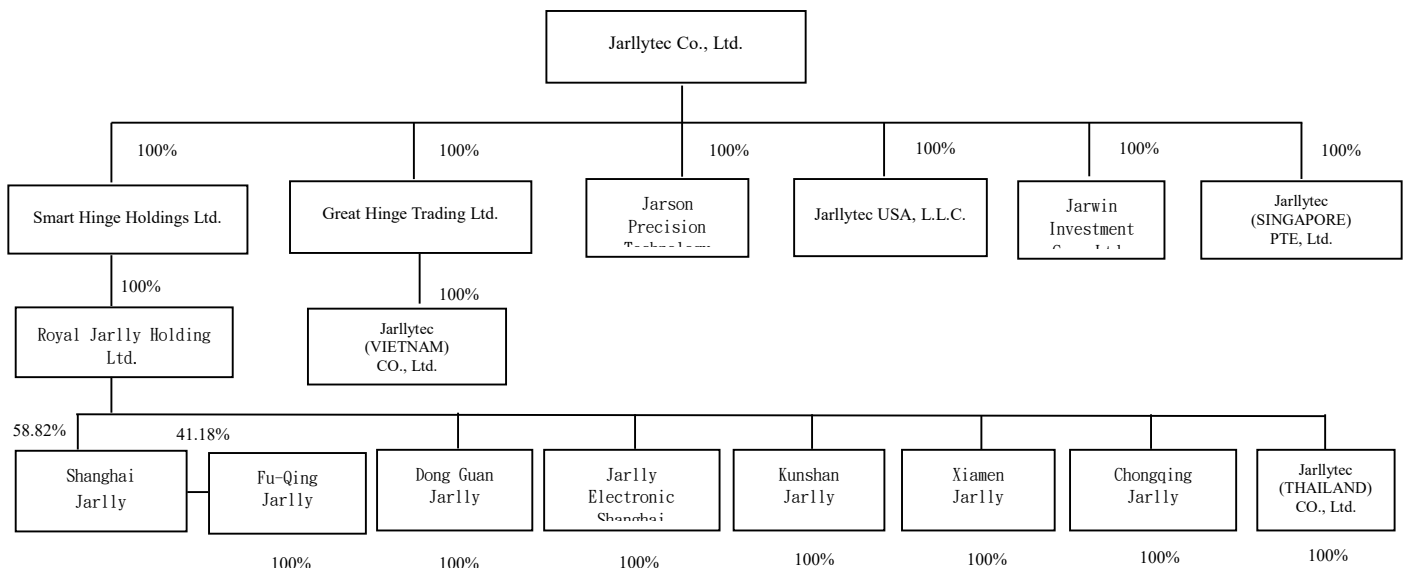
7.7 Other important matters: None

8. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 The consolidated report of the affiliated companies

(1) Affiliated companies' organization chart



(2) Basic information of affiliated companies

Unit: thousand March 31, 2022

Name	Date	Location	Paid-in capital	Business
Jarllytec Co., Ltd.	2004/07/07	No. 13, Wugong 5th Road, Xinzhuang District, New Taipei City	NT\$601,214	1. Spring manufacturing. 2. Manufacturing of other metal products. 3. Other machinery manufacturing industries. 4. Wire and cable manufacturing. 5. Lighting equipment manufacturing industry. 6. Wired communication machinery and equipment manufacturing. 7. Electronic components manufacturing. 8. Computer and peripheral equipment manufacturing. 9. Mold manufacturing. 10. Wholesale of electronic materials. 11. Electronic material retailing.
Smart Hinge Holdings Ltd.	2004/11/01	British Virgin Islands	US\$23,434	Investment holding company
Great Hinge Trading Ltd.	2004/12/09	British Virgin Islands	US\$10	Investment holding company
Royal Jarllly Holding Ltd.	2007/12/03	Hongkong	US\$23,434	Investment holding company
Shanghai Jarllly	2001/12/28	Shanghai, China	US\$8,500	Production and sales of special materials for components and equipment

Name	Date	Location	Paid-in capital	Business
Fu-Qing Jarlly	2004/02/27	Fuqing City, Fujian Province, Mainland China	US\$8,034	Production and sales of precision shafts
Dong Guan Jarlly	2006/01/11	City, Guangdong Province, China	US\$2,600	Production and sales of precision shafts
Jarlly Electronic Shanghai	2006/02/10	Shanghai, China	US\$15,000	Production and sales of precision shafts
Kunshan Jarlly	2006/09/30	Kunshan City, Jiangsu Province, Mainland China	US\$2,200	Production and sales of precision shafts
Xiamen Jarlly	2010/08/16	Xiamen, Mainland China	USD\$1,500	Production and sales of precision shafts
Chongqing Jarlly	2021/09/21	Chongqing, Mainland China	USD\$2,100	Production and sales of precision shafts
Jarson Precision Technology Co., Ltd.	2014/10/14	No. 59, Wuquan 7th Road, Wugu District, New Taipei City	NT\$114,800	Manufacturing and trading of metal powder injection molding products
Jarllytec USA, LLC	2017/08/21	Houston, USA	USD\$100	Computer Design and Service
Jarllytec (Thailand) CO., Ltd.	2019/12/20	Chachoengsao, Thailand	USD\$5,000	Production and sales of precision shafts
Jarwin Investment Co., Ltd.	2020/4/15	No. 13, Wugong 5th Road, Xinzhuang District, New Taipei City (5th Floor)	NTD50,000	General investment industry
Jarllytec (Singapore) PTE. Ltd.	2021/4/22	Singapore	USD\$20	Computer Design and Service
Jarllytec (Vietnam) CO., Ltd.	2021/4/28	Henan Province, Vietnam	USD\$6,000	Production and sales of precision shafts

- (3) Information on the same shareholders of those who are presumed to have control and affiliation: none.
- (4) Industries covered by the overall business of the affiliated company: refer to the basic information of the affiliated company.
- (5) Information on directors, supervisors and general managers of related companies

Unit: Share; April 23, 2022

Company Name	Job title	Name or representative	Holding shares	
			Shares	Ratio
Jarlllytec Co., Ltd.	Chairman	Dellson Investment Co., Ltd.	3,492,000	5.81%
		Representative: Chang, Tai Yuan	711,325	1.18%
	Vice Chairman	Sunrise Investment Co., Ltd.	6,100,000	10.15%
		Representatives: Liu, Kuang Hua	1,316,000 (Note 1)	2.19%
	Director	Young Win Assets Management CO., Ltd.	1,550,000	2.85%
		Liu, Chih Chen	282,000	0.47%
	Independent Director	Wu, Sou Shan	0	0%
	Independent Director	Liu, Chun Ying	0	0%
	Independent Director	Yang, Shang Hsien	0	0%
	Independent Director	Lee, Chien Ming	0	0%
	General Manager	Chang, Tai Yuan	711,325	1.18%
Smart Hinge Holdings Ltd.	Director	JARLLYTEC CO., Ltd. Representative: Chang, Tai Yuan	23,434,000	100%
Great Hinge Trading Ltd.	Director	JARLLYTEC CO., Ltd. Representative: Chang, Tai Yuan	10,000	100%
Royal Jarlly Holding Ltd.	Director	Smart Hinge Holdings Ltd. Representative: Chang, Tai Yuan	23,434,000	100%
Jarllytec (Vietnam) Co., Ltd.	Chairman	Great Hinge Trading Ltd. Representative: Chang, Tai Yuan	-	-
Shanghai Jarlly	Chairman	Royal Jarlly Holding Ltd.: Chang, Tai Yuan	-	-
	Director	Royal Jarlly Holding Ltd.: Liu, Kuang Hua	-	-
	Director	Royal Jarlly Holding Ltd.: Huang, Chin Ming	-	-
	Supervisor	Royal Jarlly Holding Ltd.: Hsu, Pei Wen	-	-
	General Manager	Huang, Chin Ming	-	-
Fu-Qing Jarlly	Chairman	Royal Jarlly Holding Ltd.: Chang, Tai Yuan	-	-
	Director	Royal Jarlly Holding Ltd.: Liu, Kuang Hua	-	-
	Director	Royal Jarlly Holding Ltd.: Hsu, Yao Kun	-	-
	Supervisor	Royal Jarlly Holding Ltd.: Hsu, Pei Wen	-	-
	General Manager	Hsu, Yao Kun	-	-
Dong Guan Jarlly	Chairman	Royal Jarlly Holding Ltd.: Chang, Tai Yuan	-	-
	Director	Royal Jarlly Holding Ltd.: Liu, Kuang Hua	-	-
	Director	Royal Jarlly Holding Ltd.: Hsu, Yao Kun	-	-

	Supervisor	Royal Jarlly Holding Ltd.: Hsu, Pei Wen	-	-
	General Manager	Hsu, Yao Kun	-	-
Jarlly Electronic Shanghai	Chairman	Royal Jarlly Holding Ltd.: Liu, Kuang Hua	-	-
	Director	Royal Jarlly Holding Ltd. Representative: Chang, Tai Yuan	-	-
	Director	Royal Jarlly Holding Ltd.: Huang, Chin Ming	-	-
	Supervisor	Royal Jarlly Holding Ltd.: Hsu, Pei Wen	-	-
Kunshan Jarlly	Chairman	Royal Jarlly Holding Ltd.: Chang, Tai Yuan	-	-
	Director	Royal Jarlly Holding Ltd. Representatives: Liu, Kuang Hua	-	-
	Director	Royal Jarlly Holding Ltd.: Huang, Chin Ming	-	-
	Supervisor	Royal Jarlly Holding Ltd.: Hsu, Pei Wen	-	-
	General Manager	Huang, Chin Ming	-	-
Xiamen Jarlly	Chairman	Royal Jarlly Holding Ltd.: Chang, Tai Yuan	-	-
	Director	Royal Jarlly Holding Ltd. Representatives: Liu, Kuang Hua	-	-
	Director	Royal Jarlly Holding Ltd.: Hsu, Yao Kun	-	-
	Supervisor	Royal Jarlly Holding Ltd.: Hsu, Pei Wen	-	-
	General manager	Hsu, Yao Kun	-	-
Chongqing Jarlly	Chairman	Royal Jarlly Holding Ltd.: Chang, Tai Yuan	-	-
	Executive Director	Royal Jarlly Holding Ltd.: Liu, Kuang Hua	-	-
	Supervisor	Royal Jarlly Holding Ltd. Representatives: Hung, Chin Fu	-	-
	General manager	Huang, Chin Ming	-	-
Jarllytec (Thailand) Co., Ltd.	Director	Royal Jarlly Holding Ltd.: Hsu, Yao Kun	2,000,000	100%
Jarson Precision Technology Co., Ltd.	Chairman	JARLLYTEC CO., Ltd. Representative: Chang, Tai Yuan	11,480,000	100%
	Director	JARLLYTEC CO., Ltd. Representatives: Liu, Kuang Hua	11,480,000	100%
	Director	JARLLYTEC CO., Ltd. Representatives: Huang, Shih Hui	11,480,000	100%
	Supervisor	JARLLYTEC CO., Ltd. Representatives: Hsu, Pei Wen	11,480,000	100%
	General manager	Huang, Shih Hui	-	-
Jarllytec (Singapore) Pte. Ltd.	Chairman	JARLLYTEC CO., Ltd. Representative: Li, Yung Ta	-	-

	Director	SEET LYE HUAT ALLAN	-	-
Jarlllytec USA, LLC	Member	JARLLYTEC CO., Ltd. Representatives: Liu, Kuang Hua	1	100%
Jarwin Investment Co., Ltd.	Chairman	JARLLYTEC CO., Ltd. Representatives: Liu, Kuang Hua	5,000,000	100%
	Supervisor	JARLLYTEC CO., Ltd. Representative: Chang, Tai Yuan	5,000,000	100%

Note 1: Among them, the special account of trust property holds 1,100,000 shares.

(6) Operational overview of each affiliated company

Unit: thousand March 31, 2022

Company Name	Paid-up capital	Total assets	Total liabilities	Net Equity	Operating income	Business interest	Net income (After taxes)	Earnings per share (After tax)
Jarlllytec Co., Ltd.	601,214	6,928,238	2,798,750	4,129,488	3,551,941	26,108	247,795	4.12
Great Hinge Trading Ltd.	318	151,870	111,544	40,326	0	(15,168)	(13,082)	-
Smart Hinge Holding Ltd.	750,588	5,155,617	2,785,814	2,369,803	5,313,110	39,457	38,457	-
Main Source Logistic Ltd.	-	-	-	-	-	(5,277)	(2,841)	-
Jarlllytec USA, LLC	2,959	33	2	31	400	(5,121)	(1,684)	-
Jarlllytec (Thailand) Co., Ltd.	149,229	127,427	288	127,139	-	(4,725)	273	-
Jarlllytec (Singapore) PTE. Ltd.	423	1,029	999	30	-	(1,051)	(381)	-
Jarlllytec (Vietnam) CO., Ltd.	166,723	145,775	9,547	136,228	-	(974)	(1,225)	-
Royal Jarlly Holding Ltd.	750,588	5,105,729	2,785,814	2,319,915	789,646	40,130	37,189	-
Shanghai Jarlly	261,462	1,772,922	1,318,372	454,550	1,701,946	(60,448)	(22,487)	-
Fu-Qing Jarlly	240,658	1,146,156	225,464	920,692	871,950	49,738	28,815	-
Dong Guan Jarlly	81,466	273,146	163,725	109,421	411,491	3,677	2,277	-
Kunshan Jarlly	71,906	816,730	768,191	48,539	1,356,142	18,920	11,703	-
Jarlly Electronic Shanghai	473,450	450,140	1,114	449,026	-	(11,095)	5,079	-
Xiamen Jarlly	43,801	171,793	91,039	80,754	190,422	23,598	19,195	-
Chongqing Jarlly	61,722	714,161	423,877	290,284	834,951	(4,327)	(8,234)	-
Jarson Precision Technology Co., Ltd.	134,076	459,224	196,159	263,065	382,555	82,309	66,129	-
Jarwin Investment Co., Ltd.	50,000	58,117	235	57,882	-	(64)	7,169	-

Note 1: Main Source Logistic Ltd. This overseas company has no transactions at present and has been dissolved and liquidated in September 2021.

8.1.2 Consolidated financial statements of related enterprises

Representation Letter

The entities that are required to be included in the combined consolidated financial statements of Jarllytec Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Jarllytec Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Jarllytec Co., Ltd.

Chairman: Chang, Tai-Yuan

Date: March 2, 2022

8.1.3 Relationship report: None

8.2 Private Placement Securities in the Most Recent Years:

The Company will not continue to manage the private placement of securities approved by the 2021 General Meeting of Shareholders.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent

8.4 Other important notes:

8.4.1 Unfinished OTC commitments: None

8.4.2 Evaluation basis and basis for the method of listing assets and liabilities evaluation items in the financial statements:

Subjects	Evaluation
Allowance for doubtful debts	Accounts that are not overdue - 0%-1% for those overdue for 90 days. For overdue accounts for more than 90 days, the withdrawal rate is 50%-100%.
Allowance for sluggish loss of inventories	Raw material warehouse is sluggish for 181-365 days and 50% is listed. excellent product warehouse for more than 365 days. 80% of defective warehouses will be withdrawn and 100% of scrapped and sluggish warehouses will be withdrawn. semi-finished product Sluggish 91-180 days lift 30%. Sluggish 181-365 days lift 50%. 100% withdrawal over 365 days. 80% of defective warehouses will be withdrawn and 100% of scrapped and sluggish warehouses will be withdrawn. finished product Sluggish 181-365 days lift 100%. 100% withdrawal over 365 days. 80% of defective warehouses will be withdrawn and 100% of scrapped and sluggish warehouses will be withdrawn.

8.5 In the most recent year and as of the date of publication of the annual report, any event specified in Subparagraph 2, Paragraph 3, Article 36 of this Act has occurred that has a significant impact on shareholders' rights and interests or the price of securities: N/A.

JARLLYTEC CO., Ltd.

Audit Committee Audit Report

May 11, 2022

The board of directors sends the company 2020 Annual consolidated financial statements (including individual financial statements), business reports and profit distribution proposals. Among them, the consolidated financial statements (including individual financial statements) have been verified by KPMG and an audit report has been issued. The above-mentioned consolidated financial statements (including individual financial statements), business reports and profit distribution proposals have been reviewed by the Audit Committee and found that there is no inconsistency. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, a report shall be prepared and submitted for review.

Sincerely,

The Company's 2021 Annual General Meeting of Shareholders

JARLLYTEC CO., Ltd.

Convener of the audit committee: Yang, Shang-Hsien

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Jarllytec Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters we judge that shall be communicated in the audit report are as follows:

1. Revenue recognition

Please refer to Note 4(m) “Revenue recognition”

Description of key audit matter:

The major business of the Group is the development and manufacturing of various hinges which applied in computer, communication and consumer electronics, etc. The Operating Revenue is the main indicator for the investor to evaluate the financial and business performance of the Group. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Understanding the design and implementation of internal controls over revenue recognition and verifying the compliance of accounting policy.
- (2) Testing the manual control of sales and collection cycle.
- (3) Analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant exceptions or irregular transactions exist.
- (4) Examining the vouchers to determine the appropriate cut offs for revenue recognition within selected periods before and after the balance sheet date to evaluate whether the revenue was recorded in the appropriate period.

2. Impairment evaluation of accounts receivable

Please refer to Note 4(g)(i)(1) “Financial assets measured at amortized cost”; Note 5(a) Significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(c) Notes and accounts receivables.

Description of key audit matter:

The Group measured its accounts receivable by the recoverable amounts due to the provision of bad debt allowance that is subject to the management’s judgement. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Assessing the rationality of the provision policy and verifying the compliance of provision policy for accounts receivable allowance.
- (2) Examining the aging analysis table and checking the amount of receivables received after the balance date, as well as discussing with the management to assess the whether or not the provision is reasonable.
- (3) Evaluating the adequacy of the Group’s disclosure for bad debt allowance.

3. Inventory valuation

Please refer to Note 4(h) “Inventories”; Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(e) “Inventories”.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, with the rapid development of the consumer market and the volatility of sales, that may result in the cost of inventory and may exceed its net realizable value. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Examining the inventory aging report and analyzing the trends of inventory aging.
- (2) Evaluating the rationality of the provision policy and verifying the compliance of provision policy for inventory valuation.
- (3) Assessing the adequacy of the Group’s disclosure for inventories.

Other Matter

Jarlllytec Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsu, Ming-Fang and Zhuang, Jun-Wei.

KPMG

Taipei, Taiwan (Republic of China)

March 2, 2022

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 1,887,924	21	2,014,173	25	2100	Short-term borrowings (Note 6(j) and 8)	\$ 652,614	7	384,238	5
1110	Current financial assets at fair value through profit or loss (Note 6(b))	38,133	-	27,800	-	2170	Notes and accounts payables	2,255,730	25	1,690,857	21
1170	Notes and accounts receivables, net (Note 6(c)(r))	3,182,375	35	2,331,878	29	2200	Other payables	1,058,947	12	746,949	10
1200	Other receivables, net (Note 6(d))	53,009	1	31,498	1	2230	Current tax liabilities	28,096	-	28,800	-
1220	Current tax assets	3,569	-	23,110	-	2280	Current lease liabilities (Note 6(l))	14,912	-	26,270	-
130X	Inventories (Note 6(e))	804,772	10	601,782	8	2300	Other current liabilities	38,733	-	22,162	-
1410	Prepayments other current assets (Note 6(f) and 8)	117,360	1	131,490	3	2322	Long-term borrowings, current portion (Note 6(k) and 8)	209,043	2	249,978	3
Total current assets		6,087,142	68	5,161,731	66	Total current liabilities		4,258,075	46	3,149,254	39
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,564	-	2,877	-	2540	Long-term borrowings (Note 6(k) and 8)	438,350	5	394,835	6
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	90,631	1	93,225	1	2570	Deferred income tax liabilities (Note 6(o))	148,354	2	169,694	2
1600	Property, plant and equipment (Note 6(g) and 8)	2,412,499	27	2,226,593	27	2580	Non-current lease liabilities (Note 6(l))	25,065	-	53,856	1
1755	Right-of-use assets (Note 6(h))	210,043	2	194,659	3	2640	Net defined benefit liability, non-current (Note 6(n))	46,794	1	24,436	-
1780	Intangible assets (Note 6(i))	21,821	-	16,671	-	2670	Other non-current liabilities, others	2,355	-	4,582	-
1840	Deferred income tax assets (Note 6(o))	39,629	-	47,384	1	Total non-current liabilities		660,918	8	647,403	9
1915	Prepayments for business facilities	117,357	1	103,183	1	Total liabilities		4,918,993	54	3,796,657	48
1990	Other non-current assets, others (Note 6(f) and 8)	67,795	1	61,814	1	Equity (Note 6(p)):					
Total non-current assets		2,961,339	32	2,746,406	34	3110	Ordinary share	601,214	7	601,214	8
						3200	Capital surplus	1,334,534	15	1,334,534	17
						Retained earnings:					
						3310	Legal reserve	380,412	4	349,873	4
						3320	Special reserve	1,292	-	50,236	1
						3350	Unappropriated retained earnings	1,888,521	21	1,776,915	22
						Total retained earnings		2,270,225	25	2,177,024	27
						Other equity:					
						3410	Exchange differences on translation of foreign financial statements	(95,607)	(1)	(26,973)	-
						3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	19,122	-	25,681	-
						Other equity		(76,485)	(1)	(1,292)	-
						Total equity		4,129,488	46	4,111,480	52
Total assets		\$ 9,048,481	100	7,908,137	100	Total liabilities and equity		\$ 9,048,481	100	7,908,137	100

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

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(r))	\$ 7,446,666	100	5,546,230	100
5000	Operating costs (Note 6(e)(n))	6,217,941	83	4,418,960	80
	Net gross profit	1,228,725	17	1,127,270	20
	Operating expenses (Note 6(c)(l)(n)(s)):				
6100	Selling expenses	414,314	6	299,022	5
6200	Administrative expenses	310,598	4	291,592	5
6300	Research and development expenses	279,822	4	230,672	4
6450	Expected credit gain	(5,960)	-	(3,026)	-
	Total operating expenses	998,774	14	818,260	14
	Net operating income	229,951	3	309,010	6
	Non-operating income and expenses (Note 6(l)(t)):				
7010	Other income	148,066	2	219,550	4
7020	Other gains and losses, net	(83,998)	(1)	(158,699)	(3)
7050	Finance cost	(11,838)	-	(10,366)	-
7100	Interest income	6,841	-	8,722	-
	Total non-operating income and expenses	59,071	1	59,207	1
	Profit from continuing operations before tax	289,022	4	368,217	7
7950	Less: Income tax expenses (Note 6(o))	41,227	1	65,533	2
	Profit	247,795	3	302,684	5
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans (Note 6(n))	(4,291)	-	2,711	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(6,559)	-	25,681	1
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	(10,850)	-	28,392	1
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(68,634)	(1)	23,263	-
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	(68,634)	(1)	23,263	-
8300	Other comprehensive income, net of tax	(79,484)	(1)	51,655	1
8500	Total comprehensive income	\$ 168,311	2	354,339	6
	Earnings per share (NT dollars) (Note 6(q))				
9750	Basic earnings per share	<u>\$ 4.12</u>		<u>5.03</u>	
9850	Diluted earnings per share	<u>\$ 4.10</u>		<u>5.00</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
JARLLYTEC CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity		Total equity
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2020	<u>\$ 601,214</u>	<u>1,334,534</u>	<u>303,404</u>	<u>-</u>	<u>1,718,528</u>	<u>(50,236)</u>	<u>-</u>	<u>3,907,444</u>
Profit	-	-	-	-	302,684	-	-	302,684
Other comprehensive income	-	-	-	-	2,711	23,263	25,681	51,655
Total comprehensive income	-	-	-	-	305,395	23,263	25,681	354,339
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 December 31, 2020	<u>601,214</u>	<u>1,334,534</u>	<u>349,873</u>	<u>50,236</u>	<u>1,776,915</u>	<u>(26,973)</u>	<u>25,681</u>	<u>4,111,480</u>
Profit	-	-	-	-	247,795	-	-	247,795
Other comprehensive income	-	-	-	-	(4,291)	(68,634)	(6,559)	79,484
Total comprehensive income	-	-	-	-	243,504	(68,634)	(6,559)	168,311
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	30,539	-	(30,539)	-	-	-
Special reserve	-	-	-	(48,944)	48,944	-	-	-
Cash dividends of ordinary share	-	-	-	-	(150,303)	-	-	(150,303)
Balance at December 31, 2021	<u>\$ 601,214</u>	<u>1,334,534</u>	<u>380,412</u>	<u>1,292</u>	<u>1,888,521</u>	<u>(95,607)</u>	<u>19,122</u>	<u>4,129,488</u>

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

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Profit before tax	\$ 289,022	368,217
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	254,396	221,818
Amortization expense	23,629	20,908
Expected credit gain	(5,960)	(3,026)
Interest expense	11,838	10,366
Interest revenue	(6,841)	(8,722)
Dividend revenue	(13,382)	(6,933)
Loss (gain) from disposal of property, plant and equipment	1,158	(735)
Net loss on financial assets or liabilities at fair value through profit or loss	(207)	1,425
Total adjustments to reconcile profit (loss)	<u>264,631</u>	<u>235,101</u>
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	21,595	(29,102)
Notes receivables	(1,090)	(496)
Accounts receivables	(843,447)	(325,868)
Other receivables	(22,755)	4,428
Inventories	(202,990)	(62,367)
Prepayments	(11,837)	(21,927)
Other current assets	18,732	29,061
Notes payables	12,183	(3,508)
Accounts payables	552,690	392,139
Other payables	311,768	108,606
Other current liabilities	16,571	10,768
Net defined benefit liability	18,067	699
Total changes in operating assets and liabilities	<u>(130,513)</u>	<u>102,433</u>
Total adjustments	<u>134,118</u>	<u>337,534</u>
Cash inflow generated from operations	423,140	705,751
Interest received	8,085	8,346
Dividends received	935	-
Interest paid	(9,494)	(9,956)
Income taxes paid	(35,975)	(117,808)
Net cash flows from operating activities	<u>386,691</u>	<u>586,333</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	(1,386,127)	(2,364,654)
Proceeds from disposal of financial assets at fair value through profit or loss	1,355,719	2,361,654
Acquisition of financial assets at fair value through other comprehensive income	(4,127)	-
Acquisition of property, plant and equipment	(424,916)	(468,629)
Proceeds from disposal of property, plant and equipment	11,131	8,354
Acquisition of intangible assets	(12,555)	(4,013)
Acquisition of right-of-use assets	(72,139)	-
Decrease (increase) in prepayments for equipment	(14,174)	30,254
Increase in other non-current-assets	(22,247)	(26,372)
Dividends received	12,447	6,933
Net cash flows used in investing activities	<u>(556,988)</u>	<u>(456,473)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	268,376	292,138
Proceeds from long-term borrowings	473,412	367,507
Repayments of long-term borrowings	(470,832)	(31,250)
Payment of lease liabilities	(37,932)	(44,804)
Increase (decrease) in other non-current liabilities	(2,227)	568
Cash dividends paid	(150,303)	(150,303)
Net cash flows from financing activities	<u>80,494</u>	<u>433,856</u>
Effect of exchange rate changes on cash and cash equivalents	(36,446)	14,935
Net increase (decrease) in cash and cash equivalents	(126,249)	578,651
Cash and cash equivalents at beginning of period	2,014,173	1,435,522
Cash and cash equivalents at end of period	<u><u>\$ 1,887,924</u></u>	<u><u>2,014,173</u></u>

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

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

JARLLYTEC 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., Sin Jhuang Dist., New Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (the “Group”) has been actively developing, designing, production, assembly, inspection, manufacturing and sell stamping parts, hinges and MIM, which are widely applied in NB, LCD monitor, LCD TV, 3C-related products.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 2, 2022.

(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, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2”

The adoption of the following new amendments, effective on April 1, 2021, would not have a significant impact on its financial statements.

- Amendments to IFRS 16 “COVID-19-Related Rent Concessions after 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”

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	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 applied to transaction 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”

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(o).

(ii) Functional and presentation currency

The functional currency of each entity of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

The consolidated entities were as follows:

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		Note
			December 31, 2021	December 31, 2020	
The company	Great Hinge Trading Ltd. (Great Hinge)	Investments	100%	100%	Note 1
The company	Smart Hinge Holdings Ltd. (Smart Hinge)	Investments	100%	100%	-
The company	Jarson Precision Technology Co., Ltd. (Jarson Precision)	Powder metallurgy and other metal products manufacturing and trading business	100%	100%	Note 1
The Company	Jarlllytec USA L.L.C. (Jarlllytec USA)	Computer design and service	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, sale business of tools and molds	-%	100%	Note 1 、 Note 6
Great Hinge	Jarlllytec (Vietnam) Co., Ltd. (Jarlllytec Vietnam)	Production and sale business of precision hinges	100%	-	Note 1 、 Note 5
Smart Hinge	Royal Jarlly Holding Ltd. (Royal Jarlly)	Investments	100%	100%	-
Royal Jarlly	Jarlly Technology (Shanghai) Co., Ltd. (Shanghai Jarlly)	Production and sale business of specific material for component equipment	100%	100%	-
Royal Jarlly	Fu-Qing Jarlly Electronics Co., Ltd. (Fu-Qing Jarlly)	Production and sale business of precision hinges	100%	100%	-
Royal Jarlly	Dong Guan Jarlly Electronics Co., Ltd. (Dong Guan Jarlly)	Production and sale business of precision hinges	100%	100%	Note 1
Royal Jarlly	Kunshan Jarlly Electronics Ltd. (Kunshan Jarlly)	Production and sale business of precision hinges	100%	100%	Note 1

Royal Jarlly	Jarlly Electronics Technology (Shanghai) Co., Ltd. (Jarlly Electronic Shanghai))	Production and sale business of precision hinges	100%	100%	-
Royal Jarlly	Xiamen Jarlly Electronics Co., Ltd. (Xiamen Jarlly)	Production and sale business of precision hinges	100%	100%	Note 1
Royal Jarlly	Jarlly Technology (Chongqing) Co., Ltd. (Chongqing Jarlly)	Production and sale business of precision hinges	100%	100%	-
Royal Jarlly	Jarllytec (Thailand) Co., Ltd. (Jarllytec Thailand)	Production and sale business of precision hinges	100%	100%	Note 1 、 Note 2

Note 1: Insignificant subsidiary.

Note 2: The Jarllytec Thailand was list 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 list as the Company's subsidiary in April 2021.

Note 6: The subsidiary, Main Source, had been liquidated in September 2021.

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have any unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments that do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial assets because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, loss allowances are recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and construction	5 to 37 years
2) Machinery and equipment	5 to 8 years
3) Molding Equipment	3 years
4) Asset leased to others	29 to 37 years
5) Office and Other equipment	2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

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

(i) As a lessee

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

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

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

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

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- payments for purchase or termination options that are reasonably certain to be exercised.

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

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

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

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

The Group presents right-of-use assets and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'leases income'.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue recognition

(i) Revenue from contracts with customers

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

The Group manufactures various hinges which applied in 3C related products and sells them to computer manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(n) Government grants and government assistance

The Group recognizes an unconditional government grant related to a COVID-19 asset in profit or loss as other operating revenue when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(p) Income taxes

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

- (q) Earnings per share

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

- (r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of accounts receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding possible future credit losses) discounted at the financial asset's original effective interest rate. When the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to note 6(c) for further description of the impairment of accounts receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the valuation of inventories.

(c) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Please refer to note 6(m) for further description of the actuarial assumptions and sensitivity analysis.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 598	818
Demand deposits	1,734,126	1,785,515
Time deposits	153,200	227,840
	<u>\$ 1,887,924</u>	<u>2,014,173</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 instrument

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

	December 31, 2021	December 31, 2020
Current mandatorily measured at fair value through profit or loss:		
Domestic stocks	\$ 7,725	18,786
Open-ended funds	-	9,014
Financial products	30,408	-
	<u>\$ 38,133</u>	<u>\$ 27,800</u>
Non-current mandatorily measured at fair value through profit or loss:		
Private offered funds	<u>\$ 1,564</u>	<u>\$ 2,877</u>

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

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income-non-current		
Stocks unlisted on domestic market-Taiwan	\$ 65,262	71,821
Stocks unlisted on domestic market-China	25,369	21,404
Total	<u>\$ 90,631</u>	<u>93,225</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 December 31, 2021 and 2020, the aforementioned financial assets were not pledged as collateral.

- (c) Notes and accounts receivables

	December 31, 2021	December 31, 2020
Notes receivable	\$ 1,750	660
Accounts receivables	3,183,259	2,339,810
Less: loss allowance	(2,634)	(8,592)
	<u>\$ 3,182,375</u>	<u>2,331,878</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 receivables 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:

	December 31, 2021		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 3,016,018	0%~1%	-
1 to 30 days past due	41,492	0%~1%	-
31 to 60 days past due	96,520	0%~1%	-
61 to 90 days past due	25,711	0%~10%	-
More than 90 days past due	5,268	50%~100%	2,634
	<u>\$ 3,185,009</u>		<u>2,634</u>

	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	<u>7,852</u>	50%~100%	<u>7,852</u>
	<u>\$ 2,340,470</u>		<u>8,592</u>

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

	For the years ended December 31,	
	2021	2020
Balance at January 1	\$ 8,592	11,798
Impairment losses reversed	(5,960)	(3,026)
Foreign exchange loss	<u>2</u>	<u>(180)</u>
Balance at December 31	<u>\$ 2,634</u>	<u>8,592</u>

As of December 31, 2021 and 2020, the notes and account receivable of the Group were not pledged as collaterals.

(d) Other receivables

	December 31, 2021	December 31, 2020
Other accounts receivable-loans	\$ -	5,000
Overpaid business tax returned	33,705	12,946
Interest receivable	34	1,278
Others	<u>19,270</u>	<u>12,274</u>
	<u>\$ 53,009</u>	<u>31,498</u>

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

(e) Inventories

	December 31, 2021	December 31, 2020
Raw materials and supplies	\$ 251,232	151,004
Work in process	194,967	105,110
Finished goods	<u>358,573</u>	<u>345,668</u>
	<u>\$ 804,772</u>	<u>601,782</u>

(i) For the years ended December 31, 2021 and 2020, the Group recognized cost of sales and operating expense amounted to \$6,067,696 and \$4,325,518, respectively.

(ii) For the year ended December 31, 2021, the gain of \$10,043 was recognized from the reversal of provision arising from scrapping, wherein such gains were included in gain from price recovery of inventory.

(iii) For the year ended December 31, 2020, the amounts of the loss on valuation of inventories was \$39,030, wherein such loss was included in cost of sales.

(iv) As of December 31, 2021 and 2020, the inventories were not pledged.

(f) Prepayments, other current assets and others

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

	December 31, 2021	December 31, 2020
Prepayment for mold	\$ 32,668	25,798
Other prepayments	31,943	14,767
Input tax	8	440
Tax overpaid	45,849	57,458
Other financial assets	174	15,021
Others	<u>6,718</u>	<u>18,006</u>
Total prepayments and other current assets	<u>\$ 117,360</u>	<u>\$ 131,490</u>
Other deferred expenses	\$ 56,433	49,558
Refundable deposits	8,636	8,725
Other financial assets	1,107	1,139
Others	<u>1,619</u>	<u>2,392</u>
Total other noncurrent assets	<u>\$ 67,795</u>	<u>\$ 61,814</u>

As of December 31, 2021 and 2020 other financial assets pledged as collateral for Forward Exchange Transaction and investment product were \$174 and \$2,314. Please refer to Note 8.

(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 years ended December 31, 2021 and 2020 were as follows:

	Land	Buildings and construction	Machine and equipment	Mold equipment	Rental equipment	Other facilities	Construction in progress and testing equip	Total
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	-	11,141	319,135	-	-	37,784	57,050	425,110
Reclassifications	-	147,352	-	-	(96,096)	-	(51,256)	-
Disposals	-	(8,336)	(21,476)	(260)	-	(7,616)	-	(37,688)
Effect of movements in exchange	(5,169)	(1,501)	(2,172)	(5)	(1,385)	(493)	(6,443)	(17,168)
Balance at December 31, 2021	<u>\$ 1,051,950</u>	<u>668,253</u>	<u>1,467,274</u>	<u>3,353</u>	<u>86,227</u>	<u>181,947</u>	<u>60,655</u>	<u>3,519,659</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	40,838	11,117	298,887	-	-	26,608	91,179	468,629
Reclassifications	-	60,079	-	-	-	927	(61,006)	-
Disposals	-	-	(22,923)	(5,931)	-	(8,349)	-	(37,203)
Effect of movements in exchange	-	3,275	3,297	9	3,022	951	-	10,554
Balance at December 31, 2020	<u>\$ 1,057,119</u>	<u>519,597</u>	<u>1,171,787</u>	<u>3,618</u>	<u>183,708</u>	<u>152,272</u>	<u>61,304</u>	<u>3,149,405</u>
Accumulated depreciation:								
Balance at January 1, 2021	\$ -	147,836	613,755	3,556	61,321	96,344	-	922,812
Depreciation	-	31,995	158,335	-	2,603	18,947	-	211,880
Reclassifications	-	32,176	-	-	(32,176)	-	-	-
Disposals	-	(1,637)	(17,554)	(260)	-	(5,948)	-	(25,399)
Effect of movements in exchange	-	516	(842)	(4)	(461)	310	-	(2,133)
Balance at December 31, 2021	<u>\$ -</u>	<u>209,854</u>	<u>753,694</u>	<u>3,292</u>	<u>31,287</u>	<u>109,033</u>	<u>-</u>	<u>1,107,160</u>
Balance at January 1, 2020	\$ -	123,721	492,148	9,479	54,857	87,228	-	767,433
Depreciation	-	22,860	135,300	-	5,547	16,139	-	179,846
Disposals	-	-	(15,885)	(5,932)	-	(7,767)	-	(29,584)
Effect of movements in exchange	-	1,255	2,192	9	917	744	-	5,117
Balance at December 31, 2020	<u>\$ -</u>	<u>147,836</u>	<u>613,755</u>	<u>3,556</u>	<u>61,321</u>	<u>96,344</u>	<u>-</u>	<u>922,812</u>
Carrying amounts:								
Balance at December 31, 2021	<u>\$ 1,051,950</u>	<u>458,399</u>	<u>713,580</u>	<u>61</u>	<u>54,940</u>	<u>72,914</u>	<u>60,655</u>	<u>2,412,499</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 December 31, 2020	<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>

As of December 31, 2021 and 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	64,539	6,823	777	72,139
Effect of movement in exchange	(11,339)	(4,711)	-	(16,050)
Balance at December 31, 2021	<u>\$ 160,312</u>	<u>169,935</u>	<u>1,264</u>	<u>331,511</u>
Balance at January 1, 2020	\$ 105,350	145,286	487	251,123
Additions	-	19,665	-	19,665
Other	-	514	-	514
Effect of movement in exchange	1,762	2,358	-	4,120
Balance at December 31, 2020	<u>\$ 107,112</u>	<u>167,823</u>	<u>487</u>	<u>275,422</u>
Accumulated depreciation				
Balance at January 1, 2021	\$ 5,637	74,749	377	80,763
Depreciation for the year	2,971	39,586	153	42,710
Other	-	184	-	184
Effect of movements in exchange	(59)	(2,130)	-	(2,189)
Balance at December 31, 2021	<u>\$ 8,549</u>	<u>112,389</u>	<u>530</u>	<u>121,468</u>
Balance at January 1, 2020	\$ 2,772	34,351	185	37,311
Depreciation for the year	2,757	39,027	188	41,972
Effect of movements in exchange	108	1,371	-	1,479
Balance at December 31, 2020	<u>\$ 5,637</u>	<u>74,749</u>	<u>377</u>	<u>80,763</u>
Carrying amount:				
Balance at December 31, 2021	<u>\$ 151,763</u>	<u>57,546</u>	<u>734</u>	<u>210,043</u>
Balance at January 1, 2020	<u>\$ 102,578</u>	<u>110,935</u>	<u>298</u>	<u>213,811</u>
Balance at December 31, 2020	<u>\$ 101,475</u>	<u>93,074</u>	<u>110</u>	<u>194,659</u>

(i) Intangible assets

	<u>Software</u>
Costs:	
Balance at January 1, 2021	\$ 100,675
Additions	12,555
Effect of movement in exchange	<u>(213)</u>
Balance at December 31, 2021	<u>\$ 113,017</u>
Balance at January 1, 2020	\$ 96,172
Additions	4,013
Effect of movement in exchange	<u>490</u>
Balance at December 31, 2020	<u>\$ 100,675</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2021	\$ 84,004
Amortization for the year	7,363
Effect of movement in exchange	<u>(171)</u>
Balance at December 31, 2021	<u>\$ 91,196</u>
Balance at January 1, 2020	\$ 77,954
Amortization for the year	5,626
Effect of movement in exchange	<u>424</u>
Balance at December 31, 2020	<u>\$ 84,004</u>
Carrying amounts:	
Balance at December 31, 2021	<u>\$ 21,821</u>
Balance at January 1, 2020	<u>\$ 18,218</u>
Balance at December 31, 2020	<u>\$ 16,671</u>

As of December 31, 2021 and 2020, none of the intangible assets had been pledged as collateral.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loans	\$ 477,353	234,238
Unsecured bank loans	<u>175,261</u>	<u>150,000</u>
Total	<u>\$ 652,614</u>	<u>384,238</u>
Unused short-term credit lines	<u>\$ 937,123</u>	<u>630,000</u>
Range of interest rates	<u>0.88%~2.05%</u>	<u>0.83%~2.38%</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:

December 31, 2021				
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	0.66%~1.15%	2024~2029	\$ 326,684
Unsecured bank loans	TWD	0.35%~0.88%	2024	320,709
Less: current portion				(209,043)
Total				<u><u>\$ 438,350</u></u>
Unused long-term credit lines				<u><u>\$ 1,002,325</u></u>

December 31, 2020				
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	0.66%~1.15%	2021~2029	\$ 404,244
Unsecured bank loans	TWD	0.35%~0.88%	2021~2024	240,569
Less: current portion				(249,978)
Total				<u><u>\$ 394,835</u></u>
Unused long-term credit lines				<u><u>\$ 950,737</u></u>

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

(l) Lease liabilities

	December 31, 2021	December 31, 2020
Current	<u><u>\$ 14,912</u></u>	<u><u>26,270</u></u>
Non-current	<u><u>\$ 25,065</u></u>	<u><u>53,856</u></u>

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

The amount recognized in profit or loss were as follows:

	For the years ended December 31	
	2021	2020
Interest on lease liabilities	<u><u>\$ 2,114</u></u>	<u><u>3,425</u></u>
Expenses relating to short-term leases	<u><u>\$ 13,904</u></u>	<u><u>12,351</u></u>

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

	For the years ended December 31	
	2021	2020
Total cash outflow for leases	<u><u>\$ 53,950</u></u>	<u><u>60,580</u></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.

(m) Operating lease

(i) Leases as lessor

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

	December 31, 2021	December 31, 2020
Less than one year	\$ 18,467	20,822
One to two years	13,699	18,238
Two to three years	10,125	13,497
Three to four years	6,923	9,985
Four to five years	-	6,828
	<u>\$ 49,214</u>	<u>69,370</u>

(n) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 65,284	43,485
Fair value of plan assets	(18,490)	(19,049)
Net defined benefit liabilities	<u>\$ 46,794</u>	<u>24,436</u>

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$18,399 as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31	
	2021	2020
Defined benefit obligations at January 1	\$ 43,485	44,706
Current service costs and interest cost	570	1,788
Remeasurements loss of the net defined benefit obligations		
— Actuarial loss arising from financial assumptions	2,536	(3,291)
— Actuarial loss arising from experience adjustments	1,992	1,126
Benefits paid	16,701	(844)
Defined benefit obligations at December 31	\$ 65,284	43,485

3) Movements in fair value of plan assets

The movements in the fair value of the plan assets for the Group were as follows:

	For the years ended December 31	
	2021	2020
Fair value of plan assets at January 1	\$ 19,049	18,258
Interest income	97	187
Remeasurements gain of the net defined benefit liabilities		
— Return on plan assets excluding interest income	237	546
Contributions paid by the employer	960	902
Benefits paid	(1,853)	(844)
Fair value of plan assets at December 31	\$ 18,490	19,049

4) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2021	2020
Current service costs	\$ 357	\$ 1,388
Net interest of net liabilities for defined benefit obligations	116	213
Past service cost and settlement	18,554	-
	\$ 19,027	\$ 1,601
	2021	2020
Administration expenses	\$ 19,027	\$ 1,601

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group's remeasurement of the defined benefit liability recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2021	2020
Accumulated amount at January 1	\$ (17,562)	(20,273)
Recognized during the period	(4,291)	2,711
Accumulated amount at December 31	\$ (21,853)	(17,562)

6) Actuarial assumptions

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

	December 31, 2021	December 31, 2020
Discount rate	0.500%	0.500%
Future salary increase rate	2.00%	1.50%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date was \$559.

The weighted average lifetime of the defined benefits plans was 9.84 years as of December 31, 2021.

7) Sensitivity analysis

As of December 31, 2021 and 2020, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(898)	912
Future salary increasing rate	876	(858)
December 31, 2020		
Discount rate	(776)	808
Future salary increasing rate	783	(754)

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

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$53,145 and \$17,020 for the years ended December 31, 2021 and 2020, respectively.

(o) Income taxes

(i) Income tax expense

The components of the income tax in the years 2020 and 2019 were as follows:

	For the years ended December 31	
	2021	2020
Current tax expense		
Current period	\$ 43,688	93,543
Adjustment for prior periods	11,124	4,307
Deferred tax expense		
Origination and reversal of temporary differences	(13,585)	(32,317)
	<u>\$ 41,227</u>	<u>65,533</u>

The amounts of income tax expenses recognized in other comprehensive income were as below:

	For the years ended December 31	
	2021	2020
Profit before income tax	<u>\$ 289,022</u>	<u>368,217</u>
Income tax using the Company's domestic tax rate	\$ 57,804	73,644
Tax effect of different tax rates applicable in foreign jurisdiction	7,330	6,907
Recognition of prior unrecognized tax losses	58	(4,566)
Tax incentive	(2,845)	-
Undistributed earnings additional tax	5,242	-
Adjustment for prior periods	11,124	4,307
Others	(37,486)	(14,759)
Total	<u>\$ 41,227</u>	<u>65,533</u>

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Allowance for obsolete inventories	Others	Total
Deferred tax assets:			
Balance at January 1, 2021	\$ 21,129	26,255	47,384
Recognized in profit or loss	<u>(4,541)</u>	<u>(3,214)</u>	<u>(7,755)</u>
Balance at December 31, 2021	<u>\$ 16,588</u>	<u>23,041</u>	<u>39,629</u>
Balance at January 1, 2020	\$ 12,831	5,311	18,142
Recognized in profit or loss	<u>8,298</u>	<u>20,944</u>	<u>29,242</u>
Balance at December 31, 2020	<u>\$ 21,129</u>	<u>26,255</u>	<u>47,384</u>

	Profit or loss of subsidiary in equity
Deferred tax liabilities:	
Balance at January 1, 2021	\$ 169,694
Recognized in profit or loss	<u>(21,340)</u>
Balance at December 31, 2021	<u>\$ 148,354</u>
Balance at January 1, 2020	\$ 172,769
Recognized in profit or loss	<u>(3,075)</u>
Balance at December 31, 2020	<u>\$ 169,694</u>

(iii) Assessment of tax

The Company tax returns for the years through 2019 were assessed by the National Taiwan Bureau.

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the number of authorized ordinary shares each consisted were \$1,000,000,000. 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:

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

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

(iii) Retained earnings

The Company's article 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

According to the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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 relevant dividend distributions 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 gain (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	(68,634)	-	(68,634)
Unrealized gains (losses) from financial assets measures at fair value through other comprehensive income	-	(6,559)	(6,559)
Balance at December 31, 2021	<u>\$ (95,607)</u>	<u>19,122</u>	<u>(76,485)</u>

	Exchange differences on translation of foreign financial statements	Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2020	\$ (50,236)	-	(50,236)
Exchange differences on foreign operations	23,263	-	23,263
Unrealized gains (losses) from financial assets measures at fair value through other comprehensive income	-	25,681	25,681
Balance at December 31, 2020	<u>\$ (26,973)</u>	<u>25,681</u>	<u>(1,292)</u>

(q) Earnings per share

	For the years ended December 31	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 247,795</u>	<u>302,684</u>
Weighted average number of ordinary shares at December 31 (in thousands)	<u>60,121</u>	<u>60,121</u>
Basic earnings per share (in dollars)	<u>4.12</u>	<u>5.03</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 247,795</u>	<u>\$ 302,684</u>
Weighted average number of ordinary shares (diluted) at December 31 (in thousands)	60,121	60,121
Effect of employee share bonus (in thousands)	<u>291</u>	<u>447</u>
Weighted average number of ordinary shares (diluted) at December 31 (in thousands)	<u>60,412</u>	<u>60,568</u>
Diluted earnings per share (in dollars)	<u>\$ 4.10</u>	<u>5.00</u>

(r) Revenue from contracts with customers

(i) Details of revenue

For the year ended December 31, 2021			
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 6,760,618	116,135	6,876,753
America	99,029	186,494	285,523
Thailand	3,339	-	3,339
Taiwan	119,119	1,809	120,928
Other country	150,996	9,127	160,123
Total	<u>\$ 7,133,101</u>	<u>313,565</u>	<u>7,446,666</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 7,133,101</u>	<u>313,565</u>	<u>7,446,666</u>

For the year ended December 31, 2020			
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 5,162,577	57,445	5,220,022
America	102,607	74,134	176,741
Thailand	25,405	-	25,405
Taiwan	84,736	1,549	86,285
Other country	30,571	7,206	37,777
Total	<u>\$ 5,405,896</u>	<u>140,334</u>	<u>5,546,230</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 5,405,896</u>	<u>140,334</u>	<u>5,546,230</u>

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	\$ 1,750	660	164
Accounts receivables	3,183,259	2,339,810	2,013,942
Less: loss allowance	(2,634)	(8,592)	(11,798)
Total	<u>\$ 3,182,375</u>	<u>2,331,878</u>	<u>2,002,308</u>

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

(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 years ended December 31, 2021 and 2020, the Group accrued and recognized its employee remuneration amounting to \$15,538 and \$17,926 respectively; as well as its remuneration to directors amounting to \$3,884 and \$4,481 respectively. These amounts were calculated by using the Group'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 costs or expenses. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements are identical to those of the actual distributions for 2021 and 2020.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2021	2020
Interest income from bank deposits	\$ 6,486	8,171
Other interest income	355	551
	<u>\$ 6,841</u>	<u>8,722</u>

(ii) Other income

	For the years ended December 31	
	2021	2020
Rent income	\$ 33,272	42,301
Dividend income	13,382	6,933
Sample income	13,459	25,962
Mold income	8,749	83,034
Government grants income	-	28,018
Others	79,204	33,302
	<u>\$ 148,066</u>	<u>219,550</u>

(iii) Other gains and losses

	For the years ended December 31	
	2021	2020
Gains (losses) on disposal of property, plant and equipment	\$ (1,158)	791
Gains (loss) on financial assets at fair value through profit or loss	7,331	(488)
Sample expenses	(19,201)	(17,335)
Mold expenses	(9,413)	(7,560)
Foreign exchange gains (losses)	(45,637)	(119,589)
Others	(15,920)	(14,518)
	<u>\$ (83,998)</u>	<u>(158,699)</u>

(iv) Finance costs

	For the years ended December 31	
	2021	2020
Interest expense	\$ 11,835	10,363
Other	3	3
	<u>\$ 11,838</u>	<u>10,366</u>

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The major customers of the Group are centralized in the high tech computer industry. As of December 31, 2021 and 2020, 77% and 68%, respectively, of accounts receivable were concentrated on 7 and 6 major customers, respectively. To minimize credit risk, the Group periodically evaluates the Group's financial positions and the possibility of collecting accounts receivables.

3) Receivables and debt securities

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost include other receivables. For the details on investments and loss allowance, please refer to note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>within six months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>over 5 years</u>
December 31, 2021							
Non derivative financial liabilities							
Short-term borrowings	\$ 652,614	655,286	485,999	169,287	-	-	-
Notes and accounts payable	2,255,730	2,255,730	2,255,730	-	-	-	-
Other payables	1,058,947	1,058,947	1,058,947	-	-	-	-
Lease liabilities	39,977	50,893	9,212	16,185	16,270	9,226	-
Long-term borrowings	<u>647,393</u>	<u>654,603</u>	<u>130,930</u>	<u>81,433</u>	<u>207,646</u>	<u>199,642</u>	<u>34,952</u>
(current portion included)							
	<u>\$4,654,661</u>	<u>4,675,459</u>	<u>3,940,818</u>	<u>266,905</u>	<u>223,916</u>	<u>208,868</u>	<u>34,952</u>
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	<u>644,813</u>	<u>653,812</u>	<u>194,536</u>	<u>59,010</u>	<u>117,495</u>	<u>252,272</u>	<u>30,499</u>
(current portion included)							
	<u>\$3,546,983</u>	<u>3,564,717</u>	<u>3,038,915</u>	<u>80,701</u>	<u>147,585</u>	<u>267,017</u>	<u>30,499</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 130,965	27.680	3,625,113	109,503	28.480	3,118,649
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	63,586	27.680	1,760,059	31,487	28.480	896,739

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 December 31, 2021 and 2020 would have increased (decreased) the net profit before tax by \$93,253 and \$111,095 respectively. The analysis for the two periods were on the same basis.

3) Foreign exchange gain 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 years ended December 31, 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(45,637) thousand and \$(119,589) thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the 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 \$13,000 and \$10,291 for the years ended December 31, 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.

(v) 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:

December 31, 2021					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 39,697	38,133		1,564	39,697
Financial assets at fair value through other comprehensive income	90,631	-	-	90,631	90,631
Financial assets measured at amortized cost					
Cash and cash equivalents	1,887,924	-	-	-	-
Notes and accounts receivable	3,182,375	-	-	-	-
Other receivables	53,009	-	-	-	-
Subtotal	5,123,308	-	-	-	-
Total	<u>\$ 5,253,636</u>	<u>38,133</u>	<u>-</u>	<u>92,195</u>	<u>130,328</u>
Financial liabilities at amortized cost:					
Short-term loans	\$ 652,614	-	-	-	-
Notes and accounts payable	2,255,730	-	-	-	-
Other payables	1,058,787	-	-	-	-
Lease liabilities	39,977	-	-	-	-
Long term borrowings (current portion included)	647,393	-	-	-	-
Subtotal	4,654,501	-	-	-	-
Total	<u>\$ 4,654,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

December 31, 2020					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 30,677	27,800		2,877	30,677
Financial assets measured at amortized cost	93,225	-	-	93,225	93,225
Cash and cash equivalents					
Notes and accounts receivable	2,014,173	-	-	-	-
Other receivables	2,331,878	-	-	-	-
Subtotal	31,498	-	-	-	-
Total	4,377,549	-	-	-	-
Financial liabilities at amortized cost	\$ 4,501,451	27,800	-	96,102	123,902
Short-term loans	\$ 384,238	-	-	-	-
Notes and accounts payable	1,690,857	-	-	-	-
Other payable	746,949	-	-	-	-
Lease liabilities	80,126	-	-	-	-
Long term borrowings (current portion included)	644,813	-	-	-	-
Subtotal	3,546,983	-	-	-	-
Total	\$ 3,546,983	-	-	-	-

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".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market	Net Asset Value Method	· Net asset value · The market illiquidity discount rate (30% on December 31, 2021 and 2020)	· The higher market illiquidity discount, the lower fair value
Financial assets at fair value through profit or loss-Financial products	Discounted Cash Flow Method	- Discount rate (1.00%~3.00% on December 31, 2021)	- The higher discount rate, the lower fair value
Financial assets at fair value through profit or loss-Private offered funds	Net Asset Value Method	- Net asset value	Not applicable

- (vi) Fair value measurements 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:

	Input	Assumptions	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2021						
Financial assets at fair value through profit or loss-Financial products	Discount rate	5%	456	(456)	-	-
Financial assets at fair value through profit or loss-Private offered funds	Net asset value	5%	78	(78)	-	-
Financial assets fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,532	(4,532)
December 31, 2020						
Financial assets at fair value through profit or loss-Private offered funds	Net asset value	5%	144	(144)		
Financial assets fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,661	(4,661)

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

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Risk management framework

The Group oversees how the managements supervision is in compliance with the Group's risk management policies and procedures. The general manager is responsible for developing and monitoring the Group's risk management policies and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Accounts and other receivables

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Since the Group has a large customer base in mainland China, it does not significantly focused on dealing with a single customer; therefore, there is no significant concentration of the risk of account receivable. In order to reduce the credit risk, the Group also regularly assess of the financial statues of its customers, if necessary, and will require its customers to provide security or guarantee.

The Group sets allowance for doubtful accounts to reflect the estimated loss resulted from its accounts and notes receivable. The main portion of allowance for doubtful accounts included specific loss component related to significant exposure and loss component occurred but not recognized on similar Group of assets. The allowance for doubtful accounts of the Group was based on the statistic information of past payment of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group believes its counterparties until meet their obligations. Hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to only provide financial guarantees to its wholly owned subsidiaries. As of December 31, 2021 and 2020, no other guarantees were outstanding.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities to ensure consistency with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2021 and 2020, the Group's unused credit line amounted to \$1,939,448 and \$1,580,737, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD) and US Dollar (USD).

2) Interest rate risk

The Group maintains an appropriate proportion of the fixed and variable interest rate instruments and using interest rate swap contracts to mitigate the floating interest rate risk.

(w) Capital management

The Group's objectives for managing capital to safeguard its capacity to continue to operate and provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce its cost of capital. The total capital and equity include share capital, capital surplus, retained earnings, and other equity, plus net debt.

The Group's debt-to-equity ratio at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 4,918,993	3,796,657
Less: cash and cash equivalents	(1,887,924)	(2,014,173)
Net liabilities	<u>\$ 3,031,069</u>	<u>1,782,484</u>
Total equity	<u>\$ 4,129,488</u>	<u>4,111,480</u>
Debt-to-equity ratio	<u>73.40%</u>	<u>43.35%</u>

(x) Investment and financing activities from non-cash transactions

Investment and financing activities from non-cash transactions were as follows:

(a) Right-of-use assets acquired through leasing, please refer to Note 6(h).

(b) Assets acquired from investment activities; the reconciliation is as follows:

	Jan. 1, 2021	Cash Flow	Movements of non-cash				December 31, 2021
			Acquisition	Exchange rate	Interest expense	Other	
Lease liabilities	<u>\$ 80,126</u>	<u>(40,046)</u>	<u>7,601</u>	<u>3,088</u>	<u>2,114</u>	<u>(12,906)</u>	<u>(39,977)</u>

	Jan. 1, 2020	Cash Flow	Movements of non-cash				December 31, 2020
			Acquisition	Exchange rate	Interest expense	Other	
Lease liabilities	<u>\$ 104,403</u>	<u>(48,229)</u>	<u>-</u>	<u>1,794</u>	<u>3,425</u>	<u>11,883</u>	<u>73,276</u>

(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 years ended December 31	
	2021	2020
Short-term employee benefits	\$ 25,261	21,600
Post-employment benefits	625	447
	\$ 25,886	22,047

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Land	Secured loans	\$ 1,016,281	1,016,281
Buildings	Secured loans	230,492	241,154
Bank deposits (classified as prepayments and other current assets)	Performance guarantee	-	1,000
Bank deposits (classified as prepayments and other current assets)	Performance guarantee	174	175
Bank guarantee (classified as prepayments and other non-current assets-other)	Performance guarantee	-	1,139
		\$ 1,246,947	1,259,749

(9) Commitments and contingencies:

The Group's significant contractual commitments were as follows:

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	\$ 64,122	90,432

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By item	By function	2021			2020		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits							
Salaries		859,107	297,659	1,156,766	580,929	310,829	891,758
Labor and health insurance		42,082	21,629	63,711	30,471	17,951	48,422
Pension		37,438	34,734	72,172	9,339	9,282	18,621
Remuneration of directors		-	5,510	5,510	-	6,371	6,371
Others		47,299	16,855	64,154	31,537	15,961	47,498
Depreciation		217,896	36,478	254,374	191,268	30,550	221,818
Amortization		8,714	14,915	23,629	4,891	16,017	20,908

(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	Jarson Precision Technology Co., Ltd.	Other receivables	Yes	40,000	20,000	18,000 (Note 4)	2%	2	-	Operating turnover	-		-	550,598	1,651,794
0	The Company	Chian Fuh Enterprise Co., Ltd.	Other receivables	No	5,000	-	-	2%	2	-	Operating turnover	-		-	550,598	1,651,794
1	Royal Jarlly Holding Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	74,736	74,736	69,999 (Note 4)	0%	2	-	Operating turnover	-		-	1,390,252	1,390,252
2	Jarlly Technology (Shanghai) Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	17,376	-	-	2%	2	-	Operating turnover	-		-	270,345	270,345
3	Fu Qing Jarlly Electronics Co., Ltd.	Xiamen Jarlly Electronics Co., Ltd.	Other receivables	Yes	78,192	39,096	39,096 (Note 4)	2%	2	-	Operating turnover	-		-	551,432	551,432
3	Fu Qing Jarlly Electronics Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	65,160	65,160	65,160 (Note 4)	2%	2	-	Operating turnover	-		-	551,432	551,432
4	Jarlly Technology (Chongqing) Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	30,408	30,408	30,408 (Note 4)	2%	2	-	Operating turnover	-		-	174,170	174,170
4	Jarlly Technology (Chongqing) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	86,880	43,440	43,440 (Note 4)	2%	2	-	Operating turnover	-		-	174,170	174,170
5	Smart Hinge Holdings Ltd.	Great Hinge Trading Ltd.	Other receivables	Yes	49,824	49,824	49,824 (Note 4)	0%	2	-	Operating turnover	-		-	1,420,185	1,420,185
6	Jarlly Electronics Technology (Shanghai) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	43,440	43,440	-	2%	2	-	Operating turnover	-		-	269,415	269,415

Note 1: The total amount available for financing purposes shall not exceed 40% of the Company's net worth. 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.

Note 2: Subsidiaries

- 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.
- 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.
- For short-term financing needs, the amount available for financing of each entity shall not exceed 1/3 of the Company's loanable amount.
- 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

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

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

(ii) Guarantees and endorsements for other parties:

No.	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 guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (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	Jarfly Technology (Shanghai) Co., Ltd.	2	1,376,496	332,160	332,160	221,440	-	8.04%	1,651,794	Y	N	Y
0	The Company	Jarson Precision Technology Co., Ltd.	2	1,376,496	70,000	40,000	30,000	-	0.97%	1,651,794	Y	N	N
0	The Company	Jarfly Technology (Chongqing) Co., Ltd.	2	1,376,496	55,360	55,360	55,360	-	1.34%	1,651,794	Y	N	Y
0	The Company	Kunshan Jarfly Electronics Ltd.	2	1,376,496	55,360	55,360	55,360	-	1.34%	1,651,794	Y	N	Y
0	The Company	Jellytec (Vietnam) Co., Ltd.	2	1,376,496	110,720	110,720	-	-	2.68%	1,651,794	Y	N	N

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 December 31 ,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:

- Entities have business relations with the Company.
- The Company directly or indirectly holds more than 50% of voting shares of its subsidiaries.
- Investees directly or indirectly own more than 50% of voting shares of the Company.
- The Company directly or indirectly holds 90% of voting shares of its subsidiaries.
- Entities have construction contract agreements with the Company.
- The reason for The Company jointly invested in the entities is to provide proportionate endorsements.
- 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 December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	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	65,262	4.61%	65,262	4,614	
Fu Qing Jarfly Electronics Co., Ltd.	Fuqing Jelly Plastic Product Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	3,475	16.00%	3,475	3,475	
Fu Qing Jarfly Electronics Co., Ltd.	Chongqing Jelly Plastics Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	2,345	18.00%	2,345	2,345	
Fu Qing Jarfly Electronics Co., Ltd.	Chongqing Yuli Hardware Products Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,691	18.00%	4,691	4,691	
Xiamen Jarfly Electronics Co., Ltd.	Kunshan Huli Precision Hardware Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	-	4,126	19.00%	4,126	4,126	
Xiamen Jarfly Electronics Co., Ltd.	Xiamen Jinyaoli Precision Hardware Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	-	4,126	19.00%	4,126	4,126	
Kunshan Jarfly Electronics Co.,Ltd.	Kunshan Huli Precision Hardware Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	-	6,602	19.00%	6,602	6,602	
Jarfly Technology (Shanghai) Co., Ltd.	Bank of Ningbo, structure deposit	-	Current financial assets at fair value through profit or loss	-	30,408	- %	30,408	30,408	
Jarwin Investment Co., Ltd.	Asustek Computer Inc., Stock	-	Current financial assets at fair value through profit or loss	10	3,543	- %	3,543	10	
Jarwin Investment Co., Ltd.	International Games System Co., Ltd., stock	-	Current financial assets at fair value through profit or loss	5	3,965	- %	3,965	15	

Jarwin Investment Co., Ltd.	Treasure Cay Private Equity Fund	-	Non-current financial assets at fair value through profit or loss	-	1,564	- %	1,564	-	
-----------------------------	----------------------------------	---	---	---	-------	-----	-------	---	--

(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		Purchases		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Jarllly Technology (Shanghai) Co., Ltd.	Product of Fubon China (Yue Xiang Ying)	Current financial assets at fair value through profit or loss	Fubon Bank (China) Co., Ltd.	not related party	-	-	-	123,804	-	125,403	123,804	1,599	-	-
Jarllly Technology (Shanghai) Co., Ltd.	Product of Fubon China (Yue Xiang Ying)	Current financial assets at fair value through profit or loss	Fubon Bank (China) Co., Ltd.	not related party	-	-	-	183,491	-	184,143	183,491	652	-	-
Jarllly Technology (Chongqing) Co., Ltd.	Product of Fubon China (Yue Xiang Ying)	Current financial assets at fair value through profit or loss	Fubon Bank (China) Co., Ltd.	not related party	-	-	-	152,040	-	153,277	152,040	1,237	-	-
Fu Qing Jarlly Electronics Co., Ltd.	Structured deposit product of Bank of China	Current financial assets at fair value through profit or loss	Bank of China	not related party	-	-	-	397,042	-	400,570	397,042	3,528	-	-
Fu Qing Jarlly Electronics Co., Ltd.	Structured deposit product of Xiamen Bank	Current financial assets at fair value through profit or loss	Xiamen Bank	not related party	-	-	-	165,072	-	167,501	165,072	2,429	-	-

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

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

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/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	(346,061)	90.46%	150 days	-	150 days for related parties; 30~180 days for third-parties.	182,972	97.16%	Note
The Company	Jarson Precision Technology Co., Ltd.	Associates	Purchase	346,061	14.25%	150 days	-	150 days for related parties; 30~180 days for third-parties.	(182,972)	15.69%	Note
Dong Guan Jarlly Electronics Co., Ltd.	The Company	Associates	Sale	(270,484)	65.68%	150 days	-	150 days for related parties; 30~180 days for third-parties.	109,174	81.57%	Note
The Company	Dong Guan Jarlly Electronics Co., Ltd.	Associates	Purchase	270,484	11.14%	150 days	-	150 days for related parties; 30~180 days for third-parties.	(109,174)	9.36%	Note
Fu Qing Jarlly Electronics Co., Ltd.	The Company	Associates	Sale	(196,907)	22.59%	150 days	-	150 days for related parties; 120~150 days for third-parties.	74,515	25.62%	Note
The Company	Fu Qing Jarlly Electronics Co., Ltd.	Associates	Purchase	196,907	8.11%	150 days	-	150 days for related parties; 120~150 days for third-parties.	(74,515)	6.39%	Note
Kunshan Jarlly Electronics Ltd.	The Company	Associates	Sale	(549,586)	40.41%	150 days	-	150 days for related parties; 30~180 days for third-parties.	245,193	40.09%	Note
The Company	Kunshan Jarlly Electronics Ltd.	Associates	Purchase	549,586	22.63%	150 days	-	150 days for related parties; 120~150 days for third-parties.	(245,193)	21.02%	Note
Jarlly Technology (Chongqing) Co., Ltd.	The Company	Associates	Sale	(149,067)	17.86%	150 days	-	150 days for related parties; 120~150 days for third-parties.	43,711	13.18%	note
The Company	Jarlly Technology (Chongqing) Co., Ltd.	Associates	Purchase	149,067	6.14%	150 days	-	150 days for related parties; 120~150 days for third-parties.	(43,711)	3.75%	Note
Jarlly Technology (Shanghai) Co., Ltd.	The Company	Associates	Sale	(182,373)	10.69%	150 days	-	150 days for related parties; 120~150 days for third-parties.	121,222	12.37%	Note
The Company	Jarlly Technology (Shanghai) Co., Ltd.	Associates	Purchase	182,373	7.51%	150 days	-	150 days for related parties; 30~180 days for third-parties.	(121,222)	10.39%	Note
Jarlly Technology (Shanghai) Co., Ltd.	Royal Jarlly Holding Ltd.	Associates	Sale	(304,183)	17.83%	150 days	-	150 days for related parties; 30~180 days for third-parties.	61,713	6.30%	Note
Royal Jarlly Holding Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Associates	Purchase	304,183	38.74%	150 days	-	150 days for related parties; 30~180 days for third-parties.	(61,713)	25.41%	Note
Kunshan Jarlly Electronics Ltd.	Royal Jarlly Holding Ltd.	Associates	Sale	(378,051)	27.80%	150 days	-	150 days for related parties; 30~180 days for third-parties.	152,800	24.98%	Note
Royal Jarlly Holding Ltd.	Kunshan Jarlly Electronics Ltd.	Associates	Purchase	378,051	48.15%	150 days	-	150 days for related parties; 120~180 days for third-parties.	(152,800)	62.93%	note
Jarlly Technology (Chongqing) Co., Ltd.	Royal Jarlly Holding Ltd.	Associates	Sale	(114,541)	13.72%	150 days	-	150 days for related parties; 120~180 days for third-parties.	28,450	8.58%	note
Royal Jarlly Holding Ltd.	Jarlly Technology (Chongqing) Co., Ltd.	Associates	Purchase	114,541	14.59%	150 days	-	150 days for related parties; 120~180 days for third-parties.	(28,450)	11.72%	Note
Xiamen Jarlly Electronics Co., Ltd.	The Company	Associates	Sale	(70,261)	36.92%	150 days	-	150 days for related parties; 30~180 days for third-parties.	29,913	57.11%	Note
The Company	Xiamen Jarlly Electronics Co., Ltd.	Associates	Purchase	70,261	2.89%	150 days	-	150 days for related parties; 120~150 days for third-parties.	(29,913)	2.56%	Note

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

(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	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Jarson Precision Technology Co., Ltd.	The Company	Associates	182,972	1.98	-	-	45,968	-
Dong Guan Jarlly Electronics Co., Ltd.	The Company	Associates	109,174	2.82	-	-	50,636	-
Kunshan Jarlly Electronics Ltd.	The Company	Associates	245,193	2.93	-	-	59,686	-
Jarlly Technology (Shanghai) Co., Ltd.	The Company	Associates	121,222	3.01	-	-	-	-
Kunshan Jarlly Electronics Ltd.	Royal Jarlly Holding Ltd.	Associates	152,800	2.03	-	-	88,053	-

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

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Jarson Precision Technology Co., Ltd.	1	Other receivables	41,519	follow the agreement	0.46%
0	The Company	Jarlly Technology (Shanghai) Co., Ltd.	1	Other income	25,577	follow the agreement	0.34%
0	The Company	Jarlly Technology (Shanghai) Co., Ltd.	1	Other receivables	25,302	follow the agreement	0.28%
1	Jarson Precision Technology Co., Ltd.	The Company	2	Right-of-use assets	25,776	follow the agreement	0.28%
1	Jarson Precision Technology Co., Ltd.	The Company	2	Sales revenue	346,061	mark up by cost	4.65%
1	Jarson Precision Technology Co., Ltd.	The Company	2	Accounts receivable	182,972	150 days	2.02%
2	Royal Jarlly Holding Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	3	Other receivables	69,999	follow the agreement	0.77%
3	Jarlly Technology (Chongqing) Co., Ltd.	The Company	2	Sales revenue	149,067	mark up by cost	2.00%
3	Jarlly Technology (Chongqing) Co., Ltd.	The Company	2	Accounts receivable	43,711	150 days	0.48%
3	Jarlly Technology (Chongqing) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	3	Other receivables	43,642	follow the agreement	0.48%
3	Jarlly Technology (Chongqing) Co., Ltd.	Kunshan Jarlly Electronics Ltd.	3	Other receivables	30,561	follow the agreement	0.34%
3	Jarlly Technology (Chongqing) Co., Ltd.	Royal Jarlly Holding Ltd.	3	Sales revenue	114,541	mark up by cost	1.54%
3	Jarlly Technology (Chongqing) Co., Ltd.	Royal Jarlly Holding Ltd.	3	Accounts receivable	28,450	150 days	0.31%
4	Dong Guan Jarlly Electronics Co., Ltd.	The Company	2	Sales revenue	270,484	mark up by cost	3.63%
4	Dong Guan Jarlly Electronics Co., Ltd.	The Company	2	Accounts receivable	109,174	150 days	1.21%
5	Fu Qing Jarlly Electronics Co., Ltd.	The Company	2	Sales revenue	196,907	mark up by cost	2.64%
5	Fu Qing Jarlly Electronics Co., Ltd.	The Company	2	Accounts receivable	74,515	150 days	0.82%
5	Fu Qing Jarlly Electronics Co., Ltd.	Xiamen Jarlly Electronics Co., Ltd.	3	Other receivables	39,096	follow the agreement	0.43%
5	Fu Qing Jarlly Electronics Co., Ltd.	Kunshan Jarlly Electronics Ltd.	3	Other receivables	65,160	follow the agreement	0.72%
6	Kunshan Jarlly Electronics Ltd.	The Company	2	Sales revenue	549,586	mark up by cost	7.38%
6	Kunshan Jarlly Electronics Ltd.	The Company	2	Accounts receivable	245,193	150 days	2.71%
6	Kunshan Jarlly Electronics Ltd.	Royal Jarlly Holding Ltd.	3	Sales revenue	378,051	mark up by cost	5.08%

6	Kunshan Jarlly Electronics Ltd.	Royal Jarlly Holding Ltd.	3	Accounts receivable	152,800	150 days	1.69%
7	Jarlly Technology (Shanghai) Co., Ltd.	The Company	2	Sales revenue	182,373	mark up by cost	2.45%
7	Jarlly Technology (Shanghai) Co., Ltd.	The Company	2	Accounts receivable	121,222	150 days	1.34%
7	Jarlly Technology (Shanghai) Co., Ltd.	Royal Jarlly Holding Ltd.	3	Sales revenue	304,183	mark up by cost	4.08%
7	Jarlly Technology (Shanghai) Co., Ltd.	Royal Jarlly Holding Ltd.	3	Accounts receivable	61,713	150 days	0.68%
8	Xiamen Jarlly Electronics Co., Ltd.	The Company	2	Sales revenue	70,261	mark up by cost	0.94%
8	Xiamen Jarlly Electronics Co., Ltd.	The Company	2	Accounts receivable	29,913	150 days	0.33%
8	Xiamen Jarlly Electronics Co., Ltd.	Fu Qing Jarlly Electronics Co., Ltd.	3	Other income	24,987	mark up by cost	0.34%
9	Smart Hinge Holdings Ltd.	Great Hinge Trading Ltd.	3	Other receivables	49,824	follow the agreement	0.55%
10	Jarlly Electronics Technology (Shanghai) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	3	Other income	27,617	follow the agreement	0.37%

Note 1: (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.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of ownership (%)	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Great Hinge Trading Ltd.	British Virgin Islands	Investment industry	318	318	10	100%	40,326	100%	(13,082)	(13,082)	Note
The Company	Smart Hinge Holdings Ltd.	British Virgin Islands	Investment industry	750,588	750,588	23,434	100%	2,366,613	100%	37,211	38,457	Note
The Company	Jarson Precision Technology Co., Ltd.	Republic of China	Powder metallurgy industry	134,076	134,076	11,480	100%	263,071	100%	64,897	66,129	Note
The Company	JARLLYTEC USA L.L.C.	America	Computer design and service	2,959	2,959	-	100%	31	100%	(1,684)	(1,684)	Note
The Company	Jarwin Investment Co., Ltd.	Republic of China	Investment industry	50,000	50,000	5,000	100%	57,002	100%	7,169	7,169	Note
The Company	JARLLYTEC SINGAPORE PTE. LTD.	Singapore	Computer design and service	423	-	-	100%	30	100%	(381)	(381)	Note
Great Hinge Trading Ltd.	Main Source Logistic Ltd.	British Virgin Islands	Electronic equipment and mold trading	-	318	-	- %	-	-	(2,841)	(2,841)	Note
Great Hinge Trading Ltd.	JARLLYTEC (VIETNAM) CO., LTD.	Vietnam	Sale and produce Precision Hinge	166,723	-	-	100%	136,228	100%	(1,225)	(1,225)	Note
Smart Hinge Holdings Ltd.	Royal Jarlly Holding Ltd.	Hong Kong	Investment industry	750,588	750,588	23,434	100%	2,317,088	100%	37,189	37,189	Note
Royal Jarlly Holding Ltd.	JARLLYTEC (THAILAND) CO., LTD.	Thailand	Sale and produce Precision Hinge	149,229	149,229	2,000	100%	127,139	100%	273	273	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 businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment note 1	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Invest income (losses) note 2 and note 3	Book value note 3	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Jarfly Technology (Shanghai) Co., Ltd.	Sale and produce special purpose material of component equipment	261,462	(2)	131,272	-	-	131,272	(22,487)	100.00%	100.00%	(22,487)	450,575	-
Fu Qing Jarfly Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	28,815	100.00%	100.00%	28,815	919,055	-
Dong Guan Jarfly Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	2,277	100.00%	100.00%	2,277	109,421	15,366
Kunshan Jarfly Electronics Ltd.	Sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	11,703	100.00%	100.00%	11,703	48,539	-
Jarfly Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	5,079	100.00%	100.00%	5,079	449,026	-
Xiamen Jarfly Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	19,195	100.00%	100.00%	19,195	80,754	-
Jarfly Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	(8,234)	100.00%	100.00%	(8,234)	290,284	-

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 based on the financial report which was assured by R.O.C. Accountant.

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

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
735,222	735,222	2,477,692

(iii) Significant transactions:

The significant inter-company 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.		3,492,000	5.80%

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

2. If shares are entrusted, the above information regarding such shares will be revealed by each 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 has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

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

	For the year ended December 31, 2021			
	Segment hinge	Segment fiber optic	Reconciliation and elimination	Total
Revenue				
Revenue from external customers	\$ 7,133,101	313,565	-	7,446,666
Intersegment revenues	-	-	-	-
Interest revenue	6,841	-	-	6,841
Total revenue	<u>\$ 7,139,942</u>	<u>313,565</u>	<u>-</u>	<u>7,453,507</u>
Reportable segment profit or loss	<u>\$ 252,758</u>	<u>36,264</u>	<u>-</u>	<u>289,022</u>
	For the year ended December 31, 2020			
	Segment hinge	Segment fiber optic	Reconciliation and elimination	Total
Revenue				
Revenue from external customers	\$ 5,405,896	140,334	-	5,546,230
Intersegment revenues	-	-	-	-
Interest revenue	8,722	-	-	8,722
Total revenue	<u>\$ 5,414,618</u>	<u>140,334</u>	<u>-</u>	<u>5,554,952</u>
Reportable segment profit	<u>\$ 351,833</u>	<u>16,384</u>	<u>-</u>	<u>368,217</u>

Note: The amounts of intersegment assets were not provided to the Group, thus, there were no disclosed amounts.

(b) Product and service information

Revenue from the external customers of the Group was as follows:

Product and service	For the years ended December 31,	
	2021	2020
Hinge	\$ 7,133,101	5,405,896
Fiber optic	313,565	140,334
Total	<u>\$ 7,446,666</u>	<u>5,546,230</u>

(c) Geographic information

In presenting information on the basis of geography, segment revenue was based on the geographical location of customers, while segment assets were based on the geographical location of the assets.

Geographical information	For the years ended December 31,	
	2021	2020
Revenue from external customers:		
China	\$ 6,876,753	5,220,022
United States	285,523	176,741
Thailand	3,339	25,405
Taiwan	120,928	86,285
Other countries	160,123	37,777
	<u>\$ 7,446,666</u>	<u>5,546,230</u>
	December 31,	December 31,
	2021	2020
Non-current assets:		
Taiwan	\$ 1,777,498	1,746,621
China	1,050,910	855,160
Total	<u>\$ 2,828,408</u>	<u>2,601,781</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, prepayment for business facilities, and other assets, excluding financial instruments and deferred tax assets.

(d) Major customers

	For the year ended December 31, 2021
A customer of hinge division	\$ 684,820
E customer of hinge division	<u>1,461,903</u>
	<u>\$ 2,146,723</u>
	For the year ended December 31, 2020
A customer of hinge division	\$ 892,758
E customer of hinge division	<u>1,315,998</u>
	<u>\$ 2,208,756</u>

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Jarllytec Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judge that shall be communicated in the audit report are as follows:

1. Revenue recognition

Please refer to Note 4(m) "Revenue recognition"

Description of key audit matter:

The major business of the Group is the development and manufacturing of various hinges which are applied in computer, communication and consumer electronics, etc. The Operating Revenue is the main indicator for the investor to evaluate the financial and business performance of the Group. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Understanding the design and implementation of internal controls over revenue recognition and verifying the compliance of accounting policy.
- (2) Testing the manual control of sales and collection cycle.
- (3) Analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant exceptions or irregular transactions exist.
- (4) Examining the vouchers to determine the appropriate cut offs for revenue recognition within selected periods before and after the balance sheet date to evaluate whether the revenue was recorded in the appropriate period.

2. Impairment evaluation of accounts receivable

Please refer to Note 4(f)(i)(1) “Financial assets measured at amortized cost”; Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(c) “Notes and accounts receivables”.

Description of key audit matter:

The Company measured its accounts receivable by the recoverable amounts due to the provision of bad debt allowance that is subject to the management’s judgement. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Assessing the rationality of the provision policy and verifying the compliance of provision policy for accounts receivable allowance.
- (2) Examining the aging analysis table and checking the amount of receivables received after the balance date, as well as discussing with the management to assess the whether or not the provision is reasonable.
- (3) Evaluating the adequacy of the Company’s disclosure for bad debt allowance.

3. Inventory valuation

Please refer to Note 4(g) “Inventories”; Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(e) “Inventories”.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, with the rapid development of the consumer market and the volatility of sales, that may result in the cost of inventory may exceed its net realizable value. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- (1) Examining the inventory aging report and analyzing the trends of inventory aging.

- (2) Evaluating the rationality of the provision policy and verifying the compliance of provision policy for inventory valuation.
- (3) Assessing the adequacy of the Company's disclosure for inventories.

Responsibilities of Management and Those Charged with Governance for the parent company only Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsu, Ming-Fang and Zhuang, Jun-Wei.

KPMG

Taipei, Taiwan (Republic of China)

March 2, 2022

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents(Note 6(a))	\$	680,947	10	653,396	10	2100	Short-term borrowings(Note 6(i) and 8)	\$	215,000	3
1170	Notes and accounts receivables, net(Note 6(c)(q))		1,426,061	21	932,974	15	2170	Notes and accounts payables		379,042	5
1180	Accounts receivables - related parties, net(Note 6(c)(q) and 7)		16,698	-	11,437	-	2180	Accounts payables - related parties(Note 7)		806,331	12
1200	Other receivables, net(Note 6(d))		21,022	-	21,226	-	2200	Other payables		520,297	8
1210	Other receivables - related parties(Note 6(d) and 7)		84,311	1	44,335	1	2220	Other payables - related parties(Note 7)		4,079	-
1220	Current tax assets		-	-	23,110	-	2230	Income tax payable		9,819	-
130X	Inventories(Note 6(e))		232,915	4	130,894	2	2280	Current lease liabilities(Note 6(k))		257	-
1410	Prepayments and other current assets (Note 8)		27,072	-	32,627	1	2300	Other current liabilities		20,523	-
	Total current assets		2,489,026	36	1,849,999	29	2322	Long-term borrowings, current portion(Note 6(j) and 8)		209,043	3
Non-current assets:											
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))		65,262	1	71,821	1		Total current liabilities		1,600,687	31
1550	Investments accounted for using equity method, net(Note 6(f))		2,727,073	39	2,699,059	43		Non-Current liabilities:			
1600	Property, plant and equipment(Note 6(g) and 8)		1,533,493	22	1,609,766	26	2540	Long-term borrowings(Note 6(j) and 8)		438,350	6
1755	Right-of-use assets(Note 6(h))		734	-	200	-	2570	Deferred income tax liabilities(Note 6(n))		148,354	2
1780	Intangible assets		10,746	-	8,842	-	2580	Non-current lease liabilities(Note 6(k))		521	-
1840	Deferred income tax assets(Note 6(n))		39,629	1	47,384	1	2640	Net defined benefit liability, non-current(Note 6(m))		46,794	1
1915	Prepayments for business facilities		52,408	1	4,264	-	2670	Other non-current liabilities, others		340	-
1990	Other non-current assets, others(Note 8)		9,867	-	10,637	-		Total non-current liabilities		634,359	9
	Total non-current assets		4,451,973	64	4,451,973	71		Total liabilities		2,798,750	40
Equity (Note 6(o)):											
3110	Ordinary share									601,214	9
3200	Capital surplus									1,334,534	20
	Retained earnings:										
3310	Legal reserve									380,412	5
3320	Special reserve									1,292	-
3350	Unappropriated retained earnings									1,888,521	27
	Total retained earnings									2,270,225	32
	Other equity:										
3410	Exchange differences on translation of foreign financial statements									(95,607)	(1)
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income									19,122	-
	Other equity									(76,485)	(1)
	Total equity									4,129,488	60
	Total liabilities and equity									\$ 6,928,238	100
										\$ 6,310,972	100
Total assets		\$	6,928,238	100	6,301,972	100					

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
JARLLYTEC CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(q) and 7)	\$ 3,551,941	100	1,920,084	100
5000	Operating costs (Note 6(e)(k)(m) and 7)	2,995,433	84	1,660,270	86
	Gross profit	556,508	16	259,814	14
5920	Unrealized loss (profit) from sales	(383)	-	(370)	-
	Net gross profit	556,125	16	259,444	14
	Operating expenses (Note 6(c)(k)(m)(r)):				
6100	Selling expenses	264,677	7	117,475	6
6200	Administrative expenses	146,013	4	126,383	7
6300	Research and development expenses	121,182	3	150,219	8
6450	Expect credit loss (gain)	(1,855)	-	2,384	-
	Total operating expenses	530,017	14	396,461	21
	Net operating income (loss)	26,108	2	(137,017)	(7)
	Non-operating income and expenses:				
7010	Other income (Note 6(s) and 7)	165,310	5	166,011	9
7020	Other gains and losses, net (Note 6(s) and 7)	(22,740)	(1)	(19,271)	(1)
7050	Finance costs (Note 6(k)(s))	(5,721)	-	(5,025)	-
7070	Share of profit of associates accounted for using equity method	96,608	3	305,600	16
7100	Interest income (Note 6(s))	1,302	-	2,646	-
7630	Foreign exchange losses	(21,330)	(1)	(36,592)	(2)
	Total non-operating income and expenses	213,429	6	413,369	22
7900	Profit from continuing operations before tax	239,537	8	276,352	15
7950	Less: Income tax expenses (gains) (Note 6(n))	(8,258)	-	(26,332)	(1)
	Profit	247,795	8	302,684	16
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans (Note 6(m))	(4,291)	-	2,711	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(6,559)	-	25,681	1
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	(10,850)	-	28,392	1
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(68,634)	(2)	23,263	1
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	(68,634)	(2)	23,263	1
8300	Other comprehensive income, net of tax	(79,484)	(2)	51,655	2
8500	Total comprehensive income	<u>\$ 168,311</u>	<u>6</u>	<u>354,339</u>	<u>18</u>
	Earnings per share (NT dollars) (Note 6(p))				
9750	Basic earnings per share	<u>\$ 4.12</u>		<u>5.03</u>	
9850	Diluted earnings per share	<u>\$ 4.10</u>		<u>5.00</u>	

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

JARLLYTEC CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2020	<u>\$ 601,214</u>	<u>1,334,534</u>	<u>303,404</u>	<u>-</u>	<u>1,718,528</u>	<u>(50,236)</u>	<u>-</u>	<u>3,907,444</u>
Profit	-	-	-	-	302,684	-	-	302,684
Other comprehensive income	-	-	-	-	2,711	23,263	25,681	51,655
Total comprehensive income	-	-	-	-	305,395	23,263	25,681	354,339
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 December 31, 2020	<u>601,214</u>	<u>1,334,534</u>	<u>349,873</u>	<u>50,236</u>	<u>1,776,915</u>	<u>26,973</u>	<u>25,681</u>	<u>4,111,480</u>
Profit	-	-	-	-	247,795	-	-	247,795
Other comprehensive income	-	-	-	-	(4,291)	(68,634)	(6,559)	(79,484)
Total comprehensive income	-	-	-	-	243,504	(68,634)	(6,559)	168,311
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	30,539	-	(30,539)	-	-	-
Special reserve	-	-	-	(48,944)	48,944	-	-	-
Cash dividends of ordinary share	-	-	-	-	(150,303)	-	-	(150,303)
Balance at December 31, 2021	<u><u>\$ 601,214</u></u>	<u><u>1,334,534</u></u>	<u><u>380,412</u></u>	<u><u>1,292</u></u>	<u><u>1,888,521</u></u>	<u><u>(95,607)</u></u>	<u><u>19,122</u></u>	<u><u>4,129,488</u></u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
JARLLYTEC CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Profit before tax	\$ 239,537	276,352
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	125,664	125,426
Amortization expense	8,079	5,854
Expected credit loss	(1,856)	2,384
Interest expense	5,721	5,025
Interest revenue	(1,302)	(2,646)
Dividend revenue	(7,844)	(1,015)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(96,608)	(305,600)
Gain from disposal of property, plant and equipment	(590)	(1,026)
Unrealized loss from sales	383	370
Total adjustments to reconcile profit (loss)	31,647	(171,228)
Changes in operating assets and liabilities:		
Notes receivables	(236)	(496)
Accounts receivables	(490,995)	(563,446)
Accounts receivables-related parties	(5,261)	(3,531)
Other receivables	73	1,895
Other receivable-related parties	(39,976)	8,226
Inventories	(102,021)	71,878
Prepayments	(6,964)	1,799
Other current assets	(2,327)	8,149
Other financial assets	14,846	28,993
Notes payables	12,183	(3,508)
Accounts payables	226,128	(24,555)
Accounts payables-related parties	219,010	509,258
Other payables	174,083	(8,565)
Other payables-related parties	(25,818)	(83,197)
Other current liabilities	14,201	3,465
Net defined benefit liability	18,067	699
Total changes in operating assets and liabilities	4,993	(52,936)
Total adjustments	36,640	(224,164)
Cash inflow generated from operations	276,177	52,188
Interest received	1,433	2,507
Interest paid	(5,738)	(4,922)
Income taxes (paid) refund	27,602	(5,971)
Net cash flows from operating activities	299,474	43,802
Cash flows used in investing activities:		
Acquisition of investments accounted for using equity method	(423)	(50,000)
Acquisition of property, plant and equipment	(56,602)	(226,191)
Proceeds from disposal of property, plant and equipment	8,044	2,506
Acquisition of intangible assets	(5,450)	(3,030)
Decrease (increase) in prepayments for business facilities	(48,144)	106,871
Increase in other non-current assets	(3,763)	(9,659)
Dividends received	7,844	16,381
Net cash flows used in investing activities	(98,494)	(163,122)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(25,000)	160,000
Proceeds from long-term borrowings	473,412	367,507
Repayments of long-term borrowings	(470,832)	(31,250)
Payment of lease liabilities	(206)	(302)
Increase in other non-current liabilities	(500)	500
Cash dividends paid	(150,303)	(150,303)
Net cash flows from financing activities	(173,429)	346,152
Net increase (decrease) in cash and cash equivalents	27,551	226,832
Cash and cash equivalents at beginning of period	653,396	426,564
Cash and cash equivalents at end of period	<u>\$ 680,947</u>	<u>653,396</u>

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

JARLLYTEC CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

JARLLYTEC 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., Sin Jhuang Dist., New Taipei City, Taiwan (R.O.C.). The Company has been actively developing, designing, production, assembly, inspection, manufacturing and sell stamping parts, hinges and MIM, which are widely applied in NB, LCD monitor, LCD TV, 3C-related products.

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

These parent company only financial statements were authorized for issue by the Board of Directors on March 2, 2022.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2”

The adoption of the following new amendments, effective on April 1, 2021, would not have a significant impact on its financial statements.

- Amendments to IFRS 16 “COVID-19-Related Rent Concessions after June 30, 2021”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its parent company only 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”

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	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 applied to transaction that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

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

(4) Summary of significant accounting policies:

The accompanying 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 parent company only financial statements, the Chinese version shall prevail.

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations).

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities (asset) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note4(o).

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have any unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments that do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

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

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

- Debt securities that are determined to have low credit risk at the reporting date ; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial assets because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, loss allowances are recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

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

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

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and construction	5 to 37 years
2) Machinery and equipment	5 to 8 years
3) Molding Equipment	3 years
4) Asset leased to others	37 years
5) Office and Other equipment	2 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

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

(i) As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the

end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

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

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

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

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

The Company presents right-of-use assets and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

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

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue recognition

(i) Revenue from contracts with customers

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

The Company manufactures various hinges which applied in 3C related products and sells them to computer manufacturers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(n) Government grants and government assistance

The Company recognizes an unconditional government grant related to a COVID-19 asset in profit or loss as other operating revenue when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(p) Income taxes

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

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

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

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) The same taxable entity; or
 - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

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

(r) Operating segment

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose such information in the parent company only financial statements.

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment of the book value of assets and liabilities within the next financial year and has reflected the impact of the COVID-19 epidemic is as follows:

(a) Impairment of accounts receivable

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding possible future credit losses) discounted at the financial asset's original effective interest rate. When the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to note 6(c) for further description of the impairment of accounts receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the valuation of inventories.

(c) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Please refer to note 6(m) for further description of the actuarial assumptions and sensitivity analysis.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

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

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 345	268
Demand deposits	542,202	368,328
Time deposits	138,400	284,800
	<u>\$ 680,947</u>	<u>653,396</u>

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

(b) Financial instrument

(i) Financial assets at fair value through other comprehensive income:

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income-non-current		
Stocks unlisted on domestic market	<u>\$ 65,262</u>	<u>71,821</u>

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

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

(c) Notes and accounts receivables

	December 31, 2021	December 31, 2020
Notes receivable	\$ 896	660
Accounts receivables	1,426,550	935,555
Accounts receivables-related parties	16,698	11,437
Less: loss allowance	<u>(1,385)</u>	<u>(3,241)</u>
	<u>\$ 1,442,759</u>	<u>944,411</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables 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:

	December 31, 2021		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 1,392,501	0%~1%	-
1 to 90 days past due	49,282	0%~1%	204
More than 90 days past due	<u>2,361</u>	50%~100%	<u>1,181</u>
	<u>\$ 1,444,144</u>		<u>1,385</u>

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 926,823	0%~1%	-
1 to 90 days past due	17,735	0%~1%	147
More than 90 days past due	3,094	50%~100%	3,094
	<u>\$ 947,652</u>		<u>3,241</u>

The movement in the allowance for note and accounts receivable were as follows:

	For the years ended December 31,	
	2021	2020
Balance at January 1	\$ 3,241	857
Impairment loss recognized	-	2,384
Reversal of impairment loss	(1,856)	-
Balance at December 31	<u>\$ 1,385</u>	<u>3,241</u>

As of December 31, 2021 and 2020, the notes and account receivable of the Company were not pledged as collaterals.

(d) Other receivables

	December 31, 2021	December 31, 2020
Other accounts receivable-loans	\$ 18,000	25,000
Overpaid business tax returned	15,359	8,170
Other receivables-related parties	66,311	24,335
Others	5,663	8,056
	<u>\$ 105,333</u>	<u>65,561</u>

For further credit risk information, please refers to note 6(t).

(e) Inventories

	December 31, 2021	December 31, 2020
Raw materials and supplies	\$ 35,920	23,059
Work in process	143,515	63,503
Finished goods	53,480	44,332
	<u>\$ 232,915</u>	<u>130,894</u>

For the years ended December 31, 2021 and 2020, the Company recognized as cost of sales and operating expense amounted to \$2,992,245 and \$1,592,292, respectively.

For the year ended December 31, 2021, the gain of \$22,706 was recognized from the reversal of

provision arising from scrapping, wherein such loss was included in cost of sales.

For the year ended December 31, 2020, the amounts of the loss on valuation of inventories was \$41,488 wherein such loss was included in cost of sales.

As of December 31, 2021 and 2020, the inventories were not pledged.

(f) Investments accounted for using equity method

The components of the investments accounted for using equity method were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	<u>\$ 2,727,073</u>	<u>2,699,059</u>

(i) Please refer to the consolidated financial statements for the year ended December 31, 2021.

(ii) As of December 31, 2021 and 2020, the aforementioned investments accounted for using equity method were not pledged as collateral.

(g) Property, plant and equipment

The cost and accumulated depreciation and impairments of the property, plant and equipment of the Company as of and for the years ended December 31, 2021 and 2020 were as follows:

	Land	Buildings and construction	Machine and equipment	Mold equipment	Rental equipment	Other facilities	Construction in progress and testing equipment	Total
Cost:								
Balance at January 1, 2021	\$ 797,507	267,111	744,281	2,998	272,153	62,829	10,398	2,157,277
Additions	-	11,141	28,361	-	-	3,169	13,931	56,602
Reclassifications	(77,261)	(15,482)	-	-	98,484	-	(5,741)	-
Disposals	-	(8,336)	(5,982)	(260)	-	(3,656)	-	(18,234)
Balance at December 31, 2021	<u>\$ 720,246</u>	<u>254,434</u>	<u>766,660</u>	<u>2,738</u>	<u>370,637</u>	<u>62,342</u>	<u>18,588</u>	<u>2,195,645</u>
Balance at January 1, 2020	\$ 903,965	222,094	588,241	8,930	139,516	57,034	30,820	1,950,600
Additions	-	11,427	164,999	-	-	9,491	40,272	226,191
Reclassifications	(106,458)	33,590	-	-	132,637	927	(60,696)	-
Disposals	-	-	(8,959)	(5,932)	-	(4,623)	-	(19,514)
Balance at December 31, 2020	<u>\$ 797,507</u>	<u>267,111</u>	<u>744,281</u>	<u>2,998</u>	<u>272,153</u>	<u>62,829</u>	<u>10,398</u>	<u>2,157,277</u>
Accumulated depreciation:								
Balance at January 1, 2021	\$ -	64,576	418,969	2,998	14,760	46,208	-	547,511
Depreciation	-	16,004	97,335	-	4,841	7,241	-	125,421
Reclassifications	-	(9,094)	-	-	9,094	-	-	-
Disposals	-	(1,637)	(5,917)	(260)	-	(2,966)	-	(10,780)
Balance at December 31, 2021	<u>\$ -</u>	<u>69,849</u>	<u>510,387</u>	<u>2,738</u>	<u>28,695</u>	<u>50,483</u>	<u>-</u>	<u>662,152</u>

Balance at January 1, 2020	\$	-	56,214	326,659	8,930	6,059	42,558	-	440,420
Depreciation		-	13,628	99,909	-	3,435	8,153	-	125,125
Reclassifications		-	(5,266)	-	-	5,266	-	-	-
Disposals		-	-	(7,599)	(5,932)	-	(4,503)	-	(18,034)
Balance at December 31, 2020	\$	-	<u>64,576</u>	<u>418,969</u>	<u>2,998</u>	<u>14,760</u>	<u>46,208</u>	-	<u>547,511</u>

Carrying amounts:

Balance at December 31, 2021	\$	<u>720,246</u>	<u>184,585</u>	<u>256,273</u>	-	<u>341,942</u>	<u>11,859</u>	<u>18,588</u>	<u>1,533,493</u>
Balance at January 1, 2020	\$	<u>903,965</u>	<u>165,880</u>	<u>261,582</u>	-	<u>133,457</u>	<u>14,476</u>	<u>30,820</u>	<u>1,510,180</u>
Balance at December 31, 2020	\$	<u>797,507</u>	<u>202,535</u>	<u>325,312</u>	-	<u>257,393</u>	<u>16,621</u>	<u>10,398</u>	<u>1,609,766</u>

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

(h) Right-of-use assets

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

	Buildings and construction	Transportation equipment	Total
Cost:			
Balance at January 1, 2021	\$ 801	-	801
Additions	-	777	777
Balance at December 31, 2021	<u>\$ 801</u>	<u>777</u>	<u>1,578</u>
Balance at January 1, 2020	\$ 801	801	801
Balance at December 31, 2020	<u>\$ 801</u>	<u>801</u>	<u>801</u>
Accumulated depreciation:			
Balance at January 1, 2021	\$ 601	-	601
Depreciation for the year	200	43	243
Balance at December 31, 2021	<u>\$ 801</u>	<u>43</u>	<u>844</u>
Balance at January 1, 2020	\$ 300	-	300
Depreciation for the year	301	-	301
Balance at December 31, 2020	<u>\$ 601</u>	<u>-</u>	<u>601</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ -</u>	<u>734</u>	<u>734</u>
Balance at January 1, 2020	<u>\$ 501</u>	<u>-</u>	<u>501</u>
Balance at December 31, 2020	<u>\$ 200</u>	<u>-</u>	<u>200</u>

(i) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2021	December 31, 2020
Secured bank loans	\$ 115,000	120,000
Unsecured bank loans	100,000	120,000
	<u>\$ 215,000</u>	<u>240,000</u>
Unused short-term credit lines	<u>\$ 814,720</u>	<u>630,000</u>
Range of interest rates	<u>0.88%~0.90%</u>	<u>0.88%~0.90%</u>

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

(j) Long-term borrowings

The details were as follows:

December 31, 2021				
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	0.66%~1.15%	2024~2029	\$ 326,684
Unsecured bank loans	TWD	0.35%~0.88%	2024	320,709
Less: current portion				(209,043)
Total				<u>\$ 438,350</u>
Unused long-term credit lines				<u>\$ 1,002,325</u>

December 31, 2020				
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	0.66%~1.15%	2021~2029	\$ 404,244
Unsecured bank loans	TWD	0.35%~0.88%	2021~2024	240,569
Less: current portion				(249,978)
Total				<u>\$ 394,835</u>
Unused long-term credit lines				<u>\$ 950,737</u>

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

(k) Lease liabilities

	December 31, 2021	December 31, 2020
Current	<u>\$ 257</u>	<u>207</u>
Non-current	<u>\$ 521</u>	<u>-</u>

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2021	2020
Interest on lease liabilities	<u>\$ 2</u>	<u>11</u>
Expenses relating to short-term leases	<u>\$ 910</u>	<u>1,757</u>

The amount recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31	
	2021	2020
Total cash outflow for leases	<u>\$ 1,118</u>	<u>2,070</u>

(i) Real estate leases

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

(ii) Other leases

The Company 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 Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(iii) Transportation equipment

The Company leases transportation equipment, which typically run for a period of 3 years.

(l) Operating lease

(i) Leases as lessor

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

	December 31, 2021	December 31, 2020
Less than one year	\$ 9,399	9,630
One to two years	781	9,399
Two to three years	-	786
Total undiscounted leases payments	<u>\$ 10,180</u>	<u>19,815</u>

(m) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 65,284	43,485
Fair value of plan assets	(18,490)	(19,049)
Net defined benefit liabilities	<u>\$ 46,794</u>	<u>24,436</u>

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$18,399 as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31	
	2021	2020
Defined benefit obligations at January 1	\$ 43,485	44,706
Current service costs and interest cost	570	1,788
Remeasurements loss of the net defined benefit obligations		
— Actuarial loss arising from financial assumptions	2,536	(3,291)
— Actuarial loss arising from experience adjustments	1,992	1,126
Benefits paid	16,701	(844)
Defined benefit obligations at December 31	<u>\$ 65,284</u>	<u>43,485</u>

3) Movements in fair value of plan assets

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

	For the years ended December 31	
	2021	2020
Fair value of plan assets at January 1	\$ 19,049	18,258
Interest income	97	187
Remeasurements gain of the net defined benefit liabilities		
— Return on plan assets excluding interest income	237	546
Contributions paid by the employer	960	902
Benefits paid	(1,853)	(844)
Fair value of plan assets at December 31	<u>\$ 18,490</u>	<u>19,049</u>

4) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2021	2020
Current service costs	\$ 357	1,388
Net interest of net liabilities for defined benefit obligations	116	213
Prior period service costs	18,554	-
	<u>\$ 19,027</u>	<u>1,601</u>
	2021	2020
Administration expenses	<u>\$ 19,027</u>	<u>1,601</u>

- 5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Company's remeasurement of the defined benefit liability recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2021	2020
Accumulated amount at January 1	\$ (17,562)	(20,273)
Recognized during the period	(4,291)	2,711
Accumulated amount at December 31	<u>\$ (21,853)</u>	<u>(17,562)</u>

- 6) Actuarial assumptions

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

	December 31, 2021	December 31, 2020
Discount rate	0.500%	0.500%
Future salary increase rate	2.00 %	1.50 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$559.

The weighted average lifetime of the defined benefits plans is 9.84 years as of December 31, 2021.

- 7) Sensitivity analysis

As of December 31, 2021 and 2020, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(898)	912
Future salary increasing rate	876	(858)
December 31, 2020		
Discount rate	(776)	808
Future salary increasing rate	783	(754)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined

benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$14,176 and \$13,097 for the years ended December 31, 2021 and 2020, respectively.

(n) Income taxes

(i) Income tax expense

The components of the income tax in the years 2020 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Current tax expense		
Current period	\$ 3,881	1,739
Adjustment for prior periods	1,446	4,246
Deferred tax expense		
Origination and reversal of temporary differences	(13,585)	(32,317)
	<u>\$ (8,258)</u>	<u>(26,332)</u>

Reconciliation of income tax and profit before tax for 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Profit excluding income tax	<u>\$ 239,537</u>	<u>276,352</u>
Income tax using the Company's domestic tax rate	\$ 47,907	55,270
Tax incentive	(4,796)	-
Undistributed earnings additional tax	(2,543)	-
Others	(53,912)	(81,602)
Total	<u>\$ (8,258)</u>	<u>(26,332)</u>

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Allowance for obsolete inventories	Others	Total
Deferred tax assets:			
Balance at January 1, 2021	\$ 21,129	26,255	47,384
Recognized in profit or loss	<u>(4,541)</u>	<u>(3,214)</u>	<u>(7,755)</u>
Balance at December 31, 2021	<u>\$ 16,588</u>	<u>23,041</u>	<u>39,629</u>
Balance at January 1, 2020	\$ 12,831	5,311	18,142
Recognized in profit or loss	<u>8,298</u>	<u>20,944</u>	<u>29,242</u>
Balance at December 31, 2020	<u>\$ 21,129</u>	<u>26,255</u>	<u>47,384</u>

	Profit or loss of subsidiary in equity
Deferred tax liabilities:	
Balance at January 1, 2021	\$ 169,694
Recognized in profit or loss	<u>(21,340)</u>
Balance at December 31, 2021	<u>\$ 148,354</u>
Balance at January 1, 2020	\$ 172,769
Recognized in profit or loss	<u>(3,075)</u>
Balance at December 31, 2020	<u>\$ 169,694</u>

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the Taiwan National Tax Administration.

(o) Capital and other equity

(i) Ordinary shares

As of December 31, 2021 and 2020, the number of authorized ordinary shares each consisted were \$1,000,000,000. 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:

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

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received.

According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article 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

According to the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting on May 6, 2021 and May 6, 2020, respectively.

The relevant dividend distributions 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 gain (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	(68,634)	-	(68,634)
Unrealized gains (losses) from financial assets measures at fair value through other comprehensive income	-	(6,559)	(6,559)
Balance at December 31, 2021	<u>\$ (95,607)</u>	<u>(6,559)</u>	<u>(76,485)</u>

	Exchange differences on translation of foreign financial statements	Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2020	\$ (50,236)	-	(50,236)
Exchange differences on foreign operations	\$ 23,263	-	23,263
Unrealized gains (losses) from financial assets measures at fair value through other comprehensive income	-	25,681	25,681
Balance at December 31, 2020	<u>\$ (26,973)</u>	<u>25,681</u>	<u>(1,292)</u>

(p) Earnings per share

	For the years ended December 31	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 247,795</u>	<u>302,684</u>
Weighted average number of ordinary shares at December 31 (in thousands)	<u>60,121</u>	<u>60,121</u>
Basic earnings per share (in dollars)	<u>4.12</u>	<u>5.03</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 247,795</u>	<u>302,684</u>
Weighted average number of ordinary shares (diluted) at December 31 (in thousands)	60,121	60,121
Effect of employee share bonus (in thousands)	<u>291</u>	<u>447</u>
Weighted average number of ordinary shares (diluted) at December 31 (in thousands)	<u>60,412</u>	<u>60,568</u>
Diluted earnings per share (in dollars)	<u>\$ 4.10</u>	<u>5.00</u>

(q) Revenue from contracts with customers

(i) Details of revenue

	For the year ended December 31, 2021		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 2,935,913	116,135	3,052,048
America	74,608	186,494	261,102
Thailand	2,775	-	2,775
Taiwan	102,588	1,809	104,397
Other country	<u>122,492</u>	<u>9,127</u>	<u>131,619</u>
Total	<u>\$ 3,238,376</u>	<u>313,565</u>	<u>3,551,941</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 3,238,376</u>	<u>313,565</u>	<u>3,551,941</u>

For the year ended December 31, 2020			
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 1,643,154	57,445	1,700,599
America	32,620	74,134	106,754
Thailand	24,948	-	24,948
Taiwan	71,831	1,549	73,380
Other country	7,197	7,206	14,403
Total	<u>\$ 1,779,750</u>	<u>140,334</u>	<u>1,920,084</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 1,779,750</u>	<u>140,334</u>	<u>1,920,084</u>

(ii) Contract balances

	December 31, 2021	December 31, 2021	January 1, 2020
Notes receivable	\$ 896	660	164
Accounts receivables	1,426,550	935,555	372,109
Accounts receivables-related parties	16,698	11,437	7,906
Less: loss allowance	(1,385)	(3,241)	(857)
	<u>\$ 1,442,759</u>	<u>944,411</u>	<u>379,322</u>

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

(r) Remuneration to employees and directors

The Company'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 Company's subsidiaries who meet certain specific requirements.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to \$15,538 and \$17,926 respectively; as well as its remuneration to directors amounting to \$3,884 and \$4,481, 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 costs or expenses. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements are identical to those of the actual distributions for 2021 and 2020.

(s) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

		For the years ended December 31	
		2021	2020
Interest income from bank deposits	\$	952	2,100
Other interest income		355	546
	\$	<u>1,302</u>	<u>2,646</u>

(ii) Other income

		For the years ended December 31	
		2021	2020
Service income	\$	90,124	40,063
Dividend income		7,844	1,015
Rent income		9,661	5,973
Mold income		8,086	79,883
Sample income		10,402	15,673
Government grants income		-	20,563
Other income		39,193	2,841
	\$	<u>165,310</u>	<u>166,011</u>

(iii) Other gains and losses

		For the years ended December 31	
		2021	2020
Sample expenses	\$	(19,303)	(17,333)
Gains on disposal of property, plant and equipment		590	1,026
Mold expenses		(3,748)	(2,831)
Others		(279)	(133)
	\$	<u>(22,740)</u>	<u>(19,271)</u>

(iv) Finance costs

	For the years ended December 31	
	2021	2020
Interest expenses	\$ 5,718	5,022
Others	3	3
	<u>\$ 5,721</u>	<u>5,025</u>

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The major customers of the Company are centralized in the high-tech computer industry. As of December 31, 2021 and 2020, 70% and 82% of the accounts receivable were concentrated on six and four major customers, respectively. To minimize credit risk, the Company periodically evaluates the Company's financial positions and the possibility of collecting accounts receivables.

3) Receivables and debt securities

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost include other receivables. For the details on investments and loss allowance, please refer to note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contract ual cash flow</u>	<u>within six months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>over 5 years</u>
December 31, 2021							
Non derivative financial liabilities							
Short-term borrowings	\$ 215,000	215,338	215,338	-	-	-	-
Notes and accounts payables	379,042	379,042	379,042	-	-	-	-
Accounts payables-related parties	806,331	806,331	806,331	-	-	-	-
Other payables	520,297	520,297	520,297	-	-	-	-
Other payables-related parties	4,079	4,079	4,079	-	-	-	-
Lease liabilities	778	788	131	131	263	263	-
Long-term borrowings	<u>647,393</u>	<u>654,603</u>	<u>130,930</u>	<u>81,433</u>	<u>207,646</u>	<u>199,642</u>	<u>34,952</u>
(current portion included)							
	<u>\$ 2,572,920</u>	<u>2,580,478</u>	<u>2,056,148</u>	<u>81,564</u>	<u>207,909</u>	<u>199,905</u>	<u>34,952</u>
December 31, 2020							
Non derivative financial liabilities							
Short-term borrowings	\$ 240,000	240,240	240,240	-	-	-	-
Notes and accounts payables	140,731	140,731	140,731	-	-	-	-
Accounts payable-related parties	587,321	587,321	587,321	-	-	-	-
Other payables	346,231	346,231	346,231	-	-	-	-
Other payables-related parties	29,897	29,897	29,897	-	-	-	-
Lease liabilities	207	209	157	52	-	-	-
Long-term borrowings	<u>644,813</u>	<u>653,812</u>	<u>194,536</u>	<u>59,010</u>	<u>117,495</u>	<u>252,272</u>	<u>30,499</u>
(current portion included)							
	<u>\$ 1,989,200</u>	<u>1,998,441</u>	<u>1,539,113</u>	<u>59,062</u>	<u>117,495</u>	<u>252,272</u>	<u>30,499</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2021			December 31, 2020			
	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	73,884	27.680	2,045,265	55,939	28.480	1,593,143

Financial liabilities

Monetary items

USD	40,242	27,680	1,113,897	23,489	28,480	668,967
-----	--------	--------	-----------	--------	--------	---------

2) Sensitivity analysis

The Company'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 December 31, 2021 and 2020 would have increased (decreased) the net profit before tax by \$46,568 and \$46,209, respectively. The analysis for the two periods were on the same basis.

3) Foreign exchange gain and loss on monetary items

Since the Company transacts in different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(21,330) thousand and \$(36,592) thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the 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 Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased (decreased) by 1% basis points, the Company's net income would have decreased or increased by \$8,624 and \$8,848 for the years ended December 31, 2021 and 2020, assuming all other variable factors remain constant. This is mainly due to the Company's borrowing in floating variable rates and investment in variable-rate bills.

(v) Fair value of financial instruments

1) Fair value hierarchy

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

December 31, 2021					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	<u>\$ 65,262</u>	<u>-</u>	<u>-</u>	<u>65,262</u>	<u>65,262</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	680,947	-	-	-	-
Notes and accounts receivables (related parties included)	1,442,759	-	-	-	-
Other receivable (related parties included)	<u>105,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,229,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,294,301</u>	<u>-</u>	<u>-</u>	<u>65,262</u>	<u>65,262</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 215,000	-	-	-	-
Notes and accounts payable (related parties included)	1,185,373	-	-	-	-
Other payables (related parties included)	524,376	-	-	-	-
Lease liabilities	778	-	-	-	-
Long term borrowings (current portion included)	<u>647,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,572,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

December 31, 2020					
	Book value	Fair value			Total
		Level 1	Level 2	Lever 3	
Financial assets at fair value through other comprehensive income	\$ 71,821	-	-	71,821	71,821
Financial assets measured at amortized cost					
Cash and cash equivalents	653,396	-	-	-	-
Notes and accounts receivables (related parties included)	944,411	-	-	-	-
Other receivables (related parties included)	65,561	-	-	-	-
Subtotal	1,663,368	-	-	-	-
Total	\$ 1,735,189	-	-	71,821	71,821
Financial liabilities at amortized cost					
Short-term borrowings	\$ 240,000	-	-	-	-
Notes and accounts payables (related parties included)	728,052	-	-	-	-
Other payables (related parties included)	376,128	-	-	-	-
Lease liabilities	207	-	-	-	-
Long-term borrowings (current portion included)	644,813	-	-	-	-
Total	\$ 1,989,200	-	-	-	-

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 Company'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".

Most of the Company's fair values are classified as Level 3 with a single significant unobservable input. Investments for using equity instrument in inactive market have multiple significant unobservable inputs. Significant unobservable inputs of investments for using equity instrument in inactive market are independent from each other, the correlation does not exist.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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 • Market illiquidity discount rate (As of December 31, 2021 and 2020, was 30%) 	The estimated fair value would decrease if market liquidity discount rate was higher.

(vi) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Company 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:

			Profit or loss		Other comprehensive income	
	Input	Assumptions	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Available for sale financial assets equity investments without an active market	30%	5%	-	-	3,263	(3,263)

			Profit or loss		Other comprehensive income	
	Input	Assumptions	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Available for sale financial assets equity investments without an active market	30%	5%	-	-	3,591	(3,591)

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.

(u) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Risk management framework

The Company oversees how the managements supervision is in compliance with the Company's risk management policies and procedures. The general manager is responsible for developing and monitoring the Company's risk management policies and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Accounts and other receivables

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

Since the Company has a large customer base in mainland China, it does not significantly focus on dealing with a single customer; therefore, there is no significant concentration of the risk of account receivable. In order to reduce the credit risk, the Company also regularly assesses the financial status of its customers, if necessary, and will require its customers to provide security or guarantee.

The Company sets allowance for doubtful accounts to reflect the estimated loss resulted from its accounts and notes receivable. The main portion of allowance for doubtful accounts included specific loss component related to significant exposure and loss component occurred but not recognized on similar Group of assets. The allowance for doubtful accounts of the Company was based on the statistic information of past payment of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company believes its counterparties will meet their obligations. Hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to only provide financial guarantees to its wholly owned subsidiaries. As of December 31, 2021 and 2020, no other guarantees were outstanding.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities to ensure consistency with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2021 and 2020, the Company's unused credit line amounted to \$1,817,725,000 and \$1,580,737,000, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollar (NTD) and US Dollar (USD).

2) Interest rate risk

The Company maintains an appropriate proportion of the fixed and variable interest rate instruments and using interest rate swap contracts to mitigate the floating interest rate risk.

(v) Capital management

The Company's objectives for managing capital to safeguard its capacity to continue to operate and provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce its cost of capital. The total capital and equity include share capital, capital surplus, retained earnings, and other equity, plus net debt.

The Company's debt-to-equity ratio at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 2,798,750	2,190,492
Less: cash and cash equivalents	(680,947)	(653,396)
Net liabilities	\$ 2,117,803	1,537,096
Total equity	\$ 4,129,488	4,111,480
Debt-to-equity ratio	51.28%	37.39%

(w) Investment and financing activities from non-cash transactions

The Company's investment and financing activities from non-cash transactions at the end of the reporting period were as follows:

	Jan. 1, 2021	Cash Flow	Movements of non-cash				Dec 31, 2021
			Acquisition	Exchange rate	Interest expense	Other	
Lease liabilities	\$ 207	(208)	777	-	2	-	778

	Jan. 1, 2020	Cash Flow	Movements of non-cash				Dec 31, 2020
			Acquisition	Exchange rate	Interest expense	Other	
Lease liabilities	\$ 509	(313)	-	-	11	-	207

(7) Related-party transactions:

- (a) Parent company and ultimate controlling company

Company is both the parent company and the ultimate controlling party of the Company.

- (b) Names and relationship with related parties

Name of related party	Relationship with the Company
Jarson Precision Technology Co., Ltd.	Subsidiary
Jarwin Investment Co., Ltd.	"
Great Hinge Trading Ltd.	"
Smart Hinge Holdings Ltd.	"
JARLLYTEC USA L.L.C.	"
Main Source Logistic Ltd.	"
Royal Jarlly Holding Ltd.	"
Jarlly Technology (Shanghai) Co., Ltd.	"
Fu Qing Jarlly Electronics Co., Ltd.	"
Dong Guan Jarlly Electronics Co., Ltd.	"
Kunshan Jarlly Electronics Ltd.	"
Jarlly Electronics Technology (Shanghai) Co., Ltd.	"
Xiamen Jarlly Electronics Co., Ltd.	"
Jarlly Technology (Chongqing) Co., Ltd.	"
JARLLYTEC (THAILAND) CO., LTD.	"
JARLLYTEC (VIETNAM) CO., LTD.	"
JARLLYTEC (SINGAPORE) CO., LTD.	"

- (c) Significant transactions with related parties

- (i) Sales

The amounts of significant sales by the Company to its related parties were as follows:

	For the years ended December 31	
	2021	2020
Subsidiary	\$ 35,730	35,429

The credit term with the related parties is 150 days, and the credit term with third-parties ranged from 30 days to 180 days.

Because the Company exclusively sold raw materials and semi-finished goods to its related parties, there is no comparison for the selling price to its related parties from those of its third

parties.

The Company price its raw material and semi-finished goods using the cost mark-up method.

(ii) Purchases

The amounts of significant purchases by the Company from its related parties were as follows:

	For the years ended December 31	
	2021	2020
Subsidiaries		
Kunshan Jarlly Electronics Co. Ltd.	\$ 549,848	237,148
Jarson Precision Technology Co., Ltd.	346,026	154,915
Dong Guan Jarlly Electronics Co., Ltd.	270,515	112,334
Other related parties	599,525	302,110
	<u>\$ 1,765,914</u>	<u>\$ 806,507</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iii) Loans to Related Parties

The loans to related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiary:		
Jarson Precision Technology Co., Ltd.	<u>\$ 18,000</u>	<u>20,000</u>

The interest charged by the Company to its related parties is based on the market interest rate. The loans to related parties are unsecured. There are no expected credit loss required after the management's assessment.

(iv) Other

For the years ended December 31, 2021 and 2020, the amounts of management and production technical services provided by the Company to its subsidiaries were \$90,124 and \$40,063 which were accounted for as other income.

For the years ended December 31, 2020, the Company obtained the compensation of \$3,380 from its subsidiaries for the poor-quality products, for which \$2,608 was recognized as deduction of cost of goods sold, \$772 was recognized as other income.

For the years ended December 31, 2021 and 2020, the amounts of leasing office provided by the Company to its subsidiaries were \$9,593 and \$5,906, which were recognized as other income.

For the years ended December 31, 2021 and 2020, the amounts of property, plant and

equipment sold from the Company to its subsidiaries were \$6,839 and \$1,871, the gain on disposal due to these transactions are \$91 and \$1,115, respectively.

(v) Receivables from Related Parties

Receivables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Accounts receivables	Subsidiary	<u>\$ 16,698</u>	<u>11,437</u>
Other receivables	Subsidiary	<u>\$ 84,311</u>	<u>44,335</u>

(vi) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Accounts payables	Jarson Precision Technology Co., Ltd.	\$ 182,967	166,655
Accounts payables	Kunshan Jarlly Electronics Co. Ltd.	245,051	129,444
Other payables	Other subsidiaries	<u>378,313</u>	<u>291,222</u>
		<u>\$ 806,331</u>	<u>587,321</u>
Other payables	Subsidiaries	<u>\$ 4,079</u>	<u>29,897</u>

(vii) Guarantees

As of December 31, 2021 and 2020, the amount of guarantees used to secure loans for its subsidiaries were \$593,600 and \$143,920, respectively,

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
Short-term employee benefits	\$ 22,830	17,788
Post-employment benefits	<u>625</u>	<u>447</u>
	<u>\$ 23,455</u>	<u>18,235</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Land	Secured loans	\$ 720,246	797,507
Buildings	Secured loans	184,585	202,535
Leased assets	Secured loans	341,942	257,393
Bank deposits (classified as prepayments and other current assets)	Performance guarantee	-	1,000
Bank deposits (classified as other-non-current assets-other)	Performance guarantee	-	1,139
		<u>\$ 1,246,773</u>	<u>1,259,574</u>

(9) Commitments and contingencies:

The Company's significant contractual commitments were as follows:

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	<u>\$ 854</u>	<u>13,163</u>

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

The employee benefits, depreciation, and amortization expenses categorized by function, were as follows:

By function By item	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	183,448	152,641	336,089	168,755	158,261	327,016
Labor and health	18,076	15,240	33,316	16,019	13,994	30,013
Pension	6,463	26,740	33,203	6,021	8,677	14,698
Remuneration of directors	-	5,510	5,510	-	6,371	6,371
Others	9,626	5,028	14,654	8,826	4,613	13,439
Depreciation	110,131	15,533	125,664	111,272	14,154	125,426
Amortization	5,295	2,784	8,079	2,575	3,279	5,854

The information on the Company's employee and employee for the years ended 2021 and 2020 were as follow:

	For the years ended December 31	
	2021	2020
Number of employees	<u>572</u>	<u>546</u>
Number of non-employee directors	<u>6</u>	<u>6</u>
The average employee benefit	<u>\$ 737</u>	<u>713</u>
The average salaries and wages	<u>\$ 594</u>	<u>606</u>
Adjustment of average salaries	<u>(1.98)%</u>	<u>(6.05)%</u>
Supervisors compensation	<u>\$ -</u>	<u>-</u>

The remuneration policy (including directors, managers and employees) is as follows:

1.Directors:

According to Article 22, Chapter 6 of the Company's Article of Incorporation, bonuses to directors are not more than 2% of the current year net profit. When allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years.

In addition, the Company's Regulations of Board of Directors' operating performance provide the evaluation standards of the Company's participation and contribution (such as the interactions with the teams and the degree of understanding), even compare to the criteria at home and aboard, on which the Company formulates the employees' remuneration.

The performance evaluation and the reasonableness of the salary are reviewed by the Company's Remuneration Committee and Board of Directors, and are adjusted timely based on the Company's operating situation and the regulation announced by the government.

2.Managers and employees:

The remuneration of managers and employees (including salary, year-end bonus and dividend (variable payment)) is based on the regulations of the Company, considering the position, education, experience, industry status, and their performance and achievement of long and short-term goals. The remuneration is adjusted according to the profitability and operational risk of the Company. The remuneration of managers is submitted to the Board of Directors for approval.

(13) Other disclosures:

(a) Information on significant transactions:

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

(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	Jarson Precision Technology Co., Ltd.	Other receivables	Yes	40,000	20,000	18,000	2%	2	-	Operating turnover	-		-	550,598	1,644,592
0	The Company	Chian Fuh Enterprise Co., Ltd.	Other receivables	No	5,000	-	-	2%	2	-	Operating turnover	-		-	550,598	1,651,794
1	Royal Jarlly Holding Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	74,736	74,736	69,999	0%	2	-	Operating turnover	-		-	1,390,252	1,390,252
2	Jarlly Technology (Shanghai) Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	17,376	-	-	2%	2	-	Operating turnover	-		-	270,345	270,345
3	Fu Qing Jarlly Electronics Co., Ltd.	Xiamen Jarlly Electronics Co., Ltd.	Other receivables	Yes	78,192	39,096	39,096	2%	2	-	Operating turnover	-		-	551,432	551,432
3	Fu Qing Jarlly Electronics Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	65,160	65,160	65,160	2%	2	-	Operating turnover	-		-	551,432	551,432
4	Jarlly Technology (Chongqing) Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	30,408	30,408	30,408	2%	2	-	Operating turnover	-		-	174,170	174,170
4	Jarlly Technology (Chongqing) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	86,880	43,440	43,440	2%	2	-	Operating turnover	-		-	174,170	174,170
5	Smart hinge Holdings Ltd.	Great Hinge Trading Ltd.	Other receivables	Yes	49,824	49,824	49,824	0%	2	-	Operating turnover	-		-	1,420,185	1,420,185
6	Jarlly Electronics Technology (Shanghai) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	43,440	43,440	-	2%	2	-	Operating turnover	-		-	269,415	269,415

Note 1: Loan limit from the Company:

- The total amount available for financing purposes shall not exceed 40% of the Company's net worth.
- The total amount to one entity which has business transactions with the Company shall not exceed one third of the Company's loanable amount or 40% of the net transaction amount (the amount of purchasing or selling, whichever is higher) in recent year, whichever is lower.
- For short-term financing needs, the amount available for financing of each entity shall not exceed one third of the Company's loanable amount.

Note 2: Loan limit from subsidiaries:

- 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.
- The total amount to one entity which has business transactions with the Company shall not exceed one third of the Company's loanable amount or 60% of the net transaction amount (the amount of purchasing or selling, whichever is higher) in recent year, whichever is lower.
- For short-term financing needs, the amount available for financing of each entity shall not exceed one third of the Company's loanable amount.
- 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:

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

(ii) Guarantees and endorsements for other parties:

No.	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 guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (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	Jarfly Technology (Shanghai) Co., Ltd.	2	1,376,496	332,160	332,160	221,440	-	8.04%	1,651,794	Y	N	Y
0	The Company	Jarson Precision Technology Co., Ltd.	2	1,376,496	70,000	40,000	30,000	-	0.97%	1,651,794	Y	N	N
0	The Company	Jarfly Technology (Chongqing) Co., Ltd.	2	1,376,496	55,360	55,360	55,360	-	1.34%	1,651,794	Y	N	Y
0	The Company	Kunshan Jarfly Electronics Ltd.	2	1,376,496	55,360	55,360	55,360	-	1.34%	1,651,794	Y	N	Y
0	The Company	Jarflytec (Vietnam) Co., Ltd.	2	1,376,496	110,720	110,720	-	-	2.68%	1,651,794	Y	N	N

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 December 31, 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:

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

(iii) Securities held as of December 31, 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	65,262	4.61%	65,262	
Fu Qing Jarfly Electronics Co., Ltd.	Fuqing Jelly Plastic Product Co., Ltd.		- Non-current financial assets at fair value through other comprehensive income	-	3,475	16.00%	3,475	
Fu Qing Jarfly Electronics Co., Ltd.	Chongqing Jelly Plastics Co., Ltd.		- Non-current financial assets at fair value through other comprehensive income	-	2,345	18.00%	2,345	
Fu Qing Jarfly Electronics Co., Ltd.	Chongqing Yuli Hardware Products Co., Ltd.		- Non-current financial assets at fair value through other comprehensive income	-	4,691	18.00%	4,691	
Xiamen Jarfly Electronics Co., Ltd.	Xiamen Jinli Precision Hardware Co., Ltd.		- Non-current financial assets at fair value through other comprehensive income	-	4,126	19.00%	4,126	
Xiamen Jarfly Electronics Co., Ltd.	Xiamen Jinyaoli Precision Hardware Co., Ltd.		- Non-current financial assets at fair value through other comprehensive income	-	4,126	19.00%	4,126	
Kunshan Jarfly Electronics Ltd.	Kunshan Huli Precision Hardware Co., Ltd.		- Non-current financial assets at fair value through other comprehensive income	-	6,602	19.00%	6,602	
Jarfly Technology (Shanghai) Co., Ltd.	Bank of Ningbo, structure deposit		Current financial assets at fair value through profit or loss	-	30,408	- %	30,408	
Jarwin Investment Co., Ltd.	Asustek Computer Inc., Stock		Current financial assets at fair value through profit or loss	10	3,543	- %	3,543	
Jarwin Investment Co., Ltd.	International Games System Co., Ltd., stock		Current financial assets at fair value through profit or loss	5	3,965	- %	3,965	
Jarwin Investment Co., Ltd.	Treasure Cay Private Equity Fund		Non-current financial assets at fair value through profit or loss	-	1,564	- %	1,564	

(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		Purchases		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Jarllly Electronics Technology (Shanghai) Co., Ltd.	Structured deposit product-Yue Xiang Ying of Fubon Bank (China)	Current financial assets at fair value through profit or loss	Fubon Bank (China) Co., Ltd.	not related party	-	-	-	123,804	-	125	123,804	1,599	-	-
Jarllly Technology (Shanghai) Co., Ltd.	Structured deposit product-Yue Xiang Ying of Fubon Bank (China)	Current financial assets at fair value through profit or loss	Fubon Bank (China) Co., Ltd.	not related party	-	-	-	183,491	-	184	183,491	652	-	-
Jarllly Technology (Chongqing) Co., Ltd.	Structured deposit product-Yue Xiang Ying of Fubon Bank (China)	Current financial assets at fair value through profit or loss	Fubon Bank (China) Co., Ltd.	not related party	-	-	-	152,040	-	153	152,040	1,237	-	-
Fu Qing Jarllly Electronics Co., Ltd.	Structured deposit product of Bank of China	Current financial assets at fair value through profit or loss	Bank of China	not related party	-	-	-	397,042	-	400	397,042	3,528	-	-
Fu Qing Jarllly Electronics Co., Ltd.	Structured deposit product of Xiamen Bank	Current financial assets at fair value through profit or loss	Xiamen Bank	not related party	-	-	-	165,072	-	167	165,072	2,429	-	-

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

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

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/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	(346,061)	90.46%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	182,972	97.16%	Note
The Company	Jarson Precision Technology Co., Ltd.	Associates	Purchase	346,061	14.25%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	(182,972)	15.69%	Note
Dong Guan Jarllly Electronics Co., Ltd.	The Company	Associates	Sale	(270,484)	65.68%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	109,174	81.57%	Note
The Company	Dong Guan Jarllly Electronics Co., Ltd.	Associates	Purchase	270,484	11.14%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	(109,174)	9.36%	Note
Fu Qing Jarllly Electronics Co., Ltd.	The Company	Associates	Sale	(196,907)	22.59%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 150 days.	74,515	25.62%	Note
The Company	Fu Qing Jarllly Electronics Co., Ltd.	Associates	Purchase	196,907	8.11%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 150 days.	(74,515)	6.39%	Note

Kunshan Jarlly Electronics Ltd.	The Company	Associates	Sale	(549,586)	40.41%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	245,193	40.09%	Note
The Company	Kunshan Jarlly Electronics Ltd.	Associates	Purchase	549,586	22.63%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	(245,193)	21.02%	Note
Jarlly Technology (Chongqing) Co., Ltd.	The Company	Associates	Sale	(149,067)	17.86%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 180 days.	43,711	13.18%	Note
The Company	Jarlly Technology (Chongqing) Co., Ltd.	Associates	Purchase	149,067	6.14%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 180 days.	(43,711)	3.75%	Note
Jarlly Technology (Shanghai) Co., Ltd.	The Company	Associates	Sale	(182,373)	10.69%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 180 days.	121,222	12.37%	Note
The Company	Jarlly Technology (Shanghai) Co., Ltd.	Associates	Purchase	182,373	7.51%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 180 days.	(121,222)	10.39%	Note
Jarlly Technology (Shanghai) Co., Ltd.	Royal Jarlly Holding Ltd.	Associates	Sale	(304,183)	17.83%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	61,713	6.30%	Note
Royal Jarlly Holding Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Associates	Purchase	304,183	38.74%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	(61,713)	25.41%	Note
Kunshan Jarlly Electronics Ltd.	Royal Jarlly Holding Ltd.	Associates	Sale	(378,051)	27.80%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	152,800	24.98%	Note
Royal Jarlly Holding Ltd.	Kunshan Jarlly Electronics Ltd.	Associates	Purchase	378,051	48.15%	150 days	-	the related parties are 150 days, third-parties are ranged from 30 days to 180 days.	(152,800)	62.93%	Note
Jarlly Technology (Chongqing) Co., Ltd.	Royal Jarlly Holding Ltd.	Associates	Sale	(114,541)	13.72%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 180 days.	28,450	8.58%	Note
Royal Jarlly Holding Ltd.	Jarlly Technology (Chongqing) Co., Ltd.	Associates	Purchase	114,541	14.59%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 180 days.	(28,450)	11.72%	Note
Xiamen Jarlly Electronics Co., Ltd.	The Company	Associates	Sale	(70,261)	36.92%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 180 days.	29,913	57.11%	Note
The Company	Fu Qing Jarlly Electronics Co., Ltd.	Associates	Purchase	70,261	2.89%	150 days	-	the related parties are 150 days, third-parties are ranged from 120 days to 180 days.	(29,913)	2.56%	Note

(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	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Jarson Precision Technology Co., Ltd.	The Company	Associates	182,972	1.98	-	-	45,968	-
Dong Guan Jarlly Electronics Co., Ltd.	The Company	Associates	109,174	2.82	-	-	50,636	-
Kunshan Jarlly Electronics Ltd.	The Company	Associates	245,193	2.93	-	-	59,686	-
Jarlly Technology (Shanghai) Co., Ltd.	The Company	Associates	121,222	3.01	-	-	-	-
Kunshan Jarlly Electronics Ltd.	Royal Jarlly Holding Ltd.	Associates	152,800	2.03	-	-	88,053	-

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Great Hinge Trading Ltd.	British Virgin Islands	Investment industry	318	318	10	100%	40,326	(13,082)	(13,082)	Note
The Company	Smart Hinge Holdings Ltd.	British Virgin Islands	Investment industry	750,588	750,588	23,434	100%	2,366,613	37,211	38,457	Note
The Company	Jarson Precision Technology Co., Ltd.	Taiwan	Powder metallurgy industry	134,076	134,076	11,480	100%	263,071	64,897	66,129	Note
The Company	JARLLYTEC USA L.L.C.	America	Computer design and service	2,959	2,959	-	100%	31	(1,684)	(1,684)	Note
The Company	Jarwin Investment Co., Ltd.	Taiwan	Investment industry	50,000	50,000	5,000	100%	57,002	7,169	7,169	Note
The Company	JARLLYTEC SINGAPORE PTE. LTD.	Singapore	Computer design and service	423	-	-	100%	30	(381)	(381)	Note
Great Hinge Trading Ltd.	Main Source Logistic Ltd.	British Virgin Islands	Electronic equipment and mold trading, sale and produce precision hinge	-	318	-	-%	-	(2,841)	(2,841)	Note
Great Hinge Trading Ltd.	JARLLYTEC (VIETNAM) CO., LTD.	Vietnam	Sale and produce precision hinge	166,723	-	-	100%	136,228	(1,225)	(1,225)	Note
Smart Hinge Holdings Ltd.	Royal Jarlly Holding Ltd.	Hong Kong	Investment industry	750,588	750,588	23,434	100%	2,317,088	37,189	37,189	Note
Royal Jarlly Holding Ltd.	JARLLYTEC (THAILAND) CO., LTD	Thailand	Sale and produce precision hinge	149,229	149,229	2,000	100%	127,139	273	273	Note

(c) Information on overseas branches and representative offices:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment Note 1	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Net income (losses) in current period (Note 2)	Balance as of Dec 31, 2021	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Jarlly Technology (Shanghai) Co., Ltd.	Sale and produce special purpose material of component equipment	261,462	(2)	131,272	-	-	131,272	(22,487)	100.00%	(22,487)	450,575	-
Fu Qing Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	28,815	100.00%	28,815	919,055	-
Dong Guan Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	2,277	100.00%	2,277	109,421	15,366
Kunshan Jarlly Electronics Ltd.	Sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	11,703	100.00%	11,703	48,539	-
Jarlly Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	5,079	100.00%	5,079	449,026	-
Xiamen Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	19,195	100.00%	19,195	80,754	-
Jarlly Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	(8,234)	100.00%	(8,234)	290,284	-

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 based on the financial report which was assured by R.O.C. Accountant.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
735,222	735,222	2,477,692

(iii) Significant transactions:

The significant inter-company 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.		3,492,000	5.80%

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

2. If shares are entrusted, the above information regarding such shares will be revealed by each 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 TWSE website.

(14) Segment information:

Please refer to 2021 Consolidated Financial Statements.

Jarlllytec Co., Ltd.

Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Cash on hand and Petty cash	\$ 345
Demand deposits	Demand and check deposits (including foreign demand deposits USD15,289 thousand)	542,202
	Time deposits(including foreign time deposits USD5,000 thousand; Current Amount Expired within one year ; the annual rate ranges : 0.2%~0.33%)	<u>138,400</u>
Total		<u><u>\$ 680,947</u></u>

Note 1: The ending rates of foreign currency deposits on December 31, 2021 is as follows:

NTD : USD = 1 : 27.68

Statement of notes receivable

<u>Item</u>	<u>Amount</u>
Client HH	\$ 417,281
Client A	153,183
Client EE	141,684
Client II	100,543
Client AA	95,406
Client JJ	87,703
Others (less than 5%)	<u>431,646</u>
Subtotal	1,427,446
Less: loss allowance	<u>(1,385)</u>
Total	<u><u>\$ 1,426,061</u></u>

Jarlllytec Co., Ltd.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Loss On Valuation	
Raw materials and supplies	\$ 35,920	-	Note 1
Work in process	143,515	-	"
Finished goods	53,480	68,746	Net realizable value
	<u>\$ 232,915</u>		

Note: Raw materials, supplies and work in progress are used for production of finished goods.

Due to net realizable value of finished goods higher than cost, net realizable value of raw materials, supplies and work in progress is higher than cost.

Jarlllytec Co., Ltd.

Statement of movement in investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance			Increase		Decrease		Others (Note 1)	Investments Accounted for using the equity method income (loss)	Cumulative translation adjustment	Ending Balance			Market Value or Net Assets Value		
	Shares (in thousands)	Percentage of ownership	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount				Shares (in thousands)	Percentage of ownership	Amount	Unit price	Total Amounts	Collateral
Accounted for using the equity method value:																
Great Hinge Trading Ltd.	10	100.00	\$ 84,246	-	-	-	-	-	(13,082)	(30,838)	10	100.00	40,326	4,032.60	40,326	None
Smart Hinge Holdings Ltd.	23,434	100.00	2,366,304	-	-	-	-	(383)	38,457	(37,765)	23,434	100.00	2,366,613	101.00	2,366,976	None
Jarson Precision Technology Co., Ltd.	11,480	100.00	196,942	-	-	-	-	-	66,129	-	11,480	100.00	263,071	22.92	263,345	None
JARLLY TEC USA L.L.C.	-	100.00	1,734	-	-	-	-	-	(1,684)	(19)	-	100.00	31	-	31	None
Jarwin Investment Co., Ltd.	5,000	100.00	49,933	-	-	-	-	-	7,169	-	5,000	100.00	57,002	11.40	57,002	None
Jarlllytec Singapore Pte Ltd.	-	-	-	-	423	-	-	-	(381)	(12)	-	-	30	-	30	None
			<u>\$ 2,699,059</u>		<u>423</u>		<u>-</u>	<u>(383)</u>	<u>96,608</u>	<u>(68,634)</u>			<u>2,727,073</u>			

Note1 : Unrealized gain on inter-affiliate accounts.

Jarlllytec Co., Ltd.
Statement of prepayments, other current assets and
other non-current assets
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Prepayments and Other Current Assets:	
Prepayments	\$ 10,309
Temporary debits	6,521
Office supplies	10,213
Others	<u>29</u>
	<u>\$ 27,072</u>
Other Non-Current Assets:	
Other deferred expenses	\$ 1,043
Other prepayments	5,885
Refundable deposits	212
Other non-current financial asset	1,107
Others	<u>1,620</u>
Total	<u>\$ 9,867</u>

Statement of movement in intangible assets
For the year ended December 31, 2021

<u>Item</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Note</u>
Computer software	<u>\$ 8,842</u>	<u>5,450</u>	<u>(3,546)</u>	<u>10,746</u>	-

Jarlytec Co., Ltd.

Statement of notes and accounts payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Vendor O	\$ 104,885
Vendor B	51,942
Vendor I	41,300
Vendor K	35,755
Vendor M	31,342
Others (less than 5%)	<u>113,818</u>
Total	<u>\$ 379,042</u>

Statement of short-term borrowings

Item	Bank	Ending Balance	Interest Rate	Financing Amount	Collateral
Secured bank loans	Hua Nan Bank	\$ 115,000	0.88%	220,000	Yes
Unsecured bank loans	CTBC Bank	50,000	0.90%	100,000	No
"	E.SUN Bank	<u>50,000</u>	0.90%	100,000	"
		<u>\$ 215,000</u>			

Jarlllytec Co., Ltd.

Statement of long-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Bank	Amount		Period	Interest Rate	Collateral
	Current Amount Expired within one year	Non-current Amount Expired after one year			
Hua Nan Bank	\$ 83,056	166,112	2019.12.30~2024.12.30	0.35%	No
E.SUN Bank	-	71,541	2020.10.30~2024.12.15	0.40%	No
Chang Hwa Bank	75,000	118,750	2019.07.10~2024.07.10	0.95%	Yes
Chang Hwa Bank	987	81,947	2019.12.11~2029.11.15	0.66%	Yes
Taiwan Business Bank	50,000	-	2020.11.06~2023.11.06	1.15%	Yes
	<u>\$ 209,043</u>	<u>438,350</u>			

Jarlllytec Co., Ltd.
Statement of other payables
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Processing payable	\$ 94,887
Product testing payable	76,465
Wages and salaries payable (including employees' bonus and directors' compensation)	68,737
Mold payable	27,418
Others (less than 5%)	<u>252,790</u>
Total	<u><u>\$ 520,297</u></u>

Statement of operating revenue
For the year ended December 31, 2021

Product	Quantity (KPCS)	Amount
Hinge	31,104	\$ 3,238,376
Fiber optic	22,384	<u>313,565</u>
Total		<u><u>\$ 3,551,941</u></u>

Jarlllytec Co., Ltd.

Statement of operating costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Raw materials and supplies	
Beginning balance of raw materials and supplies	\$ 23,059
Add : Purchases	1,000,153
Others	10
Less : Ending balance of raw materials and supplies	(35,920)
Transferred to manufacturing overhead	(93)
Transferred to operating expenses	(552)
Sold	<u>(18,492)</u>
Raw materials and supplies used	968,165
Direct labor	137,975
Manufacturing overhead	<u>536,084</u>
Total manufacturing cost	1,642,224
Add : Beginning balance of work-in-process inventory	63,503
Purchases	16,009
Others	678
Less : Ending balance of work-in-process inventory	(143,515)
Transferred to manufacturing overhead	(3,931)
Transferred to operating expenses	(1,220)
Sold	(87,284)
Cost of finished goods	1,486,464
Add : Beginning balance of finished goods	44,332
Purchases	1,413,869
Others	42
Less : Ending balance of finished goods	(53,480)
Transferred to manufacturing overhead	(1,376)
Transferred to operating expenses	<u>(389)</u>
Cost of sales-finished goods	2,889,462
Cost of sales	105,776
Other operating costs-other	700
Income from sale of scraps	<u>(505)</u>
Operating costs	<u><u>\$ 2,995,433</u></u>

Jarlllytec Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Wages and salaries	\$ 14,437
Commissions expense	151,779
Export expense	14,539
Other expenses (less than 5%)	83,922
Total	<u><u>\$ 264,677</u></u>

Statement of administrative expenses

Item	Amount
Wages and salaries	\$ 58,914
Employees' and directors' compensation	19,422
Depreciations	10,113
Insurance expense	7,446
Other expenses (less than 5%)	50,118
Total	<u><u>\$ 146,013</u></u>

Jarlllytec Co., Ltd.

Statement of Research and Development Expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Wages and salaries	\$ 63,752
Sample expenses	25,770
Other expenses (less than 5%)	<u>31,660</u>
Total	<u><u>\$ 121,182</u></u>

Statement of other receivables, please refer to 2021 Parent Company Only Financial Statements Notes 6(d).
Statement of movement of property, plant and equipment, please refer to 2021 Parent Company Only Financial Statements Notes 6(g).
Statement of movement of accumulated depreciation of property, plant and equipment, please refer to 2021 Parent Company Only Financial Statements Notes 6(g).
Statement of movement of right-of-use assets, plant and equipment, please refer to 2021 Parent Company Only Financial Statements Notes 6(h).
Statement of movement of accumulated depreciation of right-of-use assets, plant and equipment, please refer to 2021 Parent Company Only Financial Statements Notes 6(h).
Statement of other income, please refer to 2021 Parent Company Only Financial Statements Notes 6(s).