

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended
June 30, 2023 and 2022**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the consolidated financial statements of Jarllytec Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022, and changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as discussed in the following paragraph, we conducted our reviews in accordance with the International Standard on Review Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 4(b), the financial statements of certain non-significant subsidiaries were not reviewed by independent auditors. These financial statements reflect total assets of these subsidiaries amounted to NT\$1,667,903 thousand and NT\$1,411,956 thousand, constituting 19% and 16% of consolidated total assets as of June 30, 2023 and 2022, respectively, total liabilities amounted to NT\$598,383 thousand and NT\$1,040,903 thousand, constituting 14% and 23% of consolidated total liabilities as of June 30, 2023 and 2022, respectively, and total comprehensive income of these subsidiaries amounted to NT\$(32,218) thousand, NT\$27,320 thousand, NT\$(6,458) thousand and NT\$12,523 thousand, constituting (94)%, 62%, (12)% and 4% of the consolidated total comprehensive income for the six months ended June 30, 2023 and 2022, respectively.

Notes to Readers

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

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

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Jarllytec Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022, and of its consolidated financial performance as of and for the three-month periods ended June 30, 2023 and 2022, and its consolidated cash flows for the six months periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
August 10, 2023

Notes to Readers

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Review only, not audited in accordance with Generally Auditing Standards as of June 30, 2023 and 2022
JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (Note 6(a))	\$	1,581,801	19	2,841,048	31	1,807,840	20	2100	Short-term borrowings (Note 6(j) and 8)	\$	119,456	1	515,833	6	395,719	4
1110	Current financial assets at fair value through profit or loss (Note 6(b))		620,335	7	29,155	-	806,587	9	2170	Notes and accounts payable		1,756,399	21	1,573,815	18	1,589,475	18
1170	Notes and accounts receivable, net (Note 6(c)(s))		2,655,466	30	2,395,310	26	2,237,671	25	2200	Other payables		979,348	11	1,113,971	12	1,058,835	12
1200	Other receivables, net (Note 6(d))		41,128	-	46,109	1	29,775	-	2216	Cash dividends payable		180,364	2	-	-	120,243	1
1220	Current tax assets		2,690	-	8,413	-	3,944	-	2230	Current tax liabilities		59,151	1	63,163	1	81,018	1
130X	Inventories (Note 6(e))		730,852	8	679,004	8	852,702	10	2280	Current lease liabilities (Note 6(m))		31,895	-	31,911	-	28,565	-
									2322	Long-term borrowings, current portion (Note 6(k) and 8)		217,361	3	217,361	3	185,484	2
1410	Prepayments and other current assets (Note 6(f))		69,726	1	78,805	1	106,195	2	2399	Other current liabilities		58,928	1	24,007	-	44,410	1
Total current assets			5,701,998	65	6,077,844	67	5,844,714	66	Total current liabilities			3,402,902	40	3,540,061	40	3,503,749	39
Non-current assets:								Non-Current liabilities:									
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))		661	-	657	-	888	-	2530	Bonds payable (Note 6(l))		389,203	4	386,421	4	383,556	4
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))		80,799	1	83,032	1	88,146	1	2540	Long-term borrowings (Note 6(k) and 8)		146,240	2	254,921	3	352,651	4
1600	Property, plant and equipment (Note 6(g) and 8)		2,482,036	29	2,454,189	27	2,501,276	28	2570	Deferred income tax liabilities		181,549	2	181,549	2	148,354	2
1755	Right-of-use assets (Note 6(h))		256,388	3	254,101	3	248,037	3	2580	Non-current lease liabilities (Note 6(m))		81,595	1	77,142	1	70,499	1
1780	Intangible assets (Note 6(i))		21,627	-	21,715	-	20,071	-	2640	Net defined benefit liability, non-current		30,793	-	31,272	-	46,315	1
1840	Deferred income tax assets		29,790	-	29,790	-	39,629	-	2670	Other non-current liabilities, others		2,961	-	2,915	-	2,407	-
1915	Prepayments for business facilities		56,314	1	71,313	1	60,571	1	Total non-current liabilities			832,341	9	934,220	10	1,003,782	12
1990	Other non-current assets, others (Note 6(f))		56,791	1	60,191	1	60,361	1	Total liabilities			4,235,243	49	4,474,281	50	4,507,531	51
Total non-current assets			2,984,406	35	2,974,988	33	3,018,979	34	Equity attributable to owners of parent (Note 6(q)):								
								Share capital:									
								3110	Ordinary share		601,214	7	601,214	7	601,214	7	
								3140	Advance receipts for share capital		14	-	-	-	-	-	
									Total Share Capital		601,228	7	601,214	7	601,214	7	
								3200	Capital surplus		1,385,528	16	1,385,445	15	1,385,445	16	
									Retained earnings:								
								3310	Legal reserve		453,672	5	404,763	4	404,763	4	
								3320	Special reserve		47,179	1	76,485	1	76,485	1	
								3350	Unappropriated retained earnings		2,083,828	24	2,157,823	24	1,919,106	22	
									Total retained earnings		2,584,679	30	2,639,071	29	2,400,354	27	
									Other equity:								
								3410	Exchange differences on translation of foreign financial statements		(136,009)	(2)	(58,328)	(1)	(46,933)	(1)	
								3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income		15,735	-	11,149	-	16,082	-	
									Total other equity interest		(120,274)	(2)	(47,179)	(1)	(30,851)	(1)	
Total assets			8,686,404	100	9,052,832	100	8,863,693	100	Total equity			4,451,161	51	4,578,551	50	4,356,162	49
									Total liabilities and equity		8,686,404	100	9,052,832	100	8,865,693	100	

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

Consolidated Statements of Comprehensive Income

As of and For the Three Months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended June 30,				For the six months ended June 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 6(s))	\$1,970,994	100	1,448,424	100	3,290,108	100	3,680,773	100
5000	Operating costs (Note 6(e)(o))	1,668,981	85	1,158,811	80	2,819,050	86	2,924,449	79
	Net gross profit	302,013	15	289,613	20	471,058	14	756,324	21
	Operating expenses (Note 6(c)(m)(o)(t)):								
6100	Selling expenses	55,493	3	88,112	6	102,991	3	201,913	5
6200	Administrative expenses	108,118	5	83,903	6	182,054	6	187,140	5
6300	Research and development expenses	48,772	2	48,002	3	93,656	3	95,455	3
6450	Expected credit loss (gain)	(5,683)	-	16,370	1	(4,553)	-	15,885	-
	Total operating expenses	206,700	10	236,387	16	374,148	12	500,393	13
	Net operating income	95,313	5	53,226	4	96,910	2	255,931	8
	Non-operating income and expenses (Note 6(m)(u)):								
7010	Other income	21,423	1	22,930	2	48,062	1	53,853	1
7020	Other gains and losses, net	58,427	3	75,042	5	36,621	1	84,874	2
7050	Finance cost	(5,168)	-	(4,913)	-	(12,168)	-	(8,417)	-
7100	Interest income	12,442	1	4,712	-	28,142	1	7,212	-
	Total non-operating income and expenses	87,124	5	97,771	7	100,657	3	137,522	3
	Profit from continuing operations before tax	182,437	10	150,997	11	197,567	5	393,453	11
7950	Less: Income tax expenses (Note 6(p))	59,956	3	63,709	4	71,595	2	143,081	4
	Profit	122,481	7	87,288	7	125,972	3	250,372	7
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,705	-	(3,470)	-	4,586	-	(3,040)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,705	-	(3,470)	-	4,586	-	(3,040)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(89,951)	(5)	(39,529)	(3)	(77,681)	(2)	48,674	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(89,951)	(5)	(39,529)	(3)	(77,681)	(2)	48,674	1
8300	Other comprehensive income, net	(88,246)	(5)	(42,999)	(3)	(73,095)	(2)	45,634	1
8500	Total comprehensive income	\$ 34,235	2	44,289	4	52,877	1	296,006	8
	Net income attributable to:								
8610	Profit (loss), attributable to owners of parent	\$ 122,481	7	87,288	7	125,972	3	250,372	7
	Total comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	\$ 34,235	2	44,289	4	52,877	1	296,006	8
	Earnings per share (NT dollars) (Note 6(r)):								
9750	Basic earnings per share	\$ 2.04		1.45		2.10		4.16	
9850	Diluted earnings per share	\$ 1.87		1.36		1.93		4.01	

(See accompanying notes to financial statements)

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

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Six months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity		
				Retained earnings				Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		Total equity
Balance at January 1, 2022	\$ 601,214	-	1,334,534	380,412	1,292	1,888,521	(95,607)	19,122	4,129,488
Profit	-	-	-	-	-	250,372	-	-	250,372
Other comprehensive income	-	-	-	-	-	-	48,674	(3,040)	45,634
Total comprehensive income	-	-	-	-	-	250,372	48,674	(3,040)	296,006
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	24,351	-	(24,351)	-	-	-
Special reserve appropriated	-	-	-	-	75,193	(75,193)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(120,243)	-	-	(120,243)
Other changes in capital surplus:									
Due to recognition of equity component of convertible bonds issued	-	-	50,911	-	-	-	-	-	50,911
Balance at June 30, 2022	\$ 601,214	-	1,385,445	404,763	76,485	1,919,106	(46,933)	16,082	4,356,162
Balance at January 1, 2023	\$ 601,214	-	1,385,445	404,763	76,485	2,157,823	(58,328)	11,149	4,578,551
Profit	-	-	-	-	-	125,972	-	-	125,972
Other comprehensive income	-	-	-	-	-	-	(77,681)	4,586	(73,095)
Total comprehensive income	-	-	-	-	-	125,972	(77,681)	4,586	52,877
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	48,909	-	(48,909)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(180,364)	-	-	(180,364)
Reversal of special reserve	-	-	-	-	(29,306)	29,306	-	-	-
Conversion of convertible bonds	-	14	83	-	-	-	-	-	97
Balance at June 30, 2023	\$ 601,214	14	1,385,528	453,672	47,179	2,083,828	(136,009)	15,735	4,451,161

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Six months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 197,567	\$ 393,453
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	154,212	147,276
Amortization expense	12,458	12,582
Expected credit loss (gain)	(4,553)	15,885
Net loss on financial assets at fair value through profit or loss	(3,745)	8,279
Interest expense	12,168	8,416
Interest income	(28,142)	(7,212)
Dividend income	(5,736)	(14,265)
Loss from disposal of property, plant and equipment	2,697	1,243
Gain on disposals of investments	(3,502)	(1,493)
Other	-	8,095
Total adjustments to reconcile profit (loss)	135,857	178,806
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	(114,492)	(27,227)
Notes receivables	229	899
Accounts receivable	(255,832)	927,920
Other receivables	4,661	23,866
Inventories	(51,848)	(47,930)
Prepayments	6,450	2,983
Other current assets	(1,313)	(1,481)
Notes payables	(2,134)	(12,932)
Accounts payable	184,718	(653,323)
Other payable	(133,796)	144
Other current liabilities	34,921	5,677
Net defined benefit liability	(480)	(479)
Total changes in operating assets and liabilities	(328,916)	218,117
Total adjustments	(193,059)	396,923
Cash inflow generated from operations	4,508	790,376
Interest received	28,462	6,580
Interest paid	(8,905)	(6,826)
Income taxes paid	(69,884)	(90,534)
Net cash flows provided by operating activities	(45,819)	699,596
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(4,068)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	10,151	-
Acquisition of financial assets at fair value through profit or loss	(1,140,297)	(1,242,350)
Proceeds from disposal of financial assets at fair value through profit or loss	670,852	496,078
Acquisition of property, plant and equipment	(85,962)	(80,251)
Proceeds from disposal of property, plant and equipment	557	21
Acquisition of intangible assets	(4,651)	(2,437)
Increase in other non-current-assets	(4,452)	(824)
Increase in prepayments for equipment	(80,065)	(63,075)
Dividends received	5,736	14,265
Net cash flows used in investing activities	(632,199)	(878,573)
Cash flows from financing activities:		
Decrease in short-term borrowings	(394,398)	(287,340)
Issuance of corporate bonds	-	433,065
Proceeds from long-term borrowings	-	19,769
Repayments of long-term borrowings	(108,681)	(129,027)
Payment of lease liabilities	(21,638)	(28,967)
Increase in other non-current liabilities	47	52
Net cash flows (used in) from financing activities	(524,670)	7,552
Effect of movements in exchange on cash and cash equivalents	(56,559)	91,341
Net decrease in cash and cash equivalents	(1,259,247)	(80,084)
Cash and cash equivalents at beginning of period	2,841,048	1,887,924
Cash and cash equivalents at end of period	\$ 1,581,801	\$ 1,807,840

(See accompanying notes to financial statements)

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

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

Reviewed only, not audited in accordance with Generally Auditing Standards of June 30, 2023 and 2022

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Six months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

(1) Company history

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on August 10, 2023.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“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, 2023.

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	In according to current IAS 1, an entity shall classify a liability as non-current, if the entity does not have the unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The amendments delete the regulations about the right shall be unconditional.	January 1, 2024

(See accompanying notes to financial statements)

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

	The right shall exist at the end of the reporting period and have substance.	
	The amendments indicate how to classify the liabilities settled by the entity's own equity instruments (e.g., convertible bonds)	
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering the amendments to IAS 1 in 2020, the new amendments indicate only the covenants that an entity is required to comply with on or before the end of the reporting period affect the classification of a liability as current or non-current.	January 1, 2024
	Covenants that an entity shall comply with after the reporting period (future covenants) do not affect the classification of a liability at the reporting date. However, if a non-current liability is restricted by future covenants, the entity shall disclose the information to make the users of financial statements obtain an understanding of the risk of the liability that may be settled within 12 months after the reporting date.	

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 IFRS 16 "Lease Liability in Sale and Leaseback"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"

(See accompanying notes to financial statements)

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

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2023.6.30	2022.12.31	2022.6.30	
The company	Great Hinge Trading Ltd. (Great Hinge)	Investments	100%	100%	100%	Note 1
The company	Smart Hinge Holdings Ltd. (Smart Hinge)	Investments	100%	100%	100%	-
The company	Jarson Precision Technology Co., Ltd. (Jarson Precision)	Powder metallurgy and other metal products manufacturing and trading business	100%	100%	100%	Note 1
The company	Jarlllytec USA L.L.C. (Jarlllytec USA)	Computer design and service	100%	100%	100%	Note 1
The company	Jarwin Investment Co., Ltd. (Jarwin Investment)	Investments	100%	100%	100%	Note 1
The company	Jarlllytec Singapore Pte. Ltd. (Jarlllytec Singapore)	Computer design and service	100%	100%	100%	Note 1 、 Note 3
Great Hinge	Jarlllytec (Vietnam) Co., Ltd. (Jarlllytec Vietnam)	Production and sales business of precision hinges	100%	100%	100%	Note 1 、 Note 4
Smart Hinge	Royal Jarlly Holding Ltd. (Royal Jarlly)	Investments	100%	100%	100%	-
Royal Jarlly	Jarlly Technology (Shanghai) Co., Ltd. (Shanghai Jarlly)	Component equipment for the production and sale of materials business	100%	100%	100%	-
Royal Jarlly	Fu Qing Jarlly Electronics Co., Ltd. (Fu Qing Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1 、 Note 2
Royal Jarlly	Dong Guan Jarlly Electronics Co., Ltd. (Dong Guan Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Kunshan Jarlly Electronics Ltd. (Kunshan Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Electronics Technology (Shanghai) Co., Ltd. (Jarlly Electronics Shanghai)	Production and sales business of precision hinges	100%	100%	100%	-

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Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2023.6.30	2022.12.31	2022.6.30	
Royal Jarlly	Xiamen Jarlly Electronics Co., Ltd. (Xiamen Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Technology (Chongqing) Co., Ltd. (Chongqing Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1 、 Note 2
Royal Jarlly	Jarllytec (Thailand) Co., Ltd. (Jarllytec Thailand)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Zhejiang Jarlly Precision Technology Co., Ltd. (Zhejiang Jarlly)	Production and sales business of precision hinges	100%	-%	-%	Note 1, Note 3

Note 1: Insignificant subsidiary.

Note 2: Jarllytec USA invested by the Company was liquidated in 2022.

Note 3: The Company indirectly invested in Royal Jarlly in March, 2023 through the Smart Hinge, which the Company holds 100% of ownership, and indirectly established Zhejiang Jarlly Precision Technology Co., Ltd. through Royal Jarlly by investing US\$2,500 thousand, which is included in the consolidated financial statements since March, 2023.

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

(c) Financial instruments

Derivative financial instruments

The Group holds derivative financial instruments to avoid risks of exposure to foreign currency and interest rate. Embedded derivatives will be handled separately from the host contract when certain conditions are met and the host contract is not a financial asset.

Derivatives are initially recognized at fair value; subsequently, they are measured at fair value, and the gain or loss arising from the re-measurement is directly included in profit or loss.

(d) Income taxes

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

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

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

(e) Employee benefits

The pension cost in the interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and adjusted for significant market fluctuations, significant curtailments, settlements, or other significant one-off events.

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts

Except for the following disclosures, there were no significant differences as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 635	965	1,073
Demand deposits	835,580	1,916,954	1,077,997
Time deposits	745,586	923,129	728,770
	<u>\$ 1,581,801</u>	<u>2,841,048</u>	<u>1,807,840</u>

(b) Financial instruments

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current mandatorily measured at fair value through profit or loss			
Domestic stocks	\$ 21,964	19,116	27,773
Open-ended funds	125,424	10,039	45,047
Investment products	472,947	-	733,767
	<u>\$ 620,335</u>	<u>29,155</u>	<u>806,587</u>
Non-current mandatorily measured at fair value through profit or loss			
Private offered funds	\$ 421	457	648
Redemption right to convertible bonds	240	200	240
	<u>\$ 661</u>	<u>657</u>	<u>888</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Equity investments at fair value through other comprehensive income-non-current:			
Stocks unlisted on domestic market-Taiwan	\$ 51,724	57,289	62,222
Stocks unlisted on domestic market-China	<u>29,075</u>	<u>25,743</u>	<u>25,924</u>
Total	<u>\$ 80,799</u>	<u>83,032</u>	<u>88,146</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 June 30, 2023, December 31, 2022 and June 30, 2022, the aforementioned financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivables	\$ 915	1,144	851
Accounts receivable	2,663,313	2,407,484	2,255,527
Less: loss allowance	<u>(8,762)</u>	<u>(13,318)</u>	<u>(18,707)</u>
	<u>\$ 2,655,466</u>	<u>2,395,310</u>	<u>2,237,671</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has 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:

	June 30, 2023	
	Gross carrying amount	Weighted-average loss rate
Current	\$ 2,598,595	0%~1%
1 to 30 days past due	36,433	0%~15%
31 to 60 days past due	790	0%~20%
61 to 90 days past due	18,036	0%~30%
More than 90 days past due	<u>10,374</u>	<u>30%~100%</u>
	<u>\$ 2,664,228</u>	<u>8,762</u>

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	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,266,307	0%~1%	2,031
1 to 30 days past due	9,546	0%~5%	351
31 to 60 days past due	86,813	0%~10%	4,985
61 to 90 days past due	45,962	0%~15%	5,951
	<u>\$ 2,408,628</u>		<u>13,318</u>

	June 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,119,003	0%~1%	2,542
1 to 30 days past due	71,703	0%~10%	3,667
31 to 60 days past due	29,335	0%~10%	2,616
61 to 90 days past due	27,642	0%~25%	5,534
More than 90 days past due	8,695	50%~100%	4,348
	<u>\$ 2,256,378</u>		<u>18,707</u>

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

	For the six months ended June 30,	
	2023	2022
Balance at January 1	\$ 13,318	2,634
Impairment losses recognized	-	15,885
Impairment losses reversed	(4,553)	-
Effect of movements in exchange	(3)	188
Balance at June 30	<u>\$ 8,762</u>	<u>18,707</u>

(d) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Overpaid business tax returned	\$ 17,119	12,498	7,354
Interest receivable	2,930	3,250	666
Others	21,079	30,361	21,755
	<u>\$ 41,128</u>	<u>46,109</u>	<u>29,775</u>

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

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(e) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials and supplies	\$ 129,915	161,186	225,023
Work in process	183,465	192,668	220,419
Finished goods	417,472	325,150	407,260
	<u><u>\$ 730,852</u></u>	<u><u>679,004</u></u>	<u><u>852,702</u></u>

- (i) For the three months ended June 30, 2023, the amount of the decrease in operating costs was NT\$17,630, as the factors that previously caused the net realizable value of inventories to be lower than cost no longer exist.
- (ii) For the six months ended June 30, 2023, the amount of the loss on valuation of inventories was NT\$3,687, wherein such loss was included in cost of sales.
- (iii) For the three months ended June 30, 2022, the amount of the loss on valuation of inventories was NT\$1,145, wherein such loss was included in cost of sales.
- (iv) For the six months ended June 30, 2022, the amount of the loss on valuation of inventories was NT\$15,413, wherein such loss was included in cost of sales.
- (v) As of June 30, 2023, December 31, 2022 and June 30, 2022, the inventories were not pledged as collateral.

(f) Prepayments, other current assets and others

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

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayment for mold	\$ 23,579	27,944	27,743
Other prepayments	27,438	28,080	21,269
Input tax	5,971	-	9,820
Tax overpaid	6,680	18,036	32,464
Others	6,058	4,745	14,899
Total prepayments and other current assets	<u><u>\$ 69,726</u></u>	<u><u>78,805</u></u>	<u><u>106,195</u></u>
Other deferred expenses	\$ 44,561	48,657	50,117
Refundable deposits	9,986	8,945	7,694
Other financial assets	1,246	1,228	1,189
Others	998	1,361	1,361
Total other noncurrent assets	<u><u>\$ 56,791</u></u>	<u><u>60,191</u></u>	<u><u>60,361</u></u>

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(g) Property, plant and equipment

Changes in property, plant and equipment held by the Group was presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machine and equipment</u>	<u>Mold equipment</u>	<u>Rental equipment</u>	<u>Other facilities</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost:								
Balance at January 1, 2023	\$ 1,054,470	745,848	1,625,169	3,012	98,296	214,401	152	3,741,348
Additions	-	-	120,400	-	-	5,830	53,163	179,393
Reclassifications	-	(3,756)	(99)	-	3,756	99	-	-
Disposals	-	(1,664)	(42,304)	-	-	(2,516)	-	(46,484)
Effect of movements in exchange	(513)	(8,865)	(15,268)	(17)	(2,810)	(2,220)	-	(29,693)
Balance at June 30, 2023	<u>\$ 1,053,957</u>	<u>731,563</u>	<u>1,687,898</u>	<u>2,995</u>	<u>99,242</u>	<u>215,594</u>	<u>53,315</u>	<u>3,844,564</u>
Balance at January 1, 2022	\$ 1,051,950	668,253	1,467,274	3,353	86,227	181,947	60,655	3,519,659
Additions	-	3,594	167,575	-	-	5,318	24,675	201,162
Reclassifications	-	14,940	-	-	-	-	(14,940)	-
Disposals	-	-	(5,566)	-	-	(1,150)	-	(6,716)
Effect of movements in exchange	512	7,078	10,860	14	1,885	1,520	(2)	21,867
Balance at June 30, 2022	<u>\$ 1,052,462</u>	<u>693,865</u>	<u>1,640,143</u>	<u>3,367</u>	<u>88,112</u>	<u>187,635</u>	<u>70,388</u>	<u>3,735,972</u>
Accumulated depreciation:								
Balance at January 1, 2023	\$ -	243,092	883,532	2,950	38,956	118,629	-	1,287,159
Depreciation	-	21,316	97,704	-	-	10,832	-	129,852
Reclassification	-	(3,081)	(89)	-	3,081	89	-	-
Disposals	-	(1,664)	(39,238)	-	-	(2,309)	-	(43,211)
Effect of movements in exchange	-	(3,527)	(5,149)	(16)	(1,114)	(1,466)	-	(11,272)
Balance at June 30, 2023	<u>\$ -</u>	<u>256,136</u>	<u>936,760</u>	<u>2,934</u>	<u>40,923</u>	<u>125,775</u>	<u>-</u>	<u>1,362,528</u>
Balance at January 1, 2022	\$ -	209,854	753,694	3,292	31,287	109,033	-	1,107,160
Depreciation	-	17,549	96,624	-	1,327	9,764	-	125,264
Disposals	-	-	(4,437)	-	-	(1,015)	-	(5,452)
Effect of movements in exchange	-	2,416	3,518	12	688	1,090	-	7,724
Balance at June 30, 2022	<u>\$ -</u>	<u>229,819</u>	<u>849,399</u>	<u>3,304</u>	<u>33,302</u>	<u>118,872</u>	<u>-</u>	<u>1,234,696</u>
Carrying amounts								
Balance at January 1, 2023	<u>\$ 1,054,470</u>	<u>502,756</u>	<u>741,637</u>	<u>62</u>	<u>59,340</u>	<u>95,772</u>	<u>152</u>	<u>2,454,189</u>
Balance at June 30, 2023	<u>\$ 1,053,957</u>	<u>475,427</u>	<u>751,138</u>	<u>61</u>	<u>58,319</u>	<u>89,819</u>	<u>53,315</u>	<u>2,482,036</u>
Balance at January 1, 2022	<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 June 30, 2022	<u>\$ 1,052,462</u>	<u>464,046</u>	<u>790,744</u>	<u>63</u>	<u>54,810</u>	<u>68,763</u>	<u>70,388</u>	<u>2,501,276</u>

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As of June 30, 2023, December 31, 2022 and June 30, 2022, 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

Changes in right-of-use assets held by the Group was presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 151,179	226,499	777	378,455
Additions	-	31,929	-	31,929
Effect of movements in exchange	(3,084)	(6,354)	-	(9,438)
Balance at June 30, 2023	<u>\$ 148,095</u>	<u>252,074</u>	<u>777</u>	<u>400,946</u>
Balance at January 1, 2022	\$ 160,312	169,935	1,264	331,511
Additions	-	70,824	-	70,824
Disposals	-	(32,945)	(487)	(33,432)
Other	(13,423)	(15,557)	-	(28,980)
Effect of movements in exchange	5,055	3,737	-	8,792
Balance at June 30, 2022	<u>\$ 151,944</u>	<u>195,994</u>	<u>777</u>	<u>348,715</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2023	\$ 12,945	111,107	302	124,354
Depreciation	1,871	22,359	130	24,360
Effect of movements in exchange	(365)	(3,791)	-	(4,156)
Balance at June 30, 2023	<u>\$ 14,451</u>	<u>129,675</u>	<u>432</u>	<u>144,558</u>
Balance at January 1, 2022	\$ 8,549	112,389	530	121,468
Depreciation	2,631	19,251	130	22,012
Disposals	-	(32,945)	(487)	(33,432)
Other	-	(11,882)	-	(11,882)
Effect of movements in exchange	(37)	2,549	-	2,512
Balance at June 30, 2022	<u>\$ 11,143</u>	<u>89,362</u>	<u>173</u>	<u>100,678</u>
Carrying amount:				
Balance at January 1, 2023	<u>\$ 138,234</u>	<u>115,392</u>	<u>475</u>	<u>254,101</u>
Balance at June 30, 2023	<u>\$ 133,644</u>	<u>122,399</u>	<u>345</u>	<u>256,388</u>
Balance at January 1, 2022	<u>\$ 151,763</u>	<u>57,546</u>	<u>734</u>	<u>210,043</u>
Balance at June 30, 2022	<u>\$ 140,801</u>	<u>106,632</u>	<u>604</u>	<u>248,037</u>

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(i) Intangible assets

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

	<u>Software</u>
Cost:	
Balance at January 1, 2023	\$ 121,057
Additions	4,651
Disposals	(21,117)
Effect of movements in exchange	(912)
Balance at June 30, 2023	<u>\$ 103,679</u>
Balance at January 1, 2022	\$ 113,017
Additions	2,437
Effect of movements in exchange	696
Balance at June 30, 2022	<u>\$ 116,150</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2023	\$ 99,342
Amortization for the period	4,606
Disposals	(21,117)
Effect of movements in exchange	(779)
Balance at June 30, 2023	<u>\$ 82,052</u>
Balance at January 1, 2022	\$ 91,196
Amortization for the period	4,324
Effect of movements in exchange	559
Balance at June 30, 2022	<u>\$ 96,079</u>
Carrying amounts :	
Balance at January 1, 2023	<u>\$ 21,715</u>
Balance at June 30, 2023	<u>\$ 21,627</u>
Balance at January 1, 2022	<u>\$ 21,821</u>
Balance at June 30, 2022	<u>\$ 20,071</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, none of the intangible assets were pledged as collateral.

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(j) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	<u>\$ 119,456</u>	<u>515,833</u>	<u>\$ 395,719</u>
Unused short-term credit lines	<u>\$ 659,000</u>	<u>950,215</u>	<u>\$ 753,954</u>
Range of interest rates	<u>1.65%~3.7%</u>	<u>1.45%~5.15%</u>	<u>1.65%~3.2%</u>

(k) Long-term borrowings

The details were as follows:

June 30, 2023				
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	1.16%~1.7%	2024~2029	\$ 171,052
Unsecured bank loans	TWD	1.1%~1.15%	2024	192,549
Less: current portion				<u>(217,361)</u>
Total				<u>\$ 146,240</u>
Unused long-term credit lines				<u>\$ 500,000</u>

December 31, 2022				
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	1.035%~1.575%	2024~2029	\$ 215,550
Unsecured bank loans	TWD	0.975%~1.025%	2024	256,732
Less: current portion				<u>(217,361)</u>
Total				<u>\$ 254,921</u>
Unused long-term credit lines				<u>\$ 500,000</u>

June 30, 2022				
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	0.785%~1.325%	2023~2029	\$ 253,050
Unsecured bank loans	TWD	0.725%~0.775%	2023~2024	285,085
Less: current portion				<u>(185,484)</u>
Total				<u>\$ 352,651</u>
Unused long-term credit lines				<u>\$ 832,556</u>

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(i) Borrowings issue and repayment

The long-term borrowings amounted to NT\$0 and NT\$19,769 for the six months ended June 30, 2023 and 2022, respectively; the repayment amounts were NT\$108,681 and NT\$129,027.

(ii) Collaterals for bank secured borrowings

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

(l) Bonds payable

The details were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Total convertible bonds issued	\$ 400,000	\$ 400,000	\$ 400,000
Discount on bonds payable, balance unamortized	(10,697)	(13,579)	(16,444)
Cumulative amount converted	(100)	-	-
Balance at June 30, 2023	<u>\$ 389,203</u>	<u>\$ 386,421</u>	<u>\$ 383,556</u>
Embedded derivatives-redemption right (carried at financial assets-non current at fair value through profit or loss)	<u>\$ 240</u>	<u>\$ 200</u>	<u>\$ 240</u>
Equity component-conversion right (carried at capital surplus)	<u>\$ 50,898</u>	<u>\$ 50,911</u>	<u>\$ 50,911</u>

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Gain or loss arising from the re-measurement of embedded derivatives at fair value	<u>\$ (160)</u>	<u>(160)</u>	<u>(160)</u>	<u>(160)</u>

The Group's rights and obligations to the outstanding unsecured convertible bonds issued are as follows:

Item	Domestic unsecured convertible bonds (I)
Total amount issued	NT\$400,000 thousand
Issue date	April 28, 2022
Issue period	April 28, 2022 ~ April 28, 2025
Coupon rate	0%
Trustee	SinoPac Securities
Terms of repayment	Unless the bonds are converted to ordinary shares of the Company in accordance with Article 10 of these Regulations, or the Company redeems in advance in accordance with Article 18 of these Regulations, or the Company buys back from the TPEx for the cancellation, the Company shall repay in cash one lump sum according to the bond face value when the convertible bonds mature. Payments shall be made within five business days (including the fifth business day) after the due date.
Terms of redemption prior to maturity	(1) From the day following the three-month period after the issuance of the convertible bonds (July 29, 2022) to 40 days before the expiry of the issuance period (March 19, 2025), when the closing price of the Company's ordinary shares exceeds

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	<p>the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, within the next 30 business days, send the “Bond Redemption Notice” expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period as stated in Article 9) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the “Bond Redemption Notice”; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEX for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within five business days from the bond redemption base date.</p> <p>(2) From the day following the three-month period after the issuance of the convertible bonds (July 29, 2022) to 40 days before the expiry of the issuance period (March 19, 2025), when the outstanding balance of the convertible bonds is lower than 10% of the original total issued amount, the Company may, at any time thereafter, send the “Bond Redemption Notice” expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period as stated in Article 9) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the “Bond Redemption Notice”; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEX for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within five business days from the bond redemption base date.</p> <p>(3) If the creditor fails to reply in writing to the Company’s stock transfer agent before the bond redemption base date as stated in the “Bond Redemption Notice” (it will take effect immediately upon delivery, and the postmark date shall be used as the basis for the post mails), the Company will redeem the convertible bonds in cash at the bond par value within five business days after the bond redemption base date.</p> <p>(4) If the Company executes the redemption request, the deadline for bond holders to request for conversion is the second business day after the trading day on TPEX of the converted bonds is terminated.</p>
Conversion period	<p>From the day following the three-month period after the issuance of the convertible bonds (July 29, 2022) to the maturity date (April 28, 2025), the bond holders may, through the original trading securities company, notify Taiwan Depository & Clearing Corporation (hereinafter referred to as “TDCC”) to the Company’s stock transfer agent to request the conversion of the convertible bonds into the Company’s ordinary shares in accordance with these Regulations and the provisions of Article 10, Article 11, Article 13 and Article 15 of these Regulations; except (1) the book closure period of the ordinary shares according to law; (2) from the 15 business days prior to the closure date of the Company’s stock dividends, the closure date of cash dividends, or the closure date of cash capital increase subscription, to the ex-dividend date; (3) from the capital reduction base date to the day before the trading day of producing the new stock certificates due to the capital reduction; (4) from the starting date of the conversion (subscription) closure date for changing the denomination of the stock to the day before the trading day of producing the new stock certificates.</p> <p>The starting date the conversion closure date for changing the denomination of the stock in the preceding paragraph is the business day before applying to the Ministry of Economic Affairs for the change registration. The Company shall announce four business days before the starting date of the conversion closure period.</p>
Conversion price	NT\$69.7

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(m) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	<u>\$ 31,895</u>	<u>31,911</u>	<u>28,565</u>
Non-current	<u>\$ 81,595</u>	<u>77,142</u>	<u>70,499</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest on lease liabilities	<u>\$ 690</u>	<u>470</u>	<u>1,211</u>	<u>844</u>
Expenses relating to short-term leases	<u>\$ 3,908</u>	<u>6,020</u>	<u>6,861</u>	<u>8,407</u>

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

	For the six months ended June 30,	
	2023	2022
Total cash outflow for leases	<u>\$ 29,710</u>	<u>37,858</u>

(i) Real estate leases

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

(ii) Other leases

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

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(n) Operating lease

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

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	\$ 24,144	17,327	\$ 17,958
One to two years	15,793	13,397	13,787
Two to three years	8,068	10,213	7,058
Three to four years	-	-	3,529
	<u>\$ 48,005</u>	<u>40,937</u>	<u>\$ 42,332</u>

(o) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant reimbursement, settlement or other one-time events since prior fiscal year. As a result, pension cost in the accompanying interim consolidated financial statement was measured and disclosed in accordance with the actuarial report measured as of December 31, 2022 and 2021.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating costs	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

(ii) Defined contribution plans

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating costs	\$ 11,850	12,131	22,357	23,527
Operating expenses	\$ 4,023	4,174	8,139	8,367

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(p) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ 59,956	63,709	71,595	143,081
Deferred tax expense				
Origination and reversal of temporary differences	-	-	-	-
	<u>\$ 59,956</u>	<u>63,709</u>	<u>71,595</u>	<u>143,081</u>

(ii) The Company has resolved by the board of directors in March, 2023 that the deferred tax assets and liabilities for temporary differences (including unappropriated earnings, etc.) associated with investments in subsidiaries located in Mainland China will not be recognized since 2023, as the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

(iii) The Group's tax returns for the years through 2020 were assessed by the National Taiwan Bureau.

(q) Capital and other equity

There was no significant change for capital and other equity for the periods from for the six months ended June 30, 2023 and 2022. For the related information, please refer to Note 6(q) of the consolidated financial statements for the year ended December 31, 2022.

(i) Ordinary shares

As of June 30, 2023, December 31, 2022 and June 30, 2022, the numbers of authorized ordinary share were \$1,200,000, \$1,000,000, and \$1,000,000, respectively. In addition, the issuance of ordinary shares each consisted of 60,121, with a par value of \$10 per share.

For the six months ended June 30, 2023, 1,000 new shares were issued at par with total amount of NT\$14 for the conversion rights executed by the holders of the convertible bond, which were recognized as capital collected in advance. As of the date the financial statements are issued, the legal registration process has not been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Share capital	\$ 1,314,010	1,314,010	1,314,010
Conversion premium of convertible bonds	96	-	-
Treasury share transactions	6,195	6,195	6,195
Employee share options	14,329	14,329	14,329
Issuance of convertible bond options	50,898	50,911	50,911
	<u>\$ 1,385,528</u>	<u>\$ 1,385,445</u>	<u>\$ 1,385,445</u>

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

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

When the Company sets aside the special reserve according to law, the same amount of special reserve shall be set aside from the prior-period undistributed earnings before the distribution of earnings, for the net increment of prior-period cumulative investment properties fair value and the insufficient amount of prior-period cumulative other equity net deduction. If there is still an insufficient amount, the current after-tax net profit plus other items shall be included in the current undistributed earnings to be set aside.

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

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, the current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors to be approved during the meeting of the shareholders. The cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

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

2) Special reserve

In accordance with the regulations of 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.

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meetings on March 13, 2023 and May 11, 2022, respectively. The amounts of dividends distributed to shareholders were as follows:

	2022		2021	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 3.00	<u>180,364</u>	2.00	<u>120,243</u>

(iv) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (58,328)	11,149	(47,179)
Exchange differences on foreign operations	(77,681)	-	(77,681)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	4,586	4,586
Balance at June 30, 2023	<u>\$ (136,009)</u>	<u>15,735</u>	<u>(120,274)</u>
Balance at January 1, 2022	\$ (95,607)	19,122	(76,485)
Exchange differences on foreign operations	48,674	-	48,674
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(3,040)	(3,040)
Balance at June 30, 2022	<u>\$ (46,933)</u>	<u>16,082</u>	<u>(30,851)</u>

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(r) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ 122,481	87,288	125,972	250,372
Weighted average number of ordinary shares (in thousands)	60,121	60,121	60,121	60,121
Basic earnings per share (in dollars)	\$ 2.04	1.45	2.10	4.16
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (basic)	122,481	87,288	125,972	250,372
After-tax effect of convertible bonds	1,158	802	2,304	802
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 123,639	88,090	128,276	251,174
Weighted average number of ordinary shares (in thousands)	60,121	60,121	60,121	60,121
Effect of employee share bonus (in thousands)	117	468	440	536
Effect of convertible bonds (in thousands)	5,739	3,968	5,739	1,995
Weighted average number of ordinary shares (diluted) (in thousands)	65,977	64,557	66,300	62,652
Diluted earnings per share (in dollars)	\$ 1.87	1.36	1.93	4.01

(s) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended June 30, 2023		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 1,889,569	30,059	1,919,628
America	(4,915)	12,473	7,558
Taiwan	20,564	270	20,834
Other country	21,401	1,573	22,974
	<u>\$ 1,926,619</u>	<u>44,375</u>	<u>1,970,994</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 1,926,619</u>	<u>44,375</u>	<u>1,970,994</u>
	For the three months ended June 30, 2022		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 1,292,435	23,798	1,316,233
America	46,143	35,264	81,407
Taiwan	41,560	254	41,814
Other country	8,050	920	8,970
	<u>\$ 1,388,188</u>	<u>60,236</u>	<u>1,448,424</u>
Main product/service line:			

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Electronic component manufacturing and sales	<u>\$ 1,388,188</u>	<u>60,236</u>	<u>1,448,424</u>
For the six months ended June 30, 2023			
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 3,116,456	60,131	3,176,587
America	402	36,298	36,700
Thailand	224	-	224
Taiwan	47,582	578	48,160
Other country	25,737	2,700	28,437
	<u>\$ 3,190,401</u>	<u>99,707</u>	<u>3,290,108</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 3,190,401</u>	<u>99,707</u>	<u>3,290,108</u>
For the six months ended June 30, 2022			
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 3,386,825	50,885	3,437,710
America	74,256	86,541	160,797
Taiwan	64,007	465	64,472
Other country	15,119	2,675	17,794
Total	<u>\$ 3,540,207</u>	<u>140,566</u>	<u>3,680,773</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 3,540,207</u>	<u>140,566</u>	<u>3,680,773</u>

(ii) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivables	\$ 915	1,144	851
Accounts receivable	2,663,313	2,407,484	2,255,527
Less: loss allowance	(8,762)	(13,318)	(18,707)
Total	<u>\$ 2,655,466</u>	<u>2,395,310</u>	<u>2,237,671</u>

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

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(t) Remuneration to employees, and directors

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

For the three months ended June 30, 2023 and the six months ended June 30, 2023, the Company accrued and recognized its employee remuneration amounting to \$8,785 and \$9,148, respectively; as well as its remuneration to directors amounting to \$2,981 and \$3,049, respectively. These estimates amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of incorporation, and expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as change in accounting estimates and will be reflected in profit or loss in the following year.

For the three months ended June 30, 2022 and the six months ended June 30, 2022, the Company accrued and recognized its employee remuneration amounting to \$11,754 and \$28,714, respectively; as well as its remuneration to directors amounting to \$2,204 and \$5,384, respectively. These estimates amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of incorporation, and expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as change in accounting estimates and will be reflected in profit or loss in the following year.

For 2022 and 2021, the Company recognized its employee remuneration amounting to \$50,996 and \$15,538, respectively, and its remuneration to directors of \$12,749 and \$3,884, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distribution for 2022 and 2021. Related information is available on the Market Observation Post System website.

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(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 12,356	4,666	27,989	7,083
Other interest income	86	46	153	129
	<u>\$ 12,442</u>	<u>4,712</u>	<u>28,142</u>	<u>7,212</u>

(ii) Other income

The details of other income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Rent income	\$ 5,011	7,516	13,581	15,834
Dividend income	2,815	9,610	5,736	14,265
Sample income	2,363	2,656	2,905	3,953
Mold income	3,585	1,984	4,782	2,528
Others	7,649	1,164	21,058	17,273
	<u>\$ 21,423</u>	<u>22,930</u>	<u>48,062</u>	<u>53,853</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Gains (Losses) on disposal of property, plant and equipment	\$ (231)	(224)	(2,697)	(1,243)
Foreign exchange gains	62,612	94,057	46,520	122,325
Losses on leasehold improvements	-	-	-	(8,095)
Gains (Losses) on financial assets at fair value through profit or loss	3,316	(7,734)	7,247	(8,280)
Sample expenses	(2,277)	(3,688)	(3,538)	(8,034)
Mold expenses	(1,617)	(1,246)	(1,974)	(1,578)
Others	(3,376)	(6,123)	(8,937)	(10,221)
	<u>\$ 58,427</u>	<u>75,042</u>	<u>36,621</u>	<u>84,874</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest expense for bank loans	\$ 3,031	3,440	8,078	6,570
Interest expense for lease liabilities	690	470	1,211	844
Amortization of discount on convertible bonds	1,447	1,003	2,879	1,003
	<u>\$ 5,168</u>	<u>4,913</u>	<u>12,168</u>	<u>8,417</u>

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(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk and market risk arising from financial instruments. For the related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2022.

(i) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within six months	6-12 months	1-2 years	2-5 years	Over 5 years
June 30, 2023							
Non derivative financial liabilities							
Short-term borrowings	\$ 119,456	121,574	62,018	59,556	-	-	-
Notes and accounts payable	1,756,399	1,756,399	1,756,399	-	-	-	-
Other payables	979,348	979,348	979,348	-	-	-	-
Cash dividends payable	180,364	180,364	180,364	-	-	-	-
Bonds payable	389,203	399,900	-	-	399,900	-	-
Lease liabilities	113,490	129,128	23,196	22,197	33,658	50,077	-
Long-term borrowings (current portion included)	363,601	369,495	110,669	109,951	85,451	43,425	19,999
	\$ 3,901,861	3,936,208	3,111,994	191,704	519,009	93,502	19,999
December 31, 2022							
Non derivative financial liabilities							
Short-term borrowings	\$ 515,833	522,908	482,113	40,795	-	-	-
Notes and accounts payable	1,573,815	1,573,815	1,573,815	-	-	-	-
Other payables	1,113,971	1,113,971	1,113,971	-	-	-	-
Bonds payable	386,421	400,000	-	-	-	400,000	-
Lease liabilities	109,053	119,727	20,859	20,491	34,353	44,024	-
Long-term borrowings (current portion included)	472,282	480,731	110,988	110,397	187,793	44,301	27,252
	\$ 4,171,375	4,211,152	3,301,746	171,683	222,146	488,325	27,252
June 30, 2022							
Non derivative financial liabilities							
Short-term borrowings	\$ 395,719	398,112	333,563	64,549	-	-	-
Notes and accounts payable	1,589,475	1,589,475	1,589,475	-	-	-	-
Other payables	1,058,835	1,058,835	1,058,835	-	-	-	-
Cash dividends payable	120,243	120,243	120,243	-	-	-	-
Bonds payable	383,556	400,000	-	-	-	400,000	-
Lease liabilities	99,064	110,948	23,615	15,832	29,214	42,287	-
Long-term borrowings (current portion included)	538,135	546,423	82,466	107,159	212,814	100,193	33,791
	\$ 4,185,027	4,224,036	3,208,197	187,540	242,028	552,480	33,791

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars
Financial assets									
Monetary items									
USD	\$ 85,316	31.140	2,656,740	100,132	30.710	3,075,065	128,396	29.720	3,815,943
Financial liabilities									
Monetary items									
USD	37,091	31.140	1,155,014	47,198	30.710	1,449,458	61,519	29.720	1,828,356

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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the conversion of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as of the six-month periods ended June 31, 2023 and 2022 would have increased (decreased) the net profit before tax by \$75,086 and \$99,379, respectively. The analysis for the two periods was on the same basis.

3) Foreign exchange gains and loss on monetary items

Since the Group transacts in different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$62,612, \$94,057, \$46,520 and \$122,325, respectively.

(iii) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to the management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased (decreased) by 1% basis points, the Group's net income would have decreased or increased by \$2,415 and \$4,669 for the six-month periods ended June 30, 2023 and 2022, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in floating variable rates.

(iv) Other price risk

The impacts on items of comprehensive income by the changes in prices of equity securities at the reporting date (The analyses of the two periods are on the same basis, and assume other variable factors remain constant.) are as follows:

Security price at the reporting date	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Other comprehensive income, net of tax	Profit or loss before tax	Other comprehensive income, net of tax	Profit or loss before tax
Increase by 1%	\$ <u>808</u>	<u>220</u>	<u>881</u>	<u>278</u>
Decrease by 1%	\$ <u>(808)</u>	<u>(220)</u>	<u>(881)</u>	<u>(278)</u>

(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:

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June 30, 2023					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 620,996	147,388	240	473,368	620,996
Financial assets at fair value through other comprehensive income	80,790	-	-	80,799	80,799
Financial assets measured at amortized cost					
Cash and cash equivalents	1,581,801	-	-	-	-
Notes and accounts receivable	2,655,466	-	-	-	-
Other receivables	41,128	-	-	-	-
Subtotal	4,278,395	-	-	-	-
Total	<u>\$ 4,980,190</u>	<u>147,388</u>	<u>240</u>	<u>554,167</u>	<u>701,795</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 119,456	-	-	-	-
Notes and accounts payable	1,756,399	-	-	-	-
Other payables	979,348	-	-	-	-
Cash dividends payable	180,364	-	-	-	-
Bonds payable	389,203	-	-	-	-
Lease liabilities	113,490	-	-	-	-
Long-term borrowings (current portion included)	363,601	-	-	-	-
Subtotal	3,901,861	-	-	-	-
Total	<u>\$ 3,901,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 29,812	29,155	200	457	29,812
Financial assets at fair value through other comprehensive income	83,032	-	-	83,032	83,032
Financial assets measured at amortized cost					
Cash and cash equivalents	2,841,048	-	-	-	-
Notes and accounts receivable	2,395,310	-	-	-	-
Other receivables	46,109	-	-	-	-
Subtotal	5,282,467	-	-	-	-
Total	<u>\$ 5,395,311</u>	<u>29,155</u>	<u>200</u>	<u>83,489</u>	<u>112,844</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 515,833	-	-	-	-
Notes and accounts payable	1,573,815	-	-	-	-
Other payables	1,113,971	-	-	-	-
Bonds payable	386,421	-	-	-	-
Lease liabilities	109,053	-	-	-	-
Long-term borrowings (current portion included)	472,282	-	-	-	-
Subtotal	4,171,375	-	-	-	-
Total	<u>\$ 4,171,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	June 30, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 807,475	72,820	240	734,415	807,475
Financial assets at fair value through other comprehensive income	88,146	-	-	88,146	88,146
Financial assets measured at amortized cost					
Cash and cash equivalents	1,807,840	-	-	-	-
Notes and accounts receivable	2,237,671	-	-	-	-
Other receivables	29,775	-	-	-	-
Subtotal	4,075,286	-	-	-	-
Total	<u>\$ 4,970,907</u>	<u>72,820</u>	<u>240</u>	<u>822,561</u>	<u>895,621</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 395,719	-	-	-	-
Notes and accounts payable	1,589,475	-	-	-	-
Other payables	1,058,835	-	-	-	-
Cash dividends payable	120,243	-	-	-	-
Bonds payable	383,556	-	-	-	-
Lease liabilities	99,064	-	-	-	-
Long-term borrowings (current portion included)	538,135	-	-	-	-
Subtotal	4,185,027	-	-	-	-
Total	<u>\$ 4,185,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

(2.1) Financial derivatives

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.

(2.2) Derivatives

Valuations are based on valuation models widely accepted by market users, such as discounting methods and option pricing models. Forward exchange agreements are usually valued based on the current forward rate. Structured interest rate derivatives are based on an appropriate option pricing model (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

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3) Details of changes in level 3 fair value measurement

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income
Balance at January 1, 2023	\$ 457	83,032
Total gains or losses		
Recognized in profit or loss	(36)	-
Recognized in other comprehensive income	-	4,587
Additions	1,140,297	4,068
Disposals	(667,350)	(10,151)
Effect of movements in exchange	-	(737)
Balance at June 30, 2023	<u>\$ 473,368</u>	<u>80,799</u>
Balance at January 1, 2022	\$ 31,972	90,631
Total gains or losses		
Recognized in profit or loss	(916)	-
Recognized in other comprehensive income	-	(3,040)
Additions	982,350	-
Disposals	(279,657)	-
Effect of movements in exchange	666	555
Balance at June 30, 2022	<u>\$ 734,415</u>	<u>88,146</u>

The aforementioned total gains or losses were presented under “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.” The portion related to the assets held by the Group as of June 30, 2023 and 2022 is as follows:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Total gains or losses		
Recognized in profit or loss (presented under “other gains and losses”)	\$ (36)	(916)
Recognized in other comprehensive income (presented under “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)	4,587	(3,040)

4) 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 primarily include “fair value through other comprehensive income – equity investments”.

Most of the Group’s financial instruments that use Level 3 inputs have only single significant unobservable inputs. Only those equity investments without an active market have plural significant unobservable inputs. The significant unobservable inputs of equity investment without an active market are independent with one another, so they are not correlated.

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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 - equity investments without an active market	Net Asset Value Method	·Net asset value ·The market illiquidity discount rate (30% on June 30, 2023, December 31, 2022 and June 30, 2022)	·The market illiquidity discount was lower (higher)
Financial assets at fair value through profit or loss — Investment product	Discounted Cash Flow Method	·Discount rate (1.50%~3.10%, -% and 1.00%~3.00% on June 30, 2023, December 31, 2022 and June 30, 2022)	·The discount rate was lower (higher)
Financial assets at fair value through profit or loss — Private offered funds	Net Asset Value Method	·Net asset value	Not applicable

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

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

			Profit or loss		Other comprehensive income	
	Input	Assumptions	Favorable	Unfavorable	Favorable	Unfavorable
June 30, 2023						
Financial assets at fair value through profit or loss — Investment product	Discount rate	5%	215	(215)	-	-
Financial assets at fair value through profit or loss — Private offered funds	Net asset value	5%	21	(21)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,040	(4,040)
December 31, 2022						
Financial assets at fair value through profit or loss — Private offered funds	Net asset value	5%	33	(33)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,152	(4,152)
June 30, 2022						
Financial assets at fair value through profit or loss — Investment product	Discount rate	5%	513	(513)	-	-
Financial assets at fair value through profit or loss — Private offered funds	Net asset value	5%	32	(32)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,407	(4,407)

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

(w) **Financial risk management**

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the Note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(x) **Capital management**

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2022. There were no significant changes of quantitative data of capital management compared with the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2022.

(y) **Investments and financing activities through non-cash transactions**

The Group's investments and financing activities through non-cash transactions for the six-month periods ended June 30, 2023 and 2022 were as follows:

(i) Right-of-use assets are acquired through leasing. Please refer to Note 6(h).

(ii) The Group's assets through investing activities and reconciliation were as follows:

	January 1, 2023	Cash flows	Acquired	Non-cash changes			June 30, 2023
				Changes in Foreign Exchange Rate	Interest expense	Other	
Short-term borrowings	\$ 515,833	(394,398)	-	(1,979)	-	-	119,456
Long-term borrowings (current portion included)	472,282	(108,681)	-	-	-	-	363,601
Bonds payable	386,421	-	-	-	2,879	(97)	389,203
Lease liabilities	109,053	(21,638)	31,929	(3,123)	-	(2,731)	113,490
Total liabilities arising from financing activities	<u>\$ 1,483,589</u>	<u>(524,717)</u>	<u>31,929</u>	<u>(5,102)</u>	<u>2,879</u>	<u>(2,828)</u>	<u>985,750</u>
	January 1, 2022	Cash flows	Acquired	Non-cash changes			June 30, 2022
				Changes in Foreign Exchange Rate	Interest expense	Other	
Short-term borrowings	\$ 652,614	(287,340)	-	30,445	-	-	395,719
Long-term borrowings (current portion included)	647,393	(109,258)	-	-	-	-	538,135
Bonds payable	-	433,065	-	-	-	(49,509)	383,556
Lease liabilities	39,977	(28,967)	70,824	17,954	-	(724)	99,064
Total liabilities arising from financing activities	<u>\$ 1,339,984</u>	<u>7,500</u>	<u>70,824</u>	<u>48,399</u>	<u>-</u>	<u>(50,233)</u>	<u>1,416,474</u>

(7) Related-party transactions

(a) **Parent company and ultimate controlling company**

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

(b) **Key management personnel compensation**

Key management personnel compensation comprised:

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	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 3,101	4,988	10,030	9,517
Post-employment benefits	211	210	422	366
	<u>\$ 3,312</u>	<u>5,198</u>	<u>10,452</u>	<u>9,883</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2023	December 31, 2022	June 30, 2022
Land	Secured loans	\$ 1,016,281	1,016,281	1,016,281
Buildings	Secured loans	220,464	233,691	237,171
		<u>\$ 1,236,745</u>	<u>1,249,972</u>	<u>1,253,452</u>

(9) Commitments and contingencies

The Group's significant contractual commitments were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Acquisition of property, plant and equipment	<u>\$ 59,565</u>	<u>81,306</u>	<u>54,445</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(12) Other

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

By function By item	For the three months ended June 30, 2023			For the three months ended June 30, 2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	211,866	93,444	305,310	165,557	85,563	251,120
Labor and health insurance	12,236	5,219	17,455	11,838	5,210	17,048
Pension	11,850	4,023	15,873	12,131	4,174	16,305
Remuneration of directors	-	3,373	3,373	-	2,534	2,534
Others	10,867	4,097	14,964	10,211	3,318	13,529
Depreciation	65,521	13,257	78,778	67,023	9,271	76,294
Amortization	2,286	3,974	6,260	1,911	5,147	7,058

By function By item	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	388,534	159,374	547,908	376,551	191,122	567,673
Labor and health insurance	24,014	11,284	35,298	22,715	11,602	34,317
Pension	22,357	8,139	30,496	23,527	8,367	31,894
Remuneration of directors	-	3,783	3,783	-	6,065	6,065
Others	19,310	8,885	28,195	21,769	7,300	29,069
Depreciation	128,786	25,426	154,212	127,085	20,191	147,276
Amortization	4,461	7,997	12,458	3,938	8,644	12,582

(b) The seasonality of operation:

The operation of the Group is not affected by seasonal or cyclical factors.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group as of June 30, 2023:

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(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	15,000 (Note 4)	2%	2	-	Operating turnover	-		-	593,488	1,780,464
0	The Company	Jarlllytec (Vietnam) Co., Ltd.	Other receivables	Yes	124,560	124,560	-	2%	2	-	Operating turnover	-		-	593,488	1,780,464
1	Fu Qing Jarlly Electronics Co., Ltd.	Xiamen Jarlly Electronics Co., Ltd.	Other receivables	Yes	25,692	-	-	2%	2	-	Operating turnover	-		-	577,992	577,992
1	Fu Qing Jarlly Electronics Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	107,050	64,230	64,230 (Note 4)	2%	2	-	Operating turnover	-		-	577,992	577,992
2	Jarlly Technology (Chongqing) Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Other receivables	Yes	29,974	29,974	29,974 (Note 4)	2%	2	-	Operating turnover	-		-	207,615	207,615
2	Jarlly Technology (Chongqing) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	85,640	42,820	-	2%	2	-	Operating turnover	-		-	207,615	207,615
3	Smart Hinge Holdings Ltd.	Great Hinge Trading Ltd.	Other receivables	Yes	56,052	56,052	56,052 (Note 4)	0%	2	-	Operating turnover	-		-	1,779,004	1,779,004
4	Jarlly Electronics Technology (Shanghai) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	42,820	42,820	42,820 (Note 4)	2%	2	-	Operating turnover	-		-	271,430	271,430

Note 1: The Company

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

Note 2: Subsidiaries

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

Note 3: Financing purpose

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

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

(ii) Guarantees and endorsements for other parties:

Number	Name of guarantor and endorsement	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantee and endorsements during the period	Balance of guarantees and endorsements as of report date (Note 3)	Actual usage amount during the period	Property pledged for guarantee and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Jarlly Technology (Shanghai) Co., Ltd.	2	1,483,720	373,680	249,120	-	-	5.60%	1,780,464	Y	N	Y
0	The Company	Jarson Precision Technology Co., Ltd.	2	1,483,720	80,000	40,000	-	-	0.90%	1,780,464	Y	N	N

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Number	Name of guarantor and endorsement	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantee and endorsements during the period	Balance of guarantees and endorsements as of report date (Note 3)	Actual usage amount during the period	Property pledged for guarantee and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Jarllly Technology (Chongqing) Co., Ltd.	2	1,483,720	124,560	62,280	-	-	1.40%	1,780,464	Y	N	Y
0	The Company	Kunshan Jarllly Electronics Ltd.	2	1,483,720	124,560	58,663	58,663	-	1.32%	1,780,464	Y	N	Y
0	The Company	Jellytec (Vietnam) Co., Ltd.	2	1,483,720	124,560	124,560	-	-	2.80%	1,780,464	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 June 30, 2023); and the total amount for endorsement provided to one entity shall not exceed one third of the Company's net worth.

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

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

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

(iii) Securities held as of June 30, 2023 (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	3,599	51,724	4.61 %	51,724	-
The Company	Hua Nan Phoenix Money Market Fund	-	Current financial assets at fair value through profit or loss	1,812	30,109	- %	30,109	-
The Company	Franklin Templeton Sinoam Money Market Fund	-	Current financial assets at fair value through profit or loss	5,214	55,050	- %	55,050	-
Fu Qing Jarllly Electronics Co., Ltd.	Fuqing Jelly Plastic Product Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	3,426	16.00 %	3,426	-
Fu Qing Jarllly Electronics Co., Ltd.	Chongqing Jelly Plastics Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,624	18.00 %	4,624	-
Fu Qing Jarllly Electronics Co., Ltd.	Chongqing Yuli Hardware Products Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	2,312	18.00 %	2,312	-
Xiamen Jarllly Electronics Co., Ltd.	Xiamen Jinli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,068	19.00 %	4,068	-
Xiamen Jarllly Electronics Co., Ltd.	Xiamen Jinyaoli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	8,136	19.00 %	8,136	-
Kunshan Jarllly Electronics Ltd.	Kunshan Huli Precision Hardware Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	6,509	19.00 %	6,509	-
Jarllly Electronics Technology (Shanghai) Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	64,872	- %	64,872	-
Jarllly Technology (Shanghai) Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	62,089	- %	62,089	-
Dong Guan Jarllly Electronics Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	33,400	- %	33,400	-
Dong Guan Jarllly Electronics Co., Ltd.	Product of DRC Bank (Redemption)	-	Current financial assets at fair value through profit or loss	-	21,410	- %	21,410	-

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Jarll Technology (Chongqing) Co., Ltd.	Product of Fubon China (Redemption)	-	Current financial assets at fair value through profit or loss	-	85,640	- %	85,640	-
Fu Qing Jarll Electronics Co., Ltd.	China Bank linked structured finance products	-	Current financial assets at fair value through profit or loss	-	154,152	- %	154,152	-
Fu Qing Jarll Electronics Co., Ltd.	China Merchants Bank structured finance products	-	Current financial assets at fair value through profit or loss	-	51,384	- %	51,384	-
Jarwin Investment Co., Ltd.	Taiwan Semiconductor Manufacturing Co., Ltd. Stock	-	Current financial assets at fair value through profit or loss	20	11,520	- %	11,520	-
Jarwin Investment Co., Ltd.	Asustek Computer Inc. Stock	-	Current financial assets at fair value through profit or loss	10	3,145	- %	3,145	-
Jarwin Investment Co., Ltd.	Evergreen Marine Co., Ltd. Stock	-	Current financial assets at fair value through profit or loss	12	1,122	- %	1,122	-
Jarwin Investment Co., Ltd.	Novatek Microelectronics Corp. Stock	-	Current financial assets at fair value through profit or loss	10	4,265	- %	4,265	-
Jarwin Investment Co., Ltd.	O-TA Precision Industry Co., Ltd. Stock	-	Current financial assets at fair value through profit or loss	20	1,912	- %	1,912	-
Jarwin Investment Co., Ltd.	Yuanta 0-2 Year Investment Grade Corporate Bond Fund	-	Current financial assets at fair value through profit or loss	-	10,261	- %	10,261	-
Jarwin Investment Co., Ltd.	Capital Money Market Fund	-	Current financial assets at fair value through profit or loss	-	30,004	- %	30,004	-
Jarwin Investment Co., Ltd.	Treasure Cay Private Equity Fund	-	Non-current financial assets at fair value through profit or loss	-	421	1.587%	421	-

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

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning Balance		Purchase		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	shares	Amount
Jarll Technology (Shanghai) Co., Ltd.	Product of Fubon China (Redemption)	Current financial assets at fair value through profit or loss	-	-	-	-	-	211,959	-	150,222	149,870	352	-	62,089
Jarll Technology (Shanghai) Co., Ltd.	Product of SinoPac China (Redemption)	Current financial assets at fair value through profit or loss	-	-	-	-	-	262,058	-	263,525	262,058	1,467	-	-
Fu Qing Jarll Electronics Co., Ltd.	China Bank linked structured finance products	Current financial assets at fair value through profit or loss	-	-	-	-	-	154,152	-	-	-	-	-	154,152
Jarll Technology (Chongqing) Co., Ltd.	Product of Fubon China (Redemption)	Current financial assets at fair value through profit or loss	-	-	-	-	-	171,280	-	86,103	85,640	463	-	85,640

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

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

Name of company	Related party	Name of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchase/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Kunshan Jarlly Electronics Ltd.	The Company	Associates	Sale	(263,426)	47.77%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	237,581	48.03%	Note
The Company	Kunshan Jarlly Electronics Ltd.	Associates	Purchase	263,426	33.11%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(237,581)	29.73%	Note
Jarlly Technology (Chongqing) Co., Ltd.	The Company	Associates	Sale	(150,978)	38.78%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	134,692	70.76%	Note
The Company	Jarlly Technology (Chongqing) Co., Ltd.	Associates	Purchase	150,978	18.98%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(134,692)	16.86%	Note
Fu Qing Jarlly Electronics Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Associates	Sale	(158,832)	27.39%	150 days	-	Related parties are 150 days, third parties are ranged from 120 to 150 days.	146,928	36.31%	Note
Kunshan Jarlly Electronics Ltd.	Fu Qing Jarlly Electronics Co., Ltd.	Associates	Purchase	158,832	10.41%	150 days	-	Related parties are 150 days, third parties are ranged from 120 to 150 days.	(146,928)	4.82%	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 (Note)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Kunshan Jarlly Electronics Ltd.	The Company	Associates	237,581	1.79	-	-	56,491	-
Jarlly Technology (Chongqing) Co., Ltd.	The Company	Associates	134,692	3.54	-	-	14,919	-
Fu Qing Jarlly Electronics Co., Ltd.	Kunshan Jarlly Electronics Ltd.	Associates	146,928	3.10	-	-	24,297	-

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

- (ix) Trading in derivative instruments:

Please refer to Note 6 (b) and (l).

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(x) Business relationships and significant intercompany transactions:

Number	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
1	Jarson Precision	The Company	2	Sales revenue	59,059	Mark up by cost	1.80%
1	Jarson Precision	The Company	2	Accounts receivable	48,908	150 days	0.56%
2	Chongqing Jarlly	The Company	2	Sales revenue	150,978	Mark up by cost	4.59%
2	Chongqing Jarlly	The Company	2	Accounts receivable	134,692	150 days	1.55%
2	Chongqing Jarlly	Kunshan Jarlly	3	Other receivables	29,974	Follow the agreement	0.35%
3	Fu Qing Jarlly	The Company	2	Sales revenue	35,173	Mark up by cost	1.07%
3	Fu Qing Jarlly	The Company	2	Accounts receivable	26,752	150 days	0.31%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Sales revenue	158,323	Mark up by cost	4.81%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Accounts receivable	146,928	150 days	1.69%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Other receivables	64,230	Follow the agreement	0.74%
4	Kunshan Jarlly	The Company	2	Sales revenue	263,426	Mark up by cost	8.01%
4	Kunshan Jarlly	The Company	2	Accounts receivable	237,581	150 days	2.73%
5	Shanghai Jarlly	The Company	2	Sales revenue	62,359	Mark up by cost	1.90%
5	Shanghai Jarlly	The Company	2	Accounts receivable	61,482	150 days	0.71%
6	Xiamen Jarlly	Fu Qing Jarlly	3	Sales revenue	28,655	Mark up by cost	0.87%
6	Xiamen Jarlly	Fu Qing Jarlly	3	Accounts receivable	22,853	150 days	0.26%
7	Dong Guan Jarlly	The Company	2	Sales revenue	43,110	Mark up by cost	1.31%
7	Dong Guan Jarlly	The Company	2	Accounts receivable	35,488	150 days	0.41%
8	Smart Hinge	Great Hinge	3	Other receivables	56,052	Follow the agreement	0.65%

Note 1. Number represents:

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

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

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	Great Hinge Trading Ltd.	British Virgin Islands	Investments	318	318	10	100.00%	46,653	30,000	30,000	Note
The Company	Smart Hinge Holdings Ltd.	British Virgin Islands	Investments	827,201	750,588	25,934	100.00%	2,960,840	145,623	144,942	Note
The Company	Jarson Precision Technology Co., Ltd.	Republic of China	Powder metallurgy industry	134,076	134,076	15,000	100.00%	215,056	(39,518)	(38,865)	Note
The Company	Jarwin Investment Co., Ltd.	Republic of China	Investments	80,000	50,000	8,000	100.00%	78,977	5,033	5,033	Note
The Company	Jarllytec Singapore Pte. Ltd.	Singapore	Computer design and service	423	423	20	100.00%	738	626	626	Note
Great Hinge Trading Ltd.	Jarllytec (Vietnam) Co., Ltd.	Vietnam	Sale and produce Precision Hinge	166,723	166,723	-	100.00%	120,126	(8,635)	(8,635)	Note
Smart Hinge Holdings Ltd.	Royal Jarlly Holding Ltd.	Hong Kong	Investments	827,201	750,588	25,934	100.00%	2,908,577	144,008	144,008	Note
Royal Jarlly Holding Ltd.	Jarllytec (Thailand) Co., Ltd.	Thailand	Sale and produce Precision Hinge	149,229	149,229	6,325	100.00%	162,256	(8,389)	(8,389)	Note

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

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(c) Information on overseas branches and representative offices:

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

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment form Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment form Taiwan as of June 30, 2022	Net income (losses) of the investee	Percentage of ownership	Invest income (losses) (Note 2 and 3)	Book value (Note 3)	Accumulated remittance of earnings in current period
Jarllly Technology (Shanghai) Co., Ltd.	Sale and produce special purpose material of component equipment	261,462	(2)	131,272	-	-	131,272	49,553	100.00%	49,553	761,115	-
Fu Qing Jarllly Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	51,997	100.00%	51,997	963,321	-
Dong Guan Jarllly Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	(3,215)	100.00%	(3,215)	109,460	15,366
Kunshan Jarllly Electronics Ltd.	Sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	39,615	100.00%	39,615	150,878	-
Jarllly Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	4,414	100.00%	4,414	452,385	-
Xiamen Jarllly Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	3,392	100.00%	3,392	100,397	-
Jarllly Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	32,171	100.00%	32,171	346,025	-
Zhejiang Jarllly Precision Technology Co., Ltd.	Sale and produce Powder metallurgy and other metal products	76,613	(2)	-	76,613	-	76,613	493	100.00%	493	74,231	-

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

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

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

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

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
827,201	1,290,255	2,670,696

(iii) Significant transactions:

As of the six months ended of June 30, 2023, the significant inter-company directly or indirectly transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "Information on significant transactions".

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(d) Major shareholders:

Shareholder's name	Shareholding	Shares	Percentage
Sunrise Investment Co., Ltd.		6,100,000	10.14%
Dellson Investment Co., Ltd.		3,714,000	6.17%

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

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

(14) Segment information

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

For the three months ended June 30,				
2023				
	Hinge department	Fiber optic department	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 1,926,619	44,375	-	1,970,994
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 1,926,619</u>	<u>44,375</u>	<u>-</u>	<u>1,970,994</u>
Reportable segment profit or loss	<u>\$ 177,246</u>	<u>5,191</u>	<u>-</u>	<u>182,437</u>
2022				
	Hinge department	Fiber optic department	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 1,388,188	60,236	-	1,448,424
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 1,388,188</u>	<u>60,236</u>	<u>-</u>	<u>1,448,424</u>
Reportable segment profit or loss	<u>\$ 141,181</u>	<u>9,816</u>	<u>-</u>	<u>150,997</u>

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For the six months ended June 30,				
2023				
	Hinge department	Fiber optic department	Reconciliati on and elimination	Total
Revenue:				
Revenue from external customers	\$ 3,190,401	99,707	-	3,290,108
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 3,190,401</u>	<u>99,707</u>	<u>-</u>	<u>3,290,108</u>
Reportable segment profit or loss	<u>\$ 185,497</u>	<u>12,070</u>	<u>-</u>	<u>197,567</u>
2022				
	Hinge department	Fiber optic department	Reconciliati on and elimination	Total
Revenue:				
Revenue from external customers	\$ 3,540,207	140,566	-	3,680,773
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 3,540,207</u>	<u>140,566</u>	<u>-</u>	<u>3,380,773</u>
Reportable segment profit or loss	<u>\$ 371,739</u>	<u>21,714</u>	<u>-</u>	<u>393,453</u>

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