The English version is the translated version, without an accountant's review or verification.

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2020 and 2019

(Stock Code: 8938)

Company Address: No.26, Zhonglin Rd., Xiaogang Dist., Kaohsiung City

Tel: (07)872-1410

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

for 2020 and 2019

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Advanced International Multitech Co., Ltd.

Letter of Representation for Consolidated Financial Statements

For the year 2020 (from January 1 to December 31, 2020), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, consolidated financial statements of affiliated enterprises will not be prepared.

Represented by

Company Name: Advanced International Multitech Co., Ltd.

Responsible person: Hsi-Chien Cheng

February 26, 2021

Independent Auditors' Report

To Advanced International Multitech Co., Ltd.

Auditors' Opinions

Advanced International Multitech Co., Ltd. and Subsidiaries' ("the Group" hereinafter) consolidated balance sheets ended December 31, 2020 and 2019, consolidated statements of comprehensive income, the consolidated statements of changes in equity, consolidated statements of cash flows from January 1 to December 31, 2020 and 2019, and the notes to the consolidated financial statements (including the summary of significant accounting policies) have been reviewed by the auditor.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Advanced International Multitech Co., Ltd. as of December 31, 2020 and 2019, and its consolidated financial performance and consolidated cash flows from January 1 to December 31, 2020 and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed and effected by the Financial Supervisory Commission.

Basis for Audit Opinion

We planned and conducted our audits in accordance with the "Rules Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We have stayed independent from Advanced Group as required by the Code of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Code. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements of Advanced Group. Such matters have been dealt with in the course of auditing and compiling the consolidated financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually.

Key Audit Matters for the consolidated financial statements of Advanced Group for 2020 are stated as follows:

Assessment of Impairment of Accounts Receivable

Descriptions

Please refer to Note IV(X) and IV(XI) to the consolidated financial statements for accounting policies regarding accounts receivables and impairment assessment; please refer to Note V(II) to the consolidated financial statements for accounting estimates and assumptions regarding accounts receivables; and please refer to Note VI(IV) to the consolidated financial statements for net accounts receivables.

In measuring the expected credit losses, Advanced Group must use its judgment to identify the factors that affect the future recoverability of the accounts receivable, and consider the time value of money, the information that is reasonable and available to prove the forecast of future economic conditions, and the supporting documents obtained by the management. Therefore, we identified the evaluation of impairment for accounts receivables as a key audit matter for Advanced Group.

Audit Procedures

The procedures we have performed on the afore-mentioned key audit matter are summarized as follows:

1. Based on our understanding of Advanced Group's operation and its sales counter-party, we have determined the reasonableness of the policy and procedures regarding provision of loss allowance for accounts receivables, including the objective evidence that determine the loss rate, e.g. characters of customers, assessment of past payment collection experience, and future economic conditions. We have also compared whether the policy for provision of loss allowance for accounts receivables is consistent throughout the reporting period.
2. We have assessed the reasonableness of the supporting documents based on the expected loss rates for different days past due as provided by the management.
3. We have also verified the correctness of the aging of accounts receivables in order to ensure the agreement of the financial information with its policy.
4. We have also tested the recovery of accounts receivables after the audit period so as to evaluate the possibility of recovery.

Inventory Valuation

Descriptions

Refer to Note IV(XIII) to the consolidated financial statements for accounting policies regarding inventory valuation; Note V(II) for uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note VI(V) for details of inventory accounting subjects.

The main business of Advanced Group is to undertake the production of consumer products for the world's major brands. The inventory of such products, owing to rapid changes in technology and a high degree of customization, possesses higher risk of Inventory valuation loss or obsolescence. Advanced Group measures the value of inventory through the employment of an item by item approach which recognizes the value at the lower of cost and net realizable value. Advance Group also evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Since the assessment process may involve the management's judgment based on the relevant supporting documents obtained, which is an area to be determined in an audit, we have identified the inventory valuation as the key audit matter for Advanced Group.

Audit Procedures

The procedures we have performed on the afore-mentioned key audit matter are summarized as follows:

1. We have compared whether the policy for provision of allowance of inventory valuation loss is consistent throughout the reporting period and assessed the reasonableness of its provision policy.
2. We have examined the inventory management process, reviewed the annual inventory plan and participated in annual inventory counts in order to assess the effectiveness of management's judgment and control of obsolete inventory.
3. We have sampled and tested the net realizable value of individual inventory item to assess the reasonableness of the allowance to reduce inventory to market.

Other Matters - parent company only financial statements

Advanced International Multitech Co., Ltd. has also compiled parent company only financial statements for 2020 and 2019, and issued an unqualified audit opinion from our CPA for reference.

Responsibility of the management and the governing body for the consolidated financial statements

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the consolidated financial statements, the responsibility of management includes assessing Advanced Group's ability to continue as a going concern, disclosing going concern matters, as well as adopting going concern accounting, unless the management intends to liquidate Advanced Group or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

The governing bodies of Advanced Group (including supervisors) have the responsibility to oversee the financial reporting process.

The Accountants' Responsibility in Auditing the Consolidated Financial Statements

The purpose of our audit is to provide reasonable assurance that the consolidated financial statements as a whole contains no material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. "Reasonable assurance" refers to a high level of assurance. Nevertheless, our audit, which was carried out in accordance with the Generally Accepted Auditing Standards in the Republic of China does not guarantee that a material misstatement(s) in the consolidated financial statements will be detected. There may still be material misstatements due to fraud or errors, which are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of the consolidated financial statements.

We have exercised professional judgment and maintained professional skepticism while abiding by the Generally Accepted Auditing Standards in the Republic of China in our audit. The following tasks have also been performed:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.

2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Advanced Group.

3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of Advanced Group to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the consolidated financial statements in our audit report of the relevant disclosures therein, or to amend our audit opinion in the event that any inappropriate disclosure was found. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Advanced Group to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly present relevant transactions and items.

6. Acquired sufficient and appropriate audit evidence regarding the financial information of entities within Advanced Group in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of auditing the Group, and for formation of an audit opinion.

Communications between us and the company's governing body take account of the scope and timing of the planned audit and significant audit findings, including any significant deficiencies in the internal controls during the audit process.

We have also provided the governing body with our statement of independence in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China, and communicated with the governing body all relationships and other matters that may be deemed to have an influence on our independence (including safeguard measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the 2020 consolidated financial statements of Advanced Group. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

PwC Taiwan

CPA: A-Shen Liao

Chien-Chih Wu

Approval No. by the former Financial Supervisory
Commission of the Executive Yuan:
Jin Guan Zheng Shen Zi No. 1010015969
Financial Supervisory Commission
Approval No.: Jin Guan Zheng Shen Zi No. 1030027246

February 26, 2021

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI(I)	$ 930,555	9	$ 968,766	12
1110	Financial assets at fair value through profit or loss - current	VI(II)	472	-	10	-
1136	Financial assets at amortized cost - current	VI(III)	465,088	4	-	-
1150	Notes receivable - net	VI(IV)	7,808	-	5,689	-
1170	Accounts receivable- net	V and VI(IV)	3,152,746	29	2,645,575	32
1200	Other receivables		17,789	-	15,329	-
130X	Inventories	V and VI(V)	2,245,667	21	1,898,974	23
1410	Prepayments	VI(VII)	200,180	2	128,315	2
1470	Other current assets		7,988	-	8,930	-
11XX	**Total current assets**		7,028,293	65	5,671,588	69
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	VI(VI)	55	-	55	-
1535	Financial assets at amortized cost - non-current	VI(III)	44,649	-	-	-
1550	Investments accounted for using equity method	VI(VIII)	51,708	1	2,884	-
1600	Property, plant, and equipment	VI(IX) and VIII	2,607,969	24	2,197,452	27
1755	Right-of-use assets	VI(X)	840,786	8	179,854	2
1780	Intangible assets	VI(XI)	7,533	-	13,206	-
1840	Deferred income tax assets	VI(XXIX)	72,182	1	56,330	1
1915	Prepayments for business facilities		46,548	-	113,991	1
1990	Other non-current assets - others	VIII	116,517	1	33,068	-
15XX	**Total non-current assets**		3,787,947	35	2,596,840	31
1XXX	**Total assets**		$ 10,816,240	100	$ 8,268,428	100

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Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term loans	VI(XII) and VIII	$ 1,016,201	10	$ 531,141	6
2120	Financial liabilities measured at fair value through profit and loss - current	VI(XIII)	21	-	-	-
2150	Notes payable		3,248	-	2,299	-
2170	Accounts payable		1,867,748	17	1,260,646	15
2200	Other payables	VI(XIV)	1,474,545	14	1,127,718	14
2230	Income tax liabilities		226,004	2	133,746	2
2280	Lease liabilities - current		121,022	1	39,263	-
2300	Other current liabilities	VI(XV)(XVI)(XXI) and VIII	240,404	2	68,354	1
21XX	**Total current liabilities**		4,949,193	46	3,163,167	38
	Non-current liabilities					
2540	Long-term loans	VI(XVI) and VIII	212,055	2	238,448	3
2570	Deferred income tax liabilities	VI(XXIX)	137,785	1	167,125	2
2580	Lease liabilities - non-current		559,583	5	111,058	1
2630	Long-term deferred income	VI(XXIV)	6,152	-	-	-
2640	Net defined benefit liability - non-current	VI(XVII)	82,050	1	80,348	1
2670	Other non-current liabilities - others		548	-	1,292	-
25XX	**Total non-current liabilities**		998,173	9	598,271	7
2XXX	**Total liabilities**		5,947,366	55	3,761,438	45
	Equity					
	Equity attributable to shareholders of the parent company					
	Share capital	VI(XVIII)				
3110	Capital of common shares		1,353,127	12	1,353,127	16
	Capital reserve	VI(XIX)				
3200	Capital reserve		781,236	7	781,236	9
	Retained earnings	VI(XX)				
3310	Legal reserve		861,536	8	799,969	10
3320	Special reserve		133,828	1	75,285	1
3350	Undistributed earnings		1,473,609	14	1,226,712	15
	Other equity					
3400	Other equity		(142,996)	(1)	(133,828)	(1)
31XX	**Total equity attributable to shareholders of the parent company**		4,460,340	41	4,102,501	50
36XX	**Non-controlling interests**	IV(III)	408,534	4	404,489	5
3XXX	**Total equity**		4,868,874	45	4,506,990	55
	Significant contingent liabilities and unrecognized contractual commitments	IX				
	Significant subsequent events	XI				
3X2X	**Total liabilities and equity**		$ 10,816,240	100	$ 8,268,428	100

The accompanying notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Hsi-Chien Cheng   Manager: Hsi-Chien Cheng   Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars
(Except for Earnings Per Share Presented in New Taiwan Dollars)

	Item	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenue	VI(XXI)	$ 12,075,353	100	$ 11,756,861	100
5000	Operating costs	VI(V)(XI) (XXVII) (XXVIII)	(9,907,788)	(82)	(9,773,535)	(83)
5900	Gross operating profit		2,167,565	18	1,983,326	17
	Operating expenses	VI(XI) (XXVII) (XXVIII)				
6100	Selling expenses		(190,294)	(1)	(211,771)	(2)
6200	Administrative expenses		(432,337)	(4)	(436,674)	(4)
6300	Research and development expenses		(522,740)	(4)	(491,013)	(4)
6450	Expected credit impairment gain (loss)	XII(II)	(942)	-	799	-
6000	Total operating expenses		(1,146,313)	(9)	(1,138,659)	(10)
6500	Other income and expenses - net	VI(XXII)	117,807	1	107,752	1
6900	Operating income		1,139,059	10	952,419	8
	Non-operating income and expenses					
7100	Interest income	VI(XXIII)	17,787	-	14,285	-
7010	Other income	VI(XXIV)	84,774	-	7,967	-
7020	Other gains and losses	VI(II)(XIII) VI(XXV)	(268,345)	(2)	(19,408)	-
7050	Finance costs	VI(IX)(XXVI)	(34,947)	-	(8,692)	-
7060	Share of the profit (loss) of associates and joint ventures accounted for using equity method	VI(VIII)	(3,765)	-	(1,337)	-
7000	Total non-operating income and expenses		(204,496)	(2)	(7,185)	-
7900	**Profit before tax**		934,563	8	945,234	8
7950	Income tax expense	VI(XXIX)	(220,600)	(2)	(272,721)	(2)
8200	**Net income**		$ 713,963	6	$ 672,513	6

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Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars
(Except for Earnings Per Share Presented in New Taiwan Dollars)

	Item	Notes	2020 Amount	2020 %	2019 Amount	2019 %
	Other comprehensive income					
	Items that are not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans	VI(XVII)	($ 3,099)	-	($ 5,515)	-
8349	Income tax-related items that are not reclassified subsequently to profit or loss	VI(XXIX)	620	-	1,103	-
8310	Items that are not reclassified subsequently to profit or loss - total		(2,479)	-	(4,412)	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(9,168)	-	(58,543)	(1)
8300	**Other comprehensive income loss - net**		($ 11,647)	-	($ 62,955)	(1)
8500	**Total comprehensive income (loss)**		$ 702,316	6	$ 609,558	5
	Net income (loss) attributable to:					
8610	Owners of the parent company		$ 680,705	6	$ 615,662	5
8620	Non-controlling interests		33,258	-	56,851	1
	Total		$ 713,963	6	$ 672,513	6
	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent company		$ 669,058	6	$ 552,707	5
8720	Non-controlling interests		33,258	-	56,851	-
	Total		$ 702,316	6	$ 609,558	5
	Earnings per share	VI(XXX)				
9750	Basic		$ 5.03		$ 4.55	
9850	Diluted		$ 4.98		$ 4.51	

The accompanying notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Hsi-Chien Cheng Manager: Hsi-Chien Cheng Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to shareholders of the parent company										
			Capital reserve			Retained earnings						
	Notes	Capital of common shares	Share premium	Recognized value of changes in equity of ownership of subsidiaries	Others	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
2019												
Balance as of January 1, 2019		$ 1,353,127	$ 739,866	$ 16,480	$ 24,890	$ 743,087	$ 65,616	$ 979,701	($ 75,285)	$ 3,847,482	$ 365,616	$ 4,213,098
Net income		-	-	-	-	-	-	615,662	-	615,662	56,851	672,513
Other comprehensive income (loss)		-	-	-	-	-	-	(4,412)	(58,543)	(62,955)	-	(62,955)
Total comprehensive income (loss)		-	-	-	-	-	-	611,250	(58,543)	552,707	56,851	609,558
Earnings appropriation and allocation for 2018:												
Provision of legal reserve		-	-	-	-	56,882	-	(56,882)	-	-	-	-
Provision of special reserve		-	-	-	-	-	9,669	(9,669)	-	-	-	-
Cash dividends for common shares	VI(XX)	-	-	-	-	-	-	(297,688)	-	(297,688)	-	(297,688)
Non-controlling interests		-	-	-	-	-	-	-	-	-	(17,978)	(17,978)
Balance as of December 31, 2019		$ 1,353,127	$ 739,866	$ 16,480	$ 24,890	$ 799,969	$ 75,285	$ 1,226,712	($ 133,828)	$ 4,102,501	$ 404,489	$ 4,506,990
2020												
Balance as of January 1, 2020		$ 1,353,127	$ 739,866	$ 16,480	$ 24,890	$ 799,969	$ 75,285	$ 1,226,712	($ 133,828)	$ 4,102,501	$ 404,489	$ 4,506,990
Net income		-	-	-	-	-	-	680,705	-	680,705	33,258	713,963
Other comprehensive income (loss)		-	-	-	-	-	-	(2,479)	(9,168)	(11,647)	-	(11,647)
Total comprehensive income (loss)		-	-	-	-	-	-	678,226	(9,168)	669,058	33,258	702,316
Earnings appropriation and allocation for 2019:												
Provision of legal reserve		-	-	-	-	61,567	-	(61,567)	-	-	-	-
Provision of special reserve		-	-	-	-	-	58,543	(58,543)	-	-	-	-
Cash dividends for common shares	VI(XX)	-	-	-	-	-	-	(311,219)	-	(311,219)	-	(311,219)
Non-controlling interests		-	-	-	-	-	-	-	-	-	(29,213)	(29,213)
Balance as of December 31, 2020		$ 1,353,127	$ 739,866	$ 16,480	$ 24,890	$ 861,536	$ 133,828	$ 1,473,609	($ 142,996)	$ 4,460,340	$ 408,534	$ 4,868,874

The accompanying notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Hsi-Chien Cheng | Manager: Hsi-Chien Cheng | Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

	Notes	2020	2019
Cash flows from operating activities			
Net Profit before tax		$ 934,563	$ 945,234
Adjustments			
Income and expense item			
Depreciation	VI(IX) and (X) (XXVII)	436,031	358,426
Amortization	VI(XXVII)	23,919	16,707
Expected credit impairment loss (gain)	XII(II)	942	(799)
Net gain (loss) from financial assets and liabilities at fair value through profit or loss	VI(II)(XIII) (XXV)	(4,350)	2,280
Interest income	VI(XXIII)	(17,787)	(14,285)
Interest expense	VI(XXVI)	34,729	8,373
Loss on disposal and retirement of property, plant and equipment	VI(XXV)	23,409	10,601
Reclassification of property, plant and equipment to expense	VI(XXXI)	64	346
Gains on lease modification	VI(X)	(422)	(12)
Share of the profit (loss) of associates and joint ventures accounted for using equity method	VI(VIII)	3,765	1,337
Gain on disposal of subsidiaries	VI(XXXI)	(8,509)	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss - current		3,981	(1,386)
Notes receivable		(2,119)	5,492
Accounts receivable		(514,293)	44,611
Other receivables		(2,518)	16,142
Inventories		(347,927)	133,259
Prepayments		(69,298)	40,811
Other current assets		(1,077)	(1,198)
Net changes in operating liabilities			
Financial liabilities measured at fair value through profit and loss - current		(67)	(592)
Notes payable		949	(1,020)
Accounts payable		608,081	(343,629)
Other payables		337,676	78,212
Other current liabilities		89,802	10,427
Long-term deferred income		6,152	-
Net defined benefit liability - non-current		(1,397)	(1,426)
Other non-current liabilities - others		-	(4,216)
Cash provided by operating activities		1,534,299	1,303,695
Income tax paid		(172,512)	(270,086)
Net cash provided by operating activities		1,361,787	1,033,609

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Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2020 and 2019

Unit: In Thousands of New Taiwan Dollars

	Notes	2020	2019
Cash provided by investing activities			
Increase in financial assets measured at amortized cost - current		($ 465,088)	$ -
Increase in financial assets at amortized cost - non-current		(44,649)	-
Acquisition of investments accounted for using equity method		(49,212)	-
Net cash generated from disposal of subsidiaries	VI(XXXI)	10,505	-
Acquisition of property, plant and equipment	VI(XXXI)	(607,474)	(577,302)
Increase in prepayments for business facilities		(149,511)	(163,214)
Proceeds from disposal of property, plant, and equipment		2,396	2,251
Acquisition of intangible assets	VI(XI)	(2,119)	(4,973)
Increase in refundable deposits		(55,096)	(4,868)
Decrease in refundable deposits		3,114	4,648
Increase in other non-current assets		(44,884)	(7,935)
Interest received		17,787	13,273
Net cash used in investing activities		(1,384,231)	(738,120)
Cash provided by (used in) financing activities			
Increase in short-term loans	VI(XXXII)	18,746,846	4,642,854
Decrease in short-term loans	VI(XXXII)	(18,244,994)	(4,270,951)
Increase in short-term bills payables		-	16,000
Decrease in short-term bills payables		-	(16,000)
Repayment of the principal amount of rentals	VI(XXXII)	(193,829)	(45,295)
Increase in long-term loans	VI(XXXII)	110,310	155,710
Repayment of long-term loan	VI(XXXII)	(54,445)	-
Increase in deposits received		-	738
Decrease in deposits received		(750)	-
Interest paid		(27,479)	(8,311)
Cash dividends distributed	VI(XX)	(311,219)	(297,688)
Cash dividends distributed by subsidiaries		(29,213)	(17,978)
Net cash provided by (used in) financing activities		(4,773)	159,079
Effect of exchange rate changes on cash and cash equivalents		(10,994)	(18,920)
Net increase (decrease) in cash and cash equivalents		(38,211)	435,648
Cash and cash equivalents, beginning of the period		968,766	533,118
Cash and cash equivalents, end of the period		$ 930,555	$ 968,766

The accompanying notes to the consolidated financial statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman: Hsi-Chien Cheng   Manager: Hsi-Chien Cheng   Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
2020 and 2019

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

I. Company Profile

(I) Established on July 20, 1987, Advanced International Multitech Co., Ltd. ("the Company" hereinafter) started operation in January 1988 under its former name as Advanced Composite Design Co., Ltd. The Company merged with its subsidiaries, namely Dian Precision Casting Co., Ltd. and Advanced International Co. Ltd., on July 1, 1998. The Company and subsidiaries ("the Group" hereinafter) are mainly engaged in manufacturing, processing, trading, import and export of carbon fiber prepackaged materials, and carbon fiber products (e.g., baseball bat, billiard stick, arrow target, golf club shaft and head, fishing tools, bicycle and accessories), as well as composite materials, namely carbon fiber fabrics, for aviation industry.

(II) The Company's stocks have been traded on the Taipei Exchange ("TPEx" hereinafter) since December 2002.

II. Approval date and procedures of the financial statements

The consolidated financial statements were released on February 26, 2021, after being approved by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Effects of the adoption of new and amended IFRSs endorsed by the Financial Supervisory Commission ("FSC")

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2020:

New/revised/amended standards and interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IAS 1 and IAS 8 "Disclosure Initiative - Definition of Materiality"	January 1, 2020
Amendments to IFRS 3 - Definition of Business	January 1, 2020
Amendments to IFSR 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note)

Note: The FSC allows early application on January 1, 2020.

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

(II) Effects of not yet applying the newly-announced and revised IFRSs endorsed by the FSC

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2021:

New/revised/amended standards and interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Phase II amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform”	January 1, 2021

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group’s financial position and financial performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New/revised/amended standards and interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28 - Sales or Contributions of Assets between Its Associate/Joint Venture	Yet to be determined by the IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group’s financial position and financial performance.

IV. Summary of Significant Accounting Policies

Accounting policies applied in preparing this consolidated financial statement are listed below. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Statement of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs" hereinafter) endorsed by the FSC.

(II) Basis of Preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
   (1) Financial assets and liabilities measured at FVTPL (including derivatives).
   (2) Financial assets measured at FVTOCI.
   (3) Defined benefit liability that is derived from retirement plan assets less the present value of net defined benefit obligation.
2. Critical accounting estimates are required when preparing financial statements in compliance with IFRSs. When the Group adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex items or significant assumptions and estimates with regards to this consolidated financial reports. Please refer to Note V for details.

(III) Basis of Consolidation

1. Principles for Preparation of Consolidated Financial Statements
   (1) The Group includes all subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and are excluded from the consolidated financial statements from the date when such control ceases.
   (2) Transactions, balances and unrealized gains or losses between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Group.
   (3) The profit or loss and each component of other comprehensive income is attributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income is also attributed to the owners of the parent company and non-controlling interest even if this results in the non-controlling interests having a deficit balance.
   (4) A change in the ownership interest of a subsidiary without a loss of control (transactions with non-controlling interests) is accounted for as an equity transaction, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
2. Subsidiaries that are consolidated into the consolidated financial statements:

			Ownership (%)		
Investor	Subsidiary	Main Business Activities	December 31, 2020	December 31, 2019	Descriptions
Advanced International Multitech Co., Ltd.	Advanced Group International (BVI) Co., Ltd.	Overseas investment	100	100	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Engaged in the production and sales of various golf club shafts and heads, golf sets.	100	100	
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd. (LTC)	Engaged in production of sports products, other plastic products and international trade	55.93	55.93	

Investor	Subsidiary	Main Business Activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Descriptions
Advanced International Multitech Co., Ltd.	Advanced International Multitech (BVI) Co.,Ltd.	Overseas investment	-	100	Note 1
Advanced Group International (BVI) Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in production, import and export of carbon fiber prepreg materials and sports products	100	100	
Advanced International Multitech (BVI) Co., Ltd.	Advanced Sporting Goods (Shatian, Dongguan) Co., Ltd.	Engaged in production, import and export of carbon fiber prepreg materials and sports products	-	100	Note 2

Note 1: The Group has liquidated this company on December 22, 2020 and ceased to include this company in the Group's consolidated financial statements.

Note 2: The Group disposed of 100% equity interest in this company on August 24, 2020 and ceased to include this company in the Group's consolidated financial statements.

3. Subsidiaries that are not consolidated into the consolidated financial statements: None.
4. Different accounting and adjustments adopted by subsidiaries in the accounting period: None.
5. Significant restrictions: None.
6. Subsidiaries with material non-controlling interests to the Group:

   As of December 31, 2020 and 2019, the Group's non-controlling interests totaled $408,534 and $404,489, respectively. What stated below is the information in respect of the Group's material non-controlling interests and the corresponding subsidiaries:

		Non-controlling interests			
		December 31, 2020		December 31, 2019	
Subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., Ltd. (LTC)	Taiwan	$ 408,534	44.07	$ 404,489	44.07

Summary of the financial information of subsidiaries is as follows:

Balance Sheets

	Launch Technologies Co., Ltd. (LTC)	
	December 31, 2020	December 31, 2019
Current assets	$ 732,655	$ 524,264
Non-current assets	1,170,724	1,050,362
Current liabilities	(684,814)	(339,348)
Non-current liabilities	(291,565)	(317,456)
Total net assets	$ 927,000	$ 917,822

Statements of Comprehensive Income

	Launch Technologies Co., Ltd. (LTC)	
	2020	2019
Revenue	$ 1,586,851	$ 1,812,830
Profit before tax	74,857	158,888
Income tax benefit (expense)	608	(29,887)
Net income	75,465	129,001
Other comprehensive income (net after tax)	-	-
Total comprehensive income (loss)	$ 75,465	$ 129,001

Statements of Cash Flows

	Launch Technologies Co., Ltd. (LTC)	
	2020	2019
Net cash provided by operating activities	$ 135,780	$ 284,763
Net cash used in investing activities	(260,550)	(351,459)
Net cash provided by financing activities	178,932	37,759
Net increase (decrease) in cash and cash equivalents	54,162	(28,937)
Cash and cash equivalents, beginning of the period	10,525	39,462
Cash and cash equivalents, end of the period	$ 64,687	$ 10,525

(IV) Foreign Currency Translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e., functional currency). The Consolidated Financial Statements are presented and reported in the Group's functional currency, New Taiwan Dollars (NT$).

1. Foreign Currency Transaction and Balance
   (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.
   (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
   (3) Balances of non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; and if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.
   (4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income.
2. Translation from Foreign Operations

   The operating results and financial position of all entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency by applying the following approaches:

(1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the end of the financial reporting period;
(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
(3) All resulting exchange differences are recognized in other comprehensive income.
(4) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(V) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
   (2) Assets held primarily for trading purposes.
   (3) Assets that are expected to be realized within 12 months after the balance sheet date.
   (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

   Otherwise, they are classified as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be settled within the normal operating cycle.
   (2) Assets held primarily for trading purposes.
   (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

   Otherwise, they are classified as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to the investments that are short-term, highly liquid, subject to low risk of changes in value, and readily convertible to known amount of cash. Time deposits satisfying the afore-mentioned definition and for which the objective of holding is to meet the short-term operating cash commitment are classified as the cash equivalent.

(VII) Financial assets measured at FVTPL

1. Financial assets that are neither measured at amortized cost nor measured at FVTOCI.
2. On a regular way purchase or sale basis, financial assets at FVTPL are recognized and derecognized using settlement date accounting.

3. Financial assets at FVTPL are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.
4. The Group recognizes dividends income when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Group and the amount of such benefits can be reliably measured.

(VIII) <u>Financial assets measured at FVTOCI</u>

1. Refers to the irrevocable election made at initial recognition that allows the Group to present fair value changes of equity investment not held for trading in other comprehensive income; or debt investment that meets all the criteria simultaneously:
    (1) Financial assets held within a business model of which the objective of holding is to collect the contractual cash flows and to sell.
    (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. On a regular way purchase or sale basis, financial assets measured at FVTOCI are recognized and derecognized using settlement date accounting.
3. Financial assets measured at FVTOCI are initially measured at fair value plus transaction costs and subsequently measured at fair value with fair value changes in equity instruments recognized in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss, but to be transferred to retained earnings. The Group recognizes dividends income when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Group and the amount of such benefits can be reliably measured.

(IX) <u>Financial assets measured at amortized cost</u>

1. Financial assets at amortized cost are those that meet all of the following criteria:
    (1) The objective of the Company’s business model is achieved by collecting contractual cash flows of the financial assets;
    (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using settlement date accounting by the Group.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. In subsequent periods, interest income is recognized using the effective interest method and impairment loss is accounted for. Upon derecognition, the gain or loss is recognized in profit or loss.

(X) <u>Accounts receivables and notes receivables</u>

1. Accounts receivables and notes receivables are receivables and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.

2. However, short-term accounts/notes receivables without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XI) Impairments of Financial Assets

The Group measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(XII) Derecognition of financial assets

The Group derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XIII) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted moving average method. The costs of work in progress and finished goods include the cost of raw materials, direct labor, other direct cost and a proportion of manufacturing overheads (based on normal operating capacity), excluding borrowing cost. The item by item approach is employed when evaluating the lower of costs and net realizable value. Net realizable value is the balance of estimated selling price in the normal operating course less the estimated cost of completion and applicable variable selling expenses.

(XIV) Investments accounted for using equity method

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

3. Any changes in equity of associates are recognized as "Capital Reserve" by the Group in proportion to its shareholding percentage, provided that such changes are not attributable to profit or loss, or to other comprehensive income, or affect the Group's shareholding percentage.

4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Group.
5. When the Group disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Group loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XV) Property, plant, and equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss when incurred.
3. Except for land which is not depreciated, other property, plant, and equipment are subsequently measured using the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.
4. The Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Housing and structures	1 year to 56 years
Machinery and equipment	1 year to 15 years
Utility equipment	2 years to 41 years
Transportation equipment	1 year to 5 years
Office equipment	1 year to 5 years
Other equipment	1 year to 21 years

(XVI) Lease transaction in the capacity of a lessee - Right-of-use assets/Lease liabilities

1. A right-of-use asset and a lease liability are recognized for a leased asset on the date when it becomes readily available for the Group's use. When a lease contract is a short-term lease or when it is a lease of which the underlying asset is of low value, lease payments are recognized as an expense on a straight-line basis over the lease term.

2. A lease liability is recognized at the commencement date of the lease in the amount equal to the present value of the remaining lease payments (i.e. the remaining lease payments discounted at the Group's incremental borrowing rate.) Lease payments include:

   (1) Fixed payments, less any lease incentives receivables;
   (2) Variable lease payments that based on the current value of an index or a rate;
   (3) Lease payments expected to be payable by the Group under the residual value guarantee; and
   (4) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

   Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is allocated over the lease term. When a change in the lease term or lease payments occurs due to reasons other than lease modifications, lease liabilities are reassessed and the remeasurements are adjusted to the right-of-use assets.

3. At the commencement date, the right-of-use asset should be measured at cost. Cost comprises:

   (1) The amount of the initial measurement of the lease liability;
   (2) Any lease payments made at or before the commencement date;
   (3) Any initial direct costs incurred; and
   (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

   A right-of-use asset is subsequently measured using the cost model and depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVII) Intangible assets

Computer software is recognized at acquisition cost, amortized by the straight-line method, with an estimated useful life of 3 to 5 years.

(XVIII) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the greater of its 'fair value minus costs to sell' and its 'value in use'. When circumstances contributed to the recognition of impairment loss of an asset in the previous period do not exist or are decreased, the recognized impairment loss is reversed to the carrying amount of an asset to the extent that it does not exceed the carrying amount (net of depreciation and amortization) if the impairment loss had not been recognized.

(XIX) Borrowings

Borrowings are short-term and long-term loans borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, borrowing expenses are recognized in profit or loss based on the difference amounts between the proceeds (net of any transaction costs) and the redemption value that are amortized over the lives of borrowings using the effective interest method.

(XX) Notes payables and accounts payables

1. These refer to the debts incurred by purchase of materials, goods, or services on credit, and the notes payable incurred by both operating and non-operating activities.
2. However, short-term accounts/notes payable without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XXI) Financial liabilities measured at FVTPL

1. Financial liabilities at FVTPL refer to financial liabilities designated upon initial recognition to be measured at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated to be measured at FVTPL on initial recognition:
   (1) Hybrid (combined) contracts; or
   (2) They eliminate or significantly reduce a measurement or recognition inconsistency; or
   (3) They are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management policy.
2. Financial assets at FVTPL are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.

(XXII) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities may be offset and the net amount presented in the balance sheet only when an entity has an legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(XXIII) Non-hedging Derivatives

Non-hedging derivatives are initially measured at the fair value of the date when contracts are executed and presented as financial assets or liabilities measured at FVTPL. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss.

(XXIV) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2. Pensions

   (1) Defined contribution plan

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

   (2) Defined benefit plans

   A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is by reference either to the market yields on high quality corporate bonds of which the currency and duration are consistent with the currency and duration of the defined benefit plan, or to the market yields on government bonds (at the balance sheet date) in countries where there is no deep market for high quality corporate bonds.

   B. The remeasured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.

3. Termination benefits

   Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company’s decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expenses at the earlier of when it can no longer withdraw the termination contracts or when it recognizes relevant restructuring costs. Benefits due more than 12 months after balance sheet date are discounted to their present value.

4. Employee bonus and remuneration to directors and supervisors:

   Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. If the accrued amounts are different from the actual distributed amounts resolved by the shareholders subsequently, the differences should be accounted for as changes in accounting estimates.

(XXV) Income tax

1. Income tax expense includes current income tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and liabilities and their carrying amounts on the consolidated balance sheet at the reporting date. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVI) Share capital

Common shares are classified as equity.

(XXVII) Dividend distribution

Dividends to be distributed to shareholders of the Company are recognized when they are resolved by the Shareholders' Meeting; Distribution in cash dividends is recognized as a liability, whilst distribution in stock dividends is recognized as stock dividends to be distributed, which is transferred to common share on the date when new shares are issued.

(XXVIII) Revenue recognition

1. The Group manufactures and sells consumer related products and recognizes sales revenue when the control of products is passed to customers, i.e. when products are delivered to customers and the Group doesn't have further performance obligations that might affect the acceptance of goods by customers. Goods are deemed delivered when the risk of delivery, obsolescence and loss is transferred to customers and customers has accepted the goods in accordance with the contractual terms, or when any objective evidence suggests that all criteria for acceptance have been satisfied.
2. Sales revenue is recognized at the contract price, net of business tax, and sales returns, discounts and allowances. The payment terms of most sales transaction are usually due within 60~90 days after the shipping date. Since the time interval between when the committed goods or services are transferred to customers and when customers pay is shorter than one year, the Group does not adjust the transaction price to reflect the time value of money.
3. The Group provides allowance for defective products sold and estimates discounts on a historical basis. A refund liability is recognized upon sales of products.
4. Accounts receivable is recognized when goods are delivered to customers because at which time the Group's right to the consideration for contracts from customers is unconditional, except for passage of time.

(XXIX) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants to compensate the Group's expense are recognized as profit or loss on a systematic basis when the expense occurs.

(XXX) Operating segments

Information on the operating segments is reported in a manner that is consistent with other information reported in the internal management reports for the chief operating decision makers. The chief operating decision makers are responsible for allocating resources to the operating segments and assessing their performance.

V. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the consolidated financial statement, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any major accounting estimates and assumptions made and actual results, the historical experience, the impact of COVID-19 and other factors will be taken into account in order to continue assessment and adjustment. Such estimates and assumptions may result in a risk of a material adjustment to the carrying amount of assets and liabilities in the next year. Description of the uncertainties in major accounting judgments, estimates, and assumptions is as follows:

(I) Major judgments in adopting the accounting policies

None.

(II) Major Accounting Estimates and Assumptions

1. Expected credit loss of accounts receivables

   A loss allowance for accounts receivables is provided based on their full lifetime expected credit losses. In measuring the expected credit losses, the Group must use its judgment to identify the factors that affect the future recoverability of the accounts receivable (e.g., customers' operation condition and historical transaction records that may affect customers' ability to pay), and consider the time value of money, and the information that is reasonable and available to prove the forecast of future economic conditions. The said judgments and factors may significantly affect the measurement of the expected credit losses.

   As of December 31, 2020, the carrying amount of the Group's accounts receivable was $3,152,746.

2. Inventory valuation

   As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technological changes, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Since the inventory valuation is estimated based on demands for products in a specific future period, it may be subject to significant changes.

   As of December 31, 2020, the carrying amount of the Group's inventory was $2,245,667.

VI. Descriptions of Major Accounting Subjects

(I) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 1,407	$ 651
Checking deposits and demand deposits	457,028	671,324
Cash equivalents - time deposits	158,400	266,861
Cash equivalents - repo bonds	313,720	29,930
	$ 930,555	$ 968,766

1. The Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is pretty low.
2. No cash or its equivalents were pledged as collateral by the Group.

(II) Financial assets measured at FVTPL

Item	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at FVTPL		
Non-hedging financial derivatives	$ 472	$ 10
Adjustment for valuation	-	-
	$ 472	$ 10

1. Financial assets at FVTPL recognized in profit (loss) is as follows:

	2020	2019
Financial assets mandatorily measured at FVTPL		
Non-hedging Derivatives	$ 4,438	($ 2,280)

2. Below states the Group's engagement in transactions and contracts of financial derivatives that do not apply hedge accounting:

	December 31, 2020	
Derivative financial assets	Contract amount (nominal principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 14,230 thousand	2020.11.30~2021.03.25

	December 31, 2019	
Derivative financial assets	Contract amount (nominal principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 116 thousand	2019.12.18~2020.1.17

The Group entered into foreign exchange forward contracts to sell US dollars in order to hedge the risk arising from purchase and sales of goods. However, such transactions did not apply hedge accounting.

3. For information on the credit risks of financial assets at FVTPL, please refer to Note XII(II).

(III) Financial assets measured at amortized cost

Item	December 31, 2020	December 31, 2019
Current items:		
Restricted bank deposits	$ 465,088	$ -
Non-current items:		
Restricted bank deposits	$ 44,649	$ -

1. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost was its carrying amount.
2. The Group had no financial assets at amortized cost pledged to others.
3. For information on the credit risk of financial assets measured by amortized cost, please refer to Note XII(II).

(IV) Notes Receivables and Accounts Receivables

	December 31, 2020	December 31, 2019
Notes receivable	$ 7,808	$ 5,689
Accounts receivable	$ 3,154,553	$ 2,646,440
Less: Loss allowance	(1,807)	(865)
	$ 3,152,746	$ 2,645,575

1. Aging analysis of accounts receivable and notes receivable is stated as follows:

	December 31, 2020		December 31, 2019	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	$ 7,808	$ 3,079,476	$ 5,689	$ 2,568,017
Overdue:				
Up to 30 days	-	70,712	-	73,026
31 to 90 days	-	4,324	-	5,377
91 to 180 days	-	41	-	20
Over 181 days	-	-	-	-
	$ 7,808	$ 3,154,553	$ 5,689	$ 2,646,440

The above aging analysis is based on the number of days past due.

2. As at December 31, 2020, December 31, 2019, and January 1, 2019, the Group's accounts receivable and contracts receivable (including notes receivable) amounted to $3,162,361, $2,652,129, and $2,751,737, respectively.
3. No accounts receivables or notes receivables were pledged as collateral by the Group.
4. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable was its carrying amount.
5. For information on the credit risks of notes receivables and accounts receivables, please refer to Note XII(II).

(V) Inventory

	December 31, 2020		
	Cost	Allowance for price decline	Book value
Raw materials	$ 782,910	($ 38,250)	$ 744,660
Work in progress	476,109	(1,969)	474,140
Finished goods	985,059	(30,344)	954,715
Inventory in transit	72,152	-	72,152
	$ 2,316,230	($ 70,563)	$ 2,245,667

	December 31, 2019					
		Cost		Allowance for price decline		Book value
Raw materials	$	775,738	($	31,364)	$	744,374
Work in progress		339,606	(	439)		339,167
Finished goods		773,777	(	14,816)		758,961
Inventory in transit		56,472		-		56,472
	$	1,945,593	($	46,619)	$	1,898,974

The Group's inventory cost recognized as an expense for the current period:

		2020		2019
Cost of inventories sold	$	9,889,218	$	9,777,500
(Recovery gain) from price decline		23,852	(	10,381)
Retirement loss		9,571		13,329
Others	(	14,853)	(	6,913)
	$	9,907,788	$	9,773,535

In 2019, a decrease in the cost of sales was recognized due to the recovery of the net realizable value of inventories contributed by the well-performed liquidation of excess stocks and retirement of some inventories.

(VI) Financial assets measured at FVTOCI

Item		December 31, 2020		December 31, 2019
Non-current items:				
Unlisted stocks	$	55	$	55
Adjustment for valuation		-		-
	$	55	$	55

1. The Group elects to classify strategic equity investments as financial assets at fair value through other comprehensive income (FVTOCI). The fair value of such investments as at December 31, 2020 and 2019 totaled $1,011 and $1,014, respectively.
2. No financial asset measured at FVTOCI was pledged by the Group as collateral.

(VII) Prepayments

		December 31, 2020		December 31, 2019
Input tax	$	102,094	$	61,147
Tax overpaid retained for offsetting the future tax payable		42,232		30,505
Prepaid expense		37,008		21,047
Prepayment for purchases		18,846		15,616
	$	200,180	$	128,315

(VIII) Investments accounted for using equity method

	December 31, 2020	December 31, 2019
Munich Composites GmbH	$ 48,361	$ -
Baoji Zatech Material Co., Ltd.	3,347	2,813
Beijing Mingda Titanium Technology	-	71
	$ 51,708	$ 2,884

1. As at December 31, 2020 and 2019, the Group did not have any significant associates.
2. The carrying amount and operating results of the Group's individually insignificant associates are summarized as follows:

   As of December 31, 2020 and 2019, the carrying amounts of the Group's individually insignificant associates totaled $51,708 and $2,884, respectively.

	2020	2019
Net loss over this period	($ 3,765)	($ 1,337)
Other comprehensive income (net after tax)	-	-
Total comprehensive income (loss)	($ 3,765)	($ 1,337)

3. The Group holds 27.27% equity interest in Munich Composites GmbH and is the single largest shareholder of the Company. As it only holds one out of four seats of Directors, the Group has no practical ability to direct the relevant activities, and thus it is judged that it has no control but only significant influence over the Company.

(IX) Property, plant, and equipment

	December 31, 2020	December 31, 2019
Land	$ 162,544	$ 162,544
Buildings and structures	945,212	909,773
Machinery	937,567	647,387
Utility equipment	141,404	156,288
Transportation equipment	1,470	669
Office equipment	27,566	26,205
Other equipment	175,061	139,816
Equipment to be inspected and construction in progress	217,145	154,770
	$ 2,607,969	$ 2,197,452

Cost	2020					
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	December 31
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings and structures	1,550,681	94,263	(41,454)	40,897	(6,681)	1,637,706
Machinery	1,581,219	323,445	(136,200)	177,435	(8,664)	1,937,235
Utility equipment	329,883	15,702	(18,497)	3,893	976	331,957
Transportation equipment	6,505	1,337	(3,852)	-	15	4,005
Office equipment	69,383	11,615	(3,510)	-	129	77,617
Other equipment	395,167	86,115	(69,384)	10,495	217	422,610
Equipment to be inspected and construction in progress	154,770	81,450	-	(18,849)	(226)	217,145
	$ 4,250,152	$613,927	($ 272,897)	213,871	($ 14,234)	$ 4,790,819

Accumulated depreciation and impairment						
Name of assets	January 1	Depreciation expense and Impairment loss	Disposals	Reclassifications	Net exchange differences	December 31
Buildings and structures	$ 640,908	$ 92,071	($ 41,289)	$ -	$ 804	$ 692,494
Machinery	933,832	189,110	(120,112)	-	(3,162)	999,668
Utility equipment	173,595	25,680	(9,488)	-	766	190,553
Transportation equipment	5,836	549	(3,852)	-	2	2,535
Office equipment	43,178	10,357	(3,510)	-	26	50,051
Other equipment	255,351	60,916	(68,841)	(31)	154	247,549
	$ 2,052,700	$ 378,683	($ 247,092)	($ 31)	($ 1,410)	$ 2,182,850
	$ 2,197,452					$ 2,607,969

Cost	2019					
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	December 31
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings and structures	1,212,280	122,215	(40,540)	278,551	(21,825)	1,550,681
Machinery	1,508,314	232,348	(213,045)	77,407	(23,805)	1,581,219
Utility equipment	254,087	41,479	(7,017)	47,978	(6,644)	329,883
Transportation equipment	6,880	310	(610)	-	(75)	6,505
Office equipment	58,492	13,527	(2,141)	1,041	(1,536)	69,383
Other equipment	391,473	73,962	(71,686)	8,920	(7,502)	395,167
Equipment to be inspected and construction in progress	305,236	116,008	-	(265,555)	(919)	154,770
	$ 3,899,306	$ 599,849	($ 335,039)	$ 148,342	($ 62,306)	$ 4,250,152

Accumulated depreciation and impairment						
Name of assets	January 1	Depreciation expense and Impairment loss	Disposals	Reclassifications	Net exchange differences	December 31
Buildings and structures	$ 601,046	$ 82,706	($ 28,929)	$ -	($ 13,915)	$ 640,908
Machinery	1,015,958	149,124	(212,494)	-	(18,756)	933,832
Utility equipment	163,215	21,665	(6,972)	-	(4,313)	173,595
Transportation equipment	5,578	942	(610)	-	(74)	5,836
Office equipment	37,707	8,764	(2,114)	-	(1,179)	43,178
Other equipment	281,073	51,229	(71,068)	-	(5,883)	255,351
	$ 2,104,577	$ 314,430	($ 322,187)	$ -	($ 44,120)	$ 2,052,70
	$ 1,794,729					$ 2,197,452

1. Capitalized amount and interest range of borrowing costs attributable to property, plant and equipment:

	2020	2019
Capitalized amounts	$ 1,690	$ 2,194
Range of capitalized interest rate	0.476%~1.395%	0.91%~3.01%

2. Significant components of the Group's buildings and structures include buildings and air conditioning engineering works, which are respectively depreciated over the periods of 41~ 56 years and 3~21 years.
3. For the information about property, plant and equipment pledged as collateral, please see Note VIII for details.

(X) Lease Transaction – Lessee

1. The Group's leased underlying assets comprise lands and buildings, of which the lease term is usually between 2 years to 50 years. Lease contracts are individually negotiated and include various terms and conditions that impose no other restrictions except that the leased assets shall not be collateralized against any borrowings, nor shall they be subleased, co-leased, lent out for others' use, nor the right of lease be transferred to others.
2. Below is the carrying amounts of right-of-use assets and their recognized depreciation expenses are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	$ 787,285	$ 119,067
Buildings and structures	53,501	60,787
	$ 840,786	$ 179,854

	2020	2019
	Depreciation expenses	Depreciation expenses
Land	$ 14,326	$ 7,557
Buildings and structures	43,022	36,439
	$ 57,348	$ 43,996

3. Additions to the Group's right-of-use assets for the year ended December 31, 2020 and 2019 amounted to $747,427 and $65,299, respectively.
4. Profit or loss items in connection with lease contracts are stated as follows:

	2020	2019
Items that affect profit or loss		
Interest expense on lease liability	$ 7,250	$ 5,220
Expense on leases with low-value underlying assets	26,028	13,588
Gains on lease modification	422	12

5. The cash outflow used in the Group's leases for the year ended 2020 and 2019 totaled $227,107 and $64,103, respectively.
6. The option to extend a lease and the option to terminate a lease

   (1) Contracts of which the underlying assets are types of land, buildings and

structures contain a lease extension option exercisable by the Group.

(2) The Group determines the lease term by taking into consideration all relevant facts and circumstances that create an economic incentive for the Group to exercise the extension option. The lease term is reassessed if there occurs significant events that affect the assessment as to whether the Group would exercise the option to extend the lease or would not exercise the option to terminate the lease.

7. In 2020, The Group adopted the practical expedient of "leasing allowances related to lung inflammation in a new coronary viral" and recognized a gain or loss of $1,379 on the change in lease payments resulting from the rental reduction.

(XI) Intangible assets

	Computer software
January 1, 2020	
Cost	$ 29,919
Accumulated amortization	(16,713)
	$ 13,206
2020	
January 1	$ 13,206
Addition - separately acquired	2,119
Derecognition - cost reduction	(12,209)
Amortization	(7,610)
Derecognition - reduction in accumulated amortization	12,209
Effect of exchange rate changes	(182)
December 31	$ 7,533
December 31, 2020	
Cost	$ 19,829
Accumulated amortization	(12,296)
	$ 7,533

	Computer software
January 1, 2019	
Cost	$ 31,021
Accumulated amortization	(12,505)
	$ 18,516
2019	
January 1	$ 18,516
Addition - separately acquired	4,973
Derecognition - cost reduction	(6,075)
Amortization	(10,200)
Derecognition - reduction in accumulated amortization	6,075
Effect of exchange rate changes	(83)
December 31	$ 13,206
December 31, 2019	
Cost	$ 29,919
Accumulated amortization	(16,713)
	$ 13,206

Amortization of intangible assets is detailed below:

	2020	2019
Operating costs	$ 954	$ 1,620
Administrative expenses	3,006	4,679
Research and development expenses	3,650	3,901
	$ 7,610	$ 10,200

(XII) Short-term loans

Type of loans	December 31, 2020	December 31, 2019
Bank credit loan	$ 945,061	$ 498,956
Loans against letter of credit	71,140	32,185
	$ 1,016,201	$ 531,141
Interest rate range	0.50%~3.70%	0.82%~3.30%

1. For collateral against the said short-term loans, please refer to Note VIII - Pledged Assets.
2. For information on the Group's interest expense of bank loans recognized in profit or loss, please refer to Note VI (XXVI).

(XIII) Financial liabilities measured at FVTPL

Item	December 31, 2020	December 31, 2019
Current items:		
Financial liabilities held for trading		
Non-hedging financial derivatives	$ 21	$ -
Adjustment for valuation	-	-
	$ 21	$ -

1. Financial liabilities measured at FVTPL that are recognized in profit or loss are detailed as follows:

	2020	2019
Financial liabilities held for trading		
Non-hedging financial derivatives	($ 88)	$ -

2. Below states the Group’s engagement in transactions and contracts of derivative financial liabilities that do not apply hedge accounting:

	December 31, 2020	
Derivative financial liabilities	Contract amount (nominal principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 1,034 thousand	2020.12.16~2021.1.29

December 31, 2019: None

The Group entered into foreign exchange forward contracts to sell US dollars in order to hedge the risk arising from purchase and sales of goods. However, such transactions did not apply hedge accounting.

(XIV) Other payables

	December 31, 2020	December 31, 2019
Payroll and bonus payable	$ 594,572	$ 522,022
Expenses payable	400,504	255,035
Processing fee payable	323,930	214,327
Employee, directors and supervisors remuneration payable	68,292	64,987
Equipment expenses payable	67,631	61,178
Others	19,616	10,169
	$ 1,474,545	$ 1,127,718

(XV) Other current liabilities

	December 31, 2020	December 31, 2019
Receipts under custody	$ 120,597	$ 50,946
Long-term loans due within one year	93,400	11,142
Contract liabilities – current	20,221	1,203
Others	6,186	5,063
	$ 240,404	$ 68,354

(XVI) Long-term loans

Type of loans	Loan period and repayment method	Interest rate range	Collateral	December 31, 2020
Long-term bank loans				
Secured loans	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	0.945%~ 1.145%	Machinery	$ 153,550
Secured loans	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.145%	Buildings and structures	151,905
				305,455
Less: long-term loan due in one year				(93,400)
				$ 212,055

Type of loans	Loan period and repayment method	Interest rate range	Collateral	December 31, 2019
Long-term bank loans				
Secured loans	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	1.395%	Machinery	$ 89,690
Secured loans	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.395%	Buildings and structures	159,900
				249,590
Less: long-term loan due in one year				(11,142)
				$ 238,448

1. For collateral against the said long-term borrowings, please refer to Note 8 - Pledged Assets.
2. For information on the Group's interest expense of bank loans recognized in profit or loss, please refer to Note VI (XXVI).

(XVII) Pensions

1. (1) In compliance with the requirements set forth in the Labor Standards Law, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Law), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last 6 months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases do not exceed forty-five (45). The Company contributes on a monthly basis 2% of the total salary (wages) as the pension fund, which is deposited in a designated account with the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Fund. Prior to the end of each annual period, the Company assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

(2) Amounts recognized on the balance sheets are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 108,696	$ 113,940
Fair value of planned assets	(26,646)	(33,592)
Net defined benefit liabilities	$ 82,050	$ 80,348

(3) Changes in net defined benefit liabilities are as follows:

2020	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
Balance as of January 1	$ 113,940	($ 33,592)	$ 80,348
Current service cost	141	-	141
Interest expense (income)	800	(236)	564
	114,881	(33,828)	81,053
Remeasurement:			
Plan assets return (excluding amounts included in interest income or expenses)			
Effects of changes in financial assumptions	4,521	-	4,521
Experience adjustment	(275)	(1,147)	(1,422)
	4,246	(1,147)	3,099
Provision of pension fund	-	(2,102)	(2,102)
Pension paid	(10,431)	10,431	-
Balance as of December 31	$ 108,696	($ 26,646)	$ 82,050

2019	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
Balance as of January 1	$ 108,475	($ 32,216)	$ 76,259
Current service cost	136	-	136
Interest expense (income)	1,083	(322)	761
	109,694	(32,538)	77,156
Remeasurement:			
Plan assets return (excluding amounts included in interest income or expenses)			
Effects of changes in financial assumptions	$ 3,792	$ -	$ 3,792
Experience adjustment	2,823	(1,100)	1,723
	6,615	(1,100)	5,515
Provision of pension fund	-	(2,323)	(2,323)
Pension paid	(2,369)	2,369	-
Balance as of December 31	$ 113,940	($ 33,592)	$ 80,348

(4) The fund asset of the Company's defined benefit pension plan (the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to

utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19 paragraph 142. For the fair value of the total retirement fund as at December 31, 2020 and 2019, please refer to the Labor Retirement Fund Utilization Report published by the government each year.

(5) Actuarial assumptions on pensions are summarized as follows:

	2020	2019
Discount rate	0.30%	0.70%
Future salary increase rate	2.50%	2.50%

Future mortality rate is estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Analysis of the present value of defined benefit obligation affected by changes in primary actuarial assumptions is as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Effect on the present value of defined benefit obligation on December 31, 2020	($ 2,856)	$ 2,966	$ 2,623	($ 2,543)

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Effect on the present value of defined benefit obligation on December 31, 2019	($ 3,171)	$ 3,291	$ 2,939	($ 2,853)

The sensitivity analysis presented above is an analysis of effects resulted from changes in a single assumption while other assumptions are held constant. In practice, quite a few changes in assumptions are correlated. The method employed for sensitivity analysis is the same as the method used to calculate the net pension liability presented on the balance sheet.

The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

(6) The Company expects to make contributions of $1,992 to the pension plans within one year.

(7) As of December 31, 2020, the weighted average duration of the retirement plan is 11 years.

2. (1) Starting from July 1, 2005, the Company and subsidiaries have set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) Advanced Sporting Goods (Dong Guan) Co., Ltd. and Advanced Sporting Goods(Sha Tian, Dong Guan) Co., Ltd. make a pension contribution on a monthly basis in an amount equal to a certain percentage of the employees' monthly salaries and wages in accordance with the requirements as set forth in the pension system of the People's Republic of China. The contribution percentage for 2020 and 2019 were both 13%. The pension for each employee is managed by the government, hence the Group doesn't have further obligation except for making a monthly contribution.

(3) As required by the Vietnamese government, Advanced International Multitech (VN) Corporation Ltd. makes a monthly contribution in an amount equal to one month of an employee's minimum wages to the retirement plan, which is managed by the various responsible departments of the Vietnamese government. Other than making a monthly contribution, the Company has no further obligations.

(4) For the years ended December 31, 2020 and 2019, the Group's net pension costs recognized under the defined contribution plan were $89,351 and $124,092, respectively.

(XVIII) Capital

As of December 31, 2020, the Company had an authorized capital in the amount of $1,800,000, comprising 180,000 thousand shares (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible corporate bonds), and a paid-in capital in the amount of $1,353,127 with each share priced at NT$10. Share payments for the Company's issued stocks have been collected in full. Quantities of the Company's outstanding common shares at the beginning of periods are the same as at the end of the periods.

(XIX) Capital reserve

Under the Company Act, capital surplus arising from shares issued at the premium or from donation may be used for offsetting the deficit. Furthermore, if the Company has no accumulated loss, the capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In accordance with regulations in the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use the capital surplus to offset loss only when the number of earnings and reserves are insufficient to offset the loss.

(XX) Retained earnings

1. The Articles of Incorporation requires that earnings after the final account, if any, be used in the first place to pay off the profit-seeking enterprise income tax and to offset the previous deficits according to law; and 10% of the remainder, if any, be set aside as its legal reserve, except in cases when the legal reserve has reached the capital amount. If there is any remaining earnings, a special reserve shall be provided or reversed in accordance with laws or regulations imposed by the competent authority; the remaining amount, if any, shall be added up to the undistributed earnings of the prior periods to serve as the allocable earnings, of which the amount of distribution and retention shall be indicated in the earnings distribution proposal which is made by the Board of Directors before submitting to the Shareholders' Meeting for approval. The cash dividends distributed shall not exceed 10% of the total dividends distributed.
2. The Company’s dividend policy is stated as below: The Company adopts a residual dividend policy in order to operate sustainably and increase profits.
3. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders’ original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
4. The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
5. The Company recognized dividends distributed to shareholders of the Company in the amounts equal to $311,219 (NT$2.3 per share) and $297,688 (NT$2.2 per share) for the years ended December 31, 2020 and 2019, respectively. The Board of Directors proposed on February 26, 2021 to distribute $2.7 to each common share using the undistributed earnings, and the dividends came to a total of $365,344.

(XXI) Operating revenue

1. All the Group's revenue comes from contracts with customers under which revenue is generated by transferring goods at a point of time. Revenue can be sub-divided by geographical areas as follows:

Customer by geographical areas	2020	2019
Americas	$ 7,628,847	$ 8,227,633
Asia	4,250,428	3,116,519
Others	196,078	412,709
	$ 12,075,353	$ 11,756,861

2. Contract liabilities

(1) The contract liabilities in relation to contract with customers recognized by the Group are as follows:

	December 31, 2020	December 31, 2019	January 1, 2019
Consumer products	$ 20,221	$ 1,203	$ 618

(2) Provision for Opening Contract Liabilities

	2020	2019
Consumer products	$ 719	$ 32

(XXII) Other income and expenses - net

	2020	2019
Income from molds	$ 50,578	$ 47,412
Income from samples	15,403	27,575
Other income	51,826	32,765
	$ 117,807	$ 107,752

(XXIII) Interest income

	2020	2019
Interest from bank deposits	$ 17,787	$ 14,285

(XXIV) Other income

	2020	2019
Government Subsidy Income	$ 84,497	$ 7,271
Others	277	696
	$ 84,774	$ 7,967

1. In May 2020, the Group applied to the Industrial Development Bureau of the Ministry of Economic Affairs for compensation and working capital subsidies for the manufacturing industry and its technical services industry due to severe and unusual communicable disease. After review and approval, the government subsidy income of $65,353 was recognized. There were no unfulfilled conditions and other contingencies.
2. In December 2020, the Group received government grants of $11,300 under the guidance of industrial upgrade and innovation platform, which was recognized in deferred revenue and transferred to profit or loss upon expenses associated with the implementation of the plan. In 2020, the government subsidy income recognized was $5,148.

3. In December 2018, the Group received government grants of $4,215 under the guidance of industrial upgrade and innovation platform, which was transferred to profit or loss upon expenses associated with the implementation of the plan. In 2019, the government subsidy income recognized was $4,050.
4. In November and December 2020, the Group received government subsidies for traditional industry innovation and R&D as well as the construction plan of the golf smart manufacturing and supply chain integration platform. In 2020, as the Group is reasonably assured that it will comply with the conditions attached in the government subsidies, the government subsidy income recognized was $10,555.

(XXV) Other gains and losses

	2020	2019
Loss on disposal and retirement of property, plant and equipment	($ 23,409)	($ 10,601)
Foreign exchange loss - net	(271,230)	(10,874)
Net gain (loss) on financial assets and financial liabilities at fair value through profit or loss	4,350	(2,280)
Others	21,944	4,347
	($ 268,345)	($ 19,408)

(XXVI) Finance costs

	2020	2019
Interest expense	$ 34,729	$ 8,373
Other financing costs	218	319
	$ 34,947	$ 8,692

(XXVII) Additional information regarding the nature of expense

	2020	2019
Employee benefits expense	$ 2,650,081	$ 2,742,405
Depreciation	436,031	358,426
Amortization	23,919	16,707
	$ 3,110,031	$ 3,117,538

(XXVIII) Employee benefits expense

	2020		2019	
Salary and wages	$	2,256,476	$	2,314,717
Labor and health insurance premiums		159,981		162,526
Pension expense		90,056		124,989
Remuneration to Directors		9,090		9,120
Other personnel cost		134,478		131,053
	$	2,650,081	$	2,742,405

1. The Articles of Incorporation requires that the Company allocate no less than one percent (1%) of its annual earnings as employee compensation, and no greater than five percent (5%) of its annual earnings as remuneration for directors and supervisors, provided, however, that a portion of earnings shall be reserved if the Company still has an accumulated deficit.
2. For the years ended December 31, 2020 and 2019, the Company recognized compensation to employees in the amounts equal to $52,218 and $42,559 respectively, and remuneration to directors and supervisors in the amounts equal to $9,000 and $10,000, respectively, all presented under payroll expense.
   The amounts for 2020 were estimated at certain percentages based on the profits earned by the end of the year.
   The amounts of compensation to employees and remuneration to directors and supervisors for 2019 that had been resolved by the Board of Directors are the same as the amounts stated on the 2019 financial statements. The above-mentioned employee compensation was distributed in cash.
   Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(XXIX) Income tax

1. Income tax expense (benefit)

   (1) Components of income tax expense

	2020		2019	
Current income tax:				
Income tax arising from the current period	$	274,795	$	287,183
Overestimation of prior years' income tax payable	(	10,109)	(	38,296)
Total current income tax		264,686		248,887
Deferred income tax:				
Originating and reversed temporary differences	(	44,086)		23,834
Income tax expense	$	220,600	$	272,721

(2) Income tax amounts associated with other comprehensive income:

	2020	2019
Remeasurement of defined benefit obligation	($ 620)	($ 1,103)

2. Relation between income tax expense and accounting profit

	2020	2019
Income tax calculated by applying the statutory tax rate to net income before tax	$ 268,300	$ 338,867
Tax exempted income pursuant to the taxation law	(13,070)	-
Effects from items prohibited from being recognized by laws and regulations	(13,522)	(6,892)
Overestimation of prior years' income tax payable	(10,109)	(38,296)
Effect of investment tax credit	(10,999)	(20,958)
Income tax expense	$ 220,600	$ 272,721

3. Deferred income tax assets or liabilities arising from temporary differences and tax losses are stated as follows:

2020	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Net exchange differences	December 31
Temporary differences:					
Deferred income tax assets:					
Inventory valuation and obsolescence loss	$ 7,513	$ 6,165	$ -	$ 143	$ 13,821
Pensions	16,070	(280)	620	-	16,410
Differences between financial and book depreciation	14,529	1,818	-	279	16,626
Unrealized exchange losses	8,479	2,460	-	-	10,939
Others	9,739	4,583	-	64	14,386
	56,330	14,746	620	486	72,182
Deferred income tax liabilities:					
Differences in investment gains or losses recognized	(155,230)	29,379	-	-	(125,851)
Liability of land value increment tax	(11,598)	-	-	-	(11,598)
Others	(297)	(39)	-	-	(336)
	(167,125)	29,340	-	-	(137,785)
	($ 110,795)	$ 44,086	$ 620	$ 486	($ 65,603)

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Net exchange differences	December 31
Temporary differences:					
Deferred income tax assets:					
Inventory valuation and obsolescence loss	$ 10,435	($ 2,844)	$ -	($ 78)	$ 7,513
Pensions	15,252	(285)	1,103	-	16,070
Differences between financial and book depreciation	12,840	2,253	-	(564)	14,529
Unrealized exchange losses	2,000	6,479			8,479
Others	8,849	1,045	-		9,739
Tax loss	6,408	(6,408)	-	-	-
	55,784	240	1,103	(797)	56,330

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Net exchange differences	December 31
Deferred income tax liabilities:					
Differences in investment gains or losses recognized	($ 131,135)	($ 24,095)	$ -	$ -	($ 155,230)
Liability of land value increment tax	(11,598)	-	-	-	(11,598)
Others	(318)	21	-	-	(297)
	(43,051)	(24,074)	-	-	(167,125)
	($ 87,267)	($ 23,834)	$ 1,103	($ 797)	($ 110,795)

4. The profit-seeking enterprise income tax of the Company is approved by the taxation authority through 2018.

(XXX) Earnings per share

	2020		
	After-tax amount	Number of weighted average outstanding shares (thousand shares)	Earnings per share ($)
Basic earnings per share			
Net income attributable to common shares shareholders of the parent company	$ 680,705	135,313	$ 5.03
Diluted earnings per share			
Net income attributable to common shares shareholders of the parent company	$ 680,705	135,313	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	1,461	
Belong to parent company profit attributable to ordinary shareholders plus effect of potentially dilutive common stocks	$ 680,705	136,774	$ 4.98

	2020		
	After-tax amount	Number of weighted average outstanding shares (thousand shares)	Earnings per share ($)
Basic earnings per share			
Net income attributable to common shares shareholders of the parent company	$ 615,662	135,313	$ 4.55
Diluted earnings per share			
Net income attributable to common shares shareholders of the parent company	$ 615,662	135,313	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation compensation	-	1,223	
Belong to parent company profitattributable to ordinary shareholders plus effect of potentially dilutive common stocks	$ 615,662	136,536	$ 4.51

(XXXI) Additional information regarding cash flows

1. Investing activities with partial cash payments:

	2020	2019
Acquisition of property, plant and equipment	$ 613,927	$ 599,849
Add: Equipment payable, beginning of period (recognized in other payables)	61,178	38,631
Less: Equipment payable, end of period (recognized in other payables)	(67,631)	(61,178)
Amount paid in cash	$ 607,474	$ 577,302

2. Investing activities that do not affect cash flows:

	2020	2019
Equipment prepayments transferred to property, plant and equipment	$ 217,363	$ 152,138
Reclassification of property, plant and equipment to other non-current assets	$ 3,397	$ 3,450
Reclassification of property, plant and equipment to expense	$ 64	$ 346

3. On August 24, 2020, the Group disposed of 100% equity interest in Dongguan Sports Equipment Co., Ltd., resulting in the Group losing control over the subsidiary. The consideration received for the transaction and information about the relevant assets and liabilities of the subsidiary are as follows:

	August 24, 2020
Consideration received	$ 18,018
Carrying amount of assets and liabilities over which control was lost	
Cash	$ 7,513
Other non-current assets	2,021
Other payables	(25)
Total net assets	$ 9,509

(XXXII) Changes in liabilities from financing activities

	Short-term loans	Long-term loans (including 1-year due)	Lease liabilities	Total financing liability
January 1, 2020	$ 531,141	$ 249,590	$ 150,321	$ 931,052
Changes in financing cash flows	501,852	55,865	(193,829)	363,888
Effect of exchange rate changes	(16,792)	-	(1,851)	(18,643)
Other non-cash changes	-	-	725,964	725,964
December 31, 2020	$ 1,016,201	$ 305,455	$ 680,605	$2,002,261

	Short-term loans	Long-term loans (including 1-year due)	Lease liabilities	Total financing liability
January 1, 2019	$ 167,109	$ 93,880	$ 131,104	$ 392,093
Changes in financing cash flows	371,903	155,710	(45,295)	482,318
Effect of exchange rate changes	(7,871)	-	(4,092)	(11,963)
Other non-cash changes	-	-	68,604	68,604
December 31, 2019	$ 531,141	$ 249,590	$ 150,321	$ 931,052

VII. Related-party transactions

(I) Name and relationship of related parties

Name of related party	Relationship with the Group
Beijing Mingda Titanium Technology ("Mingda Titanium" hereinafter)	Associates of the Group
Baoji Zatech Material Co., Ltd. ("Zatech" hereinafter)	Associates of the Group
Munich Composites GmbH ("MC" hereinafter)	Associates of the Group

(II) Information about remunerations to the major management:

	2020	2019
Salary and other employee benefits	$ 43,107	$ 43,398

VIII. Pledged Assets

Assets pledged as collateral by the Group are enumerated as follows:

Assets	Carrying amount December 31, 2020	Carrying amount December 31, 2019	Guarantee use
Land	$ 125,648	$ 125,648	Short-term loans
Buildings and structures - net	251,206	265,001	Short-term and long-term loans and credit facility guarantee
Machinery and equipment - net	195,531	163,045	Long-term loans and credit facility guarantee
Other equipment - net	5,314	6,833	Long-term loans and credit facility guarantee
Pledged time deposits (presented as "other non-current assets - others")	42,311	1,083	
	$ 620,010	$ 561,610	

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Contingency

None.

(II) Commitments

1. Balance of outstanding letters of credit

	December 31, 2020	December 31, 2019
Raw materials imported	$ 51,839	$ 49,428

2. Capital expenditure committed but yet to incur

	December 31, 2020	December 31, 2019
Property, plant, and equipment	$ 286,680	$ 338,087

3. Operating lease agreements

Please refer to Note VI(X) for details.

X. Significant Losses from Disasters

None.

XI. Significant subsequent events

The Company's Board of Directors proposed on February 26, 2021 to distribute cash dividends of NT$2.7 to each common share using the undistributed earnings, and the dividends came to a total of $365,344. Please refer to Note VI(XX) for details.

XII. Others

(I) Capital management

The objective of the Group's capital management is to ensure that the Group can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that rewards are provided to shareholders. To sustain or adjust the capital structure, the Group might adjust dividends paid to shareholders, refund capital to shareholders, or issue new shares or dispose of assets in order to lower its debt. The Group monitors its capital by looking at the debt-to-capital ratio, which is calculated by dividing the total debt by the total capital.

The Group's strategies employed for 2020 were the same as those for 2019, i.e., striving to strike a balance for the overall capital structure. The Group's debt-to-capital ratios as at December 31, 2020 and 2019 are stated below:

	December 31, 2020	December 31, 2019
Total liabilities	$ 5,947,366	$ 3,761,438
Total assets	$ 10,816,240	$ 8,268,428
Debt-to-capital ratio	55	45

(II) Financial Instruments

1. Types of Financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets measured at FVTPL		
Financial assets mandatorily measured at FVTPL	$ 472	$ 10
Financial assets measured at FVTOCI		
Election of the designated equity instrument investment	55	55
Financial assets measured at amortized cost		
Cash and cash equivalents	930,555	968,766
Financial assets measured at amortized cost	509,737	-
Notes receivable	7,808	5,689
Accounts receivable	3,152,746	2,645,575
Other receivables	17,789	15,329
Refundable deposits	64,049	11,832
	$ 4,683,211	$ 3,647,256

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities measured at amortized costs		
Financial liabilities held for trading	$ 21	$ -
Short-term loans	1,016,201	531,141
Notes payable	3,248	2,299
Accounts payable	1,867,748	1,260,646
Other payables	1,474,545	1,127,718
Long-term loans (including 1-year due)	305,455	249,590
Deposits received	547	1,292
	$ 4,667,765	$ 3,172,686
Lease liabilities (including non-current)	$ 680,605	$ 150,321

2. Risk management policy

(1) The Group’s daily operations are affected by various financial risks, e.g. market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management policy focuses on unpredictable matters on the financial markets, seeking to lower the potential adverse effects on the Group’s financial position and financial performance.

(2) Risk management is carried out by the Group’s finance department in compliance with relevant policies. Through cooperation with the Group's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks. With respect to the overall risk management, the Group has established principles in writing, as well as policies in writing concerning specified scope and matters, e.g. exchange risk, credit risk, utilization of derivatives and non-derivatives, and investment of remaining liquidity.

3. The nature and degree of significant financial risks

(1) Market risk

Foreign exchange rate risk

A. Since the Group operates in different countries, it is subject to the foreign exchange risk arising from various currencies, mainly USD, RMB and EURO, among others. The foreign exchange risk mainly comes from future business transactions, recognized assets and liabilities, and net investment in foreign operations.

B. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure through the finance department. To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company's finance department uses forward foreign exchange contracts. When future commercial transactions, recognized assets, or liabilities are calculated in a foreign currency other than the functional currency of the entity; exchange rate risk may arise.

C. The Group's business involves the use of various non-functional currencies (the Company and some subsidiaries' functional currency is NTD, whereas some subsidiaries' functional currency is RMB), as a consequence, it is subject to effects arising from changes in exchange rates. Assets and liabilities that are denominated in foreign currency and significantly affected by changes in exchange rates are stated as below:

	December 31, 2020		
	Foreign currency (in $ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 140,861	28.43	$ 4,004,707
USD:RMB	47,597	6.5249	1,353,183
Non-monetary items			
USD:NTD	23,718	28.43	674,299
RMB:NTD	138,434	4.377	605,925
EUR:NTD	1,389	34.82	48,361
Financial liabilities			
Monetary items			
USD:NTD	77,117	28.53	2,200,148
USD:RMB	29,994	6.5249	855,729

	December 31, 2020		
	Foreign currency (in $ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 120,353	29.93	$ 3,602,165
USD:RMB	32,751	6.9762	980,237
Non-monetary items			
USD:NTD	19,460	29.93	582,445
RMB:NTD	177,434	4.31	763,854
Financial liabilities			
Monetary items			
USD:NTD	46,252	30.03	1,388,948
USD:RMB	17,549	6.9762	526,996

D. In 2020 and 2019, due to the exchange rate volatility, total exchange gains (losses) from the Group's monetary items amounted to $271,230 and $10,874, respectively.

E. The Company's analysis of the foreign currency market affected by significant exchange rate fluctuations is as follows:

	December 31, 2020		
	Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 40,047	$ -
USD:RMB	1%	13,532	-
Non-monetary items			
USD:NTD	1%	-	6,743
RMB:NTD	1%	-	6,059
EUR:NTD	1%	-	484
Financial liabilities			
Monetary items			
USD:NTD	1%	22,001	-
USD:RMB	1%	8,557	-

	2019		
	Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 36,022	$ -
USD:RMB	1%	9,802	-
Non-monetary items			
USD:NTD	1%	-	5,824
RMB:NTD	1%	-	7,639
Financial liabilities			
Monetary items			-
USD:NTD	1%	13,889	-
USD:RMB	1%	5,270	$ -

Price risk

The Group is not exposed to price risks from products.

Cash flow interest rate risk and fair value interest rate risk

A. The Group's interest rate risk mainly comes from its issuance of short-term loans and long-term loans with floating interest rates that have resulted in the Group exposing to cash flow interest rate risks. The Group's policy aims to maintain at least 1.145% of the loans as fixed interests and, if necessary, achieves the target by means of interest rates swaps. For the years ended December 31, 2020 and 2019, the Group's issuance of short-term and long-term loans with floating interest rates was mainly denominated in New Taiwan Dollars.

B. If the borrowing interest rate of NTD increases or decreases by 0.25%, held other variables constant, the net income after tax for the years ended December 31, 2020 and 2019 will decrease or increase by $1,598 and $879, respectively, primarily due to changes in interest expense incurred by borrowings with floating interest rates.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by customers or counterparties of financial instruments on the contract obligations. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.

Cash and cash equivalents and financial derivatives

Since the transaction policy adopted requires the Group to trade only with counter-parties having a good credit rating, there hasn't been any default on cash and cash equivalents or financial derivatives.

<u>Accounts receivable</u>

A. The Group has established a specific internal credit policy, which requires entities within the Group to manage and conduct a credit analysis on every new customer before stipulating the terms and conditions for payments and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.

B. The Group adopts the presumption that the credit risk of a financial asset is deemed significantly increased since initial recognition when contractual payments are more than 90 days past due, and that a default is deemed to have occurred when the contractual payments are more than 180 days past due.

C. The Group's accounts receivables are due from ordinary enterprises. The Group assesses the credit quality of an individual customer by type by taking into account such customer's financial position, historical transaction records, and current economic status, and estimates the expected credit losses on the basis of the provision matrix using the simplified approach.

D. After the recourse process, the Group writes off the financial asset to the extent of the recovery amount that can not be reasonably expected; nonetheless, the Group will keep legal recourse to secure its creditor's rights.

E. The Group has established an expected loss rate for different segments of the accounts receivable due from customers as at December 31, 2020 and 2019, respectively: 0.00% to 0.04% and 0.00% to 0.02% for accounts receivable not past due, 0.02% to 0.51% and 0.01% to 0.21% for accounts receivable within 30 days past due, 0.02% to 3.39% and 0.01% to 3.72% for accounts receivable 31 days to 60 days past due, 0.04% to 7.35% and 0.04% to 8.1% for accounts receivable 61 days to 90 days past due, 0.19% to 14.47% and 0.19% to 17.4% for accounts receivable 91 days to 120 days past due, 1.86% to 58.06% and 1.86% to 58.22% for accounts receivable 121 days to 150 days past due, 22.31% to 93.69% and 22.31% to 96.74% for accounts receivable 151 days to 180 days past due, and both 100% for accounts receivable more than 180 days past due; the amount of the accounts receivable that is more than 31 days past due constituted roughly 0.14% and 0.20% of the Group's total accounts receivable.

F. Changes in loss allowance for notes receivables and accounts receivables using the simplified approach are stated as follows:

	2020	
	Notes receivable	Accounts receivable
January 1	$ -	$ 865
Provision of impairment loss	-	942
December 31	$ -	$ 1,807

	2019	
	Notes receivable	Accounts receivable
January 1	$ -	$ 1,664
Provision of impairment loss	-	(799)
December 31	$ -	$ 865

(3) Liquidity risk

A. Cash flows forecasting is carried out by the Group's Office of Finance and Accounting in order to ensure that sufficient funds are readily available, both for the operating needs and for the unused loan commitments.

B. The Group's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase agreement, and marketable securities, all of which are instruments either with appropriate maturity or with sufficient liquidity so as to satisfy the said forecasting and provide sufficient position for dispatching of funds. As of December 31, 2020, and 2019, the Group had a money market position in the amounts equal to $929,148 and $968,115.

C. The table below shows an analysis of the non-derivative financial liabilities held by the Group with defined repayment terms based on maturity dates and undiscounted payment at maturity:

	December 31, 2020		
	Less than 1 year	1 - 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 1,018,041	$ -	$ -
Notes payable	3,248	-	-
Accounts payable	1,867,748	-	-
Other payables	1,478,745	-	-
Lease liabilities (including non-current)	128,088	35,670	602,534
Long-term loans	96,279	95,283	120,116
Derivative financial liabilities:			
Forward foreign exchange contracts	$ 21	$ -	$ -

	December 31, 2019		
	Less than 1 year	1 - 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 531,630	$ -	$ -
Notes payable	2,299	-	-
Accounts payable	1,260,646	-	-
Other payables	1,127,718	-	-
Lease liabilities (including non-current)	43,972	32,064	93,077
Long-term loans	14,599	61,678	183,487
Derivative financial liabilities: None.			

D. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) Fair Value Information

1. Below states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

   Level 2: Inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivatives is all Level 2 inputs.

   Level 3: Unobservable inputs for the asset or liability.

2. Financial instruments not measured at fair value

   The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets valued at amortized cost, notes receivables, accounts receivable, other receivables, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities, long-term borrowings including those due within a year, and guarantee deposits) are reasonable approximation of fair value.

3. Below states the information regarding the Group's financial instruments that have been classified in accordance with the nature, characteristics, risks and fair value hierarchy of such an asset or liability:

   (1) Classified by nature of assets or liabilities:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets measured at FVTPL				
Forward foreign exchange contracts	$ -	$ 472	$ -	$ 472
Financial assets measured at FVTOCI				
Equity securities	-	-	55	55
	$ -	$ 472	$ 55	$ 527
Liabilities				
Recurring fair value				
Financial liabilities measured at FVTPL				
Forward foreign exchange contracts	$ -	$ 21	$ -	$ 21

December 31, 2019	Level 1:	Level 2:	Level 3:	Total
Assets				
Recurring fair value				
Financial assets measured at FVTPL				
Forward foreign exchange contracts	$ -	$ 10	$ -	$ 10
Financial assets measured at FVTOCI				
Equity securities	-	-	55	55
	$ -	$ 10	$ 55	$ 65

   (2) Methods and assumptions adopted by the Group for measurement of fair value

are stated as follows:

Valuation of derivative financial instruments adopts valuation models that are commonly used by market participants, e.g., discounted cash flows method and option pricing model. Forward foreign exchange contracts are usually valuated based on the current forward exchange rates.

4. There was no transfer between Level 1 and Level 2 of the fair value hierarchy in 2020 and 2019.
5. There were no changes in Level 3 of the fair value hierarchy in 2020 and 2019.
6. Valuation process regarding fair value Level 3 is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified though use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g. calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.
7. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	December 31, 2020	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Non-derivative equity instruments:					
Shares of venture capital company	$ 1,011	Net asset method	Not applicable.	Not applicable.	Not applicable.

	December 31, 2019	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Non-derivative equity instruments:					
Shares of venture capital company	$ 1,014	Net asset method	Not applicable.	Not applicable.	Not applicable.

8. The Group elects to adopt the valuation model and valuation parameters through cautious assessment. Nonetheless, using different valuation models or valuation parameters may lead to different valuation results. For financial assets categorized within Level 3 of the fair value hierarchy, changes in valuation parameters will not have a significant influence on either profit or loss or other comprehensive income.

XIII. Additional Disclosure

(I) Information about significant transactions:

1. Loans to others: None.
2. Endorsements and Guarantees: None.
3. Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures): Please refer to Table 1.
4. The aggregate trading value on the same securities (including purchase and sales) reaching $300 million or 20 percent of the paid-in capital or more: None.
5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to Table 2.
6. Disposal of Property Amounting to at Least $300 Million or Exceeding 20% of Paid-in Capital: None.
7. Purchase or sale of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Table 3.
8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Table 4.
9. Engagement in Derivative Transactions: Please refer to Note VI(II), VI(XIII) and XII(III).
10. The business relationship and significant transactions between the inter-companies: Please refer to Table 5.

(II) Reinvestment Information

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 6.

(III) Investments in Mainland China

1. Basic information: Please refer to Table 7.
2. Significant transactions between the Company and investees in Mainland China directly or indirectly through entities in a third area: Please refer to Table 8.

(IV) Major Shareholder Information

Please refer to Table 9.

XIV. Segment Information

(I) General Information

The Group is primarily engaged in manufacturing of consumer products for the prestigious brands around the world. The chief operating decision makers conduct performance evaluation and resources allocation based on the operating profit (loss) of the Division of Consumer Products. According to the requirements as set forth in IFRS 8, the Group is a single reportable segment.

(II) Measurement of Segment Information

The Group evaluates the performance of an operating segment by examining the profit before tax of a continuing operation. Such measurement standard precludes the effects from non-recurring expenses of an operating segment. Management of interest income and expenses is not authorized to the operating segments but assigned to the Group's finance department that is responsible for management of the status of cash.

(III) Information on Segment Profit or Loss, Assets, and Liabilities

The reportable segment information provided to the chief operating decision makers is the financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs).

(IV) Reconciliation of segment profit or loss

The measurement method used for revenue reported to the chief operating decision makers is the same as that used for revenue as stated on the statement of comprehensive income. The measurement method used for total amount of assets and liabilities reported to the chief operating decision makers is the same as that used for the total amount of assets and liabilities stated on the financial statements.

(V) Information by Product and Service

Revenue from external customers is mainly derived from the manufacturing of consumer products.

(VI) Geographical Information

Geographical information for years ended December 31, 2020 and 2019 is as follows:

	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Americas	$ 7,628,847	$ -	$ 8,227,633	$ -
Asia	4,250,428	3,555,304	3,116,519	2,525,739
Others	196,078	-	412,709	-
	$ 12,075,353	$ 3,555,304	$ 11,756,861	$ 2,525,739

Non-current assets comprise property, plant and equipment (PP&E), right-of-use asset, intangible assets, prepayments for business facilities, and other non-current assets, excluding refundable deposits.

(VII) Major Customer Information

The Group's major customers for the years ended December 31, 2020 and 2019 are as follows:

	2020		2019	
	Revenue	Ratio to net sales (%)	Revenue	Ratio to net sales (%)
Customer No. 10986	$ 4,884,000	40	$ 4,808,338	41
Customer No. 10008	1,888,375	16	2,343,969	20
	$ 6,772,376	56	$ 7,152,307	61

Advanced International Multitech Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates and Joint Ventures)

January 1 to December 31, 2020

Table 1

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

Investor	Type and name of securities	Relationship with the issuer	General ledger account	End of the period				Note
				Quantity	Carrying amoun	Shareholding ratio	Fair value	
Advanced International Multitech Co., Ltd.	Hua Nan Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	57,438	$ 55	10.6	$ 1,011	

Advanced International Multitech Co., Ltd. and Subsidiaries

Acquisition of Real Estate Reaching $300 Million or 20% of the Paid-in Capital or More

January 1 to December 31, 2020

Table 2

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

Company that acquired the real estate	Property name	Date of occurrence	Transaction amount	Payment situation	Counterparty	Relationship	The counterparty of the transaction is related parties, the previous transfer data				Reference basis for price decision	Achieving purpose and use situation	Other appointments
							Owner	Relationship with the with the issuer	Transferring date	Amount			
Advanced International Multitech Co., Ltd.	Industrial land in Kaohsiung City's Hofa Industrial Park	June 30, 2020	$ 474,509	$ 6,329	Kaohsiung City Government	Non-related party	-	-	-	$ -	Based on market price	For business use	None

Advanced International Multitech Co., Ltd. and Subsidiaries

Purchases from and Sales to Related Parties Amounting to at Least $100 Million or Exceeding 20% of Paid-in Capital

January 1 to December 31, 2020

Table 3

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

			Transaction details				Situation and reason of why trading conditions are different from general trading		Notes or accounts receivable (payable)		
Name of company	Name of the counterparty	Relationship	Purchase/sale	Amount	Ratio to total purchases/sales (%)	Loan period	Unit price	Loan period	Balance	Ratio to total notes or accounts receivable (payable) (%)	Note
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchases	$ 5,725,940	68%	Note 1	Note 1	Note 1	($ 1,351,291)	(64%)	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchases	2,847,088	34%	Note 1	Note 1	Note 1	(541,136)	(26%)	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	(5,725,940)	(100%)	Note 3	Note 3	Note 3	1,351,291	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	(2,847,088)	(100%)	Note 3	Note 3	Note 3	541,136	100%	

Note 1: The prices and terms of payment of the Company's purchases from Ming An Sports Equipment (Dong Guan) Co., Ltd. and Advanced International Multitech (VN) Corporation Ltd. were agreed by both parties and were not comparable to the normal transactions as there were no transactions of similar products.

Note 2: The purchase/sales amount comprises the sales revenue (sales of raw materials and work-in-process) and operating costs (purchase of goods) arising from the Company's sales to its subsidiaries and sub-subsidiaries that's about processing of removal materials, offset by $980,420 in 2020.

Note 3: The price and collection terms of the company's sales to Advanced International Multitech Co., Ltd. were agreed by both parties, which were not comparable to normal transactions as there were no similar counterparties or products.

Advanced International Multitech Co., Ltd. and Subsidiaries

Receivables from Related Parties Amounting to at Least NT$100 Million or Exceeding 20% of Paid-in Capital

January 1 to December 31, 2020

Table 4

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

Company Name	Name of the counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts received in subsequent period	Allowance for doubtful accounts	Note
					Amount	Action taken			
					$ -	-			
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	$ 1,351,291	0.74	-	-	$ 292,492	$ -	
Advanced International Multitech (VN) Co., Ltd.	Advanced International Multitech Co., Ltd.	Parent	541,136	0.80			202,510	-	

Advanced International Multitech Co., Ltd. and Subsidiaries

Parent-subsidiary and Subsidiary-subsidiary Business Relations and Significant Transactions and Amounts Thereof

January 1 to December 31, 2020

Table 5

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

No. (Note 1)	Name of the company	Name of the transaction counterparty	Nature of Relationship (Note 2)	Conditions of transactions: General ledger account	Conditions of transactions: Amount	Conditions of transactions: Transaction terms	Conditions of transactions: Ratio to consolidated revenue or total assets
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchases	$ 5,725,940	According to the agreement between both parties	47%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Accounts payable	1,351,291	According to the agreement between both parties	12%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchases	2,847,088	According to the agreement between both parties	24%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Accounts payable	541,136	According to the agreement between both parties	5%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.
(1) The parent company is coded 0.
(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: 3 kinds of relationship with counterparty are as follows:
(1) Parent company to its subsidiary.
(2) Subsidiary to its parent company.
(3) Subsidiary to another subsidiary.

Advanced International Multitech Co., Ltd. and Subsidiaries

Name, Location and Information on Investee Companies (Not Including Investee Companies in Mainland China)

January 1 to December 31, 2020

Table 6

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

Investor	Name of investee company	Location	Primary business	Original investment amount: End of the period	Original investment amount: End of last year	Ownership, end of period: Number of shares	Ownership, end of period: Ownership (%)	Ownership, end of period: Book value	Net income (loss) of the investee	Recognized investment gain or loss for the period	Note
Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (BVI) CO., LTD.	British Virgin Islands	Investment in other regions	$ 149,434	$ 149,434	4,584,815	100	$ 605,925	$ 86,836	$ 86,758	Note
Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (VN) Corporation Ltd.	Vietnam	Engaged in the production and sales of various golf club shafts and heads, golf sets.	447,331	447,331	14,000,000	100	674,299	127,588	125,729	Note
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd. (LTC)	Taiwan	Engaged in production of sports products, other plastic products and international trade	266,495	266,495	28,518,424	55.93	518,466	75,465	42,207	
Advanced International Multitech Co., Ltd.	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	British Virgin Islands	Investment in other regions	34,471	34,471	-	-	-	(133,884)	(133,884)	
Advanced International Multitech Co., Ltd.	Munich Composites GmbH	Germany	Engaged in design, research, development and production of carbon fiber bicycle wheels and carbon fiber reinforced polymer product.	49,212	-	21,003	27.27	48,361	(15,291)	(4,170)	

Note: The difference between the profit or loss of the investee for the period and the investment profit or loss recognized by the Company is the unrealized gain or loss arising from inter-company transactions.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investments in Mainland China - General Information

January 1 to December 31, 2020

Table 7

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

Investee Company	Primary business	Actual paid-in capital	Investment method	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount: Remittance	Remittance or recovery of investment amount: Recovery	Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	Direct or indirect ownership of the Company (%)	Share of profit or loss of investee company	Carrying amount, end of period	Ending balance of accumulated inward remittance of investment income	Note
Advanced Group International (BVI) Co., Ltd.: Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in production and sale of carbon fiber prepreg materials and sports products	$ 149,446	2	$ 149,434	$ -	$ -	$ 149,434	$ 106,663	100	$ 106,663	$ 608,902	$ 860,163	Note 1 and Note 2
Advanced International Multitech (BVI) Co., Ltd.: Advanced Sporting Goods (Shatian, Dongguan) Co., Ltd.	Engaged in production and sale of carbon fiber prepreg materials and sports products	30,340	2	-	-	-	-	(22,852)	100	(22,852)	-	54,776	Note 1, Note 2, Note 3, Note 4, and Note 9
Advanced Sporting Goods (Dongguan) Co., Ltd.: Beijing Mingda Titanium Technology	Engaged in development of materials	1,330	3	-	-	-	-	(947)	50	(71)	-	-	Note 1, Note 2, Note 5, Note 7, and Note 8
Advanced Sporting Goods (Dongguan) Co., Ltd.: Baoji Zatech Material Co., Ltd.	Engaged in production of materials	17,744	3	-	-	-	-	1,904	25	476	3,347	-	Note 1, Note 2, Note 6, and Note 7

Note 1 : Investment methods are classified into the following four categories:

1. Remittance to Mainland China through a third region
2. Investment in Mainland China company through company invested and established by third-party region.
3. Investment in Mainland China company through reinvestment in existing company in third-party region.
4. Others

Note 2: Investment gain or loss recognized in accordance with the financial statements reviewed by the parent company in Taiwan;

Note 3: Paid-in capital is translated at the exchange rate of 30.34 on the investment amount of US$1,000 thousand for the year.

Note 4: Being a subsidiary of the Company, ADVANCED INTERNATIONAL MULTITECH (BVI) CO., LTD., directly invested in an investee company in Mainland China, the Company does not have actual remittance amount.

Note 5: The amount of paid-in capital is converted based on the RMB$300 thousand exchange rate of 4.436.

Note 6: The amount of paid-in capital is converted based on the RMB$4000 thousand exchange rate of 4.436.

Note 7: Being the subsidiary of the Company, Ming An Sports Equipment (Dong Guan) Co., Ltd. directly invested in the investee company in Mainland China, the Company does not have an actual remittance amount.

Note 8: The reinvestment company was liquidated in May 2020.

Note 9: The Group disposed of 100% equity interest in the reinvestment company on August 24, 2020 and completed the registration of the transfer.

Company name	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper limit on investment authorized by the Investment Commission, M.O.E.A.
Advanced International Multitech Co., Ltd. (Notes 10, 11, 12 and 13)	$ 149,434	$ 158,833	$ 1,947,550

Note 10: Accumulated outward remittance from Taiwan to Mainland China at the end of the period is translated at the spot exchange rate of US$4,577 thousand at the time of the remittance.

Note 11: The investment amount approved by the Investment Commission of the Ministry of Economic Affairs is US$5,577 thousand, which is translated using the USD exchange rate of 28.48 at the balance sheet date.

Note 12: According to the quota stipulated in the letter No. 09704604680 of the Ministry of Economic Affairs on August 29, 2008.

Note 13. Including the amount approved by the Investment Commission of the Ministry of Economic Affairs for the Company’s subsidiary ADVANCED INTERNATIONAL MULTITECH (BVI) CO., LTD. to directly invest in investee companies in Mainland China.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investments in Mainland China - Significant Transactions between the Company and Investee Companies in Mainland China Directly or Indirectly through Entities in a Third Area

January 1 to December 31, 2020

Table 8

Unit: In Thousands of New Taiwan Dollars
(Unless otherwise specified)

Investee Company	Sales/purchases		Property transaction		Accounts receivable (payable)		Endorsement/guarantee or collateral provided		Financing				Others
	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Maximum balance	Ending balance	Interest rate range	Interest during the current period	
Advanced Sporting Goods (Dongguan) Co., Ltd.	($ 5,725,940)	(68%)	$ -	-	($ 1,351,291)	(64%)	$ -	-	$ -	$ -	-	$ -	Note

Note: The purchase/sales amount comprises the sales revenue (sales of raw materials and work-in-process) and operating costs (purchase of goods) arising from the Company's sales to Advanced Sporting Goods (Dongguan) Co., Ltd. that's about processing of removal materials, offset by $980,420 in 2020.

Advanced International Multitech Co., Ltd. and Subsidiaries

Major Shareholder Information

December 31, 2020

Table 9

Major shareholder's name	Shareholding	
	Number of shares	Shareholding ratio
Ming An Investment Co., Ltd.	12,134,838	8.96%

Note: (1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (incl. treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. The number of shares recorded in the Company's financial statements and the number of shares that have completed delivery of non-physical registration may differ due to the different calculation bases.

(2) For the above are shares entrusted by the shareholders, the information thereto shall based on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and whose shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to the Market Observation Post System.