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review or verification.

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditors'

Review Report

For the Six Months Ended June 30, 2021 and 2020

(Stock Code: 8938)

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Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditors' Report for the Six
Months Ended June 30, 2021 and 2020
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Independent Auditors' Review Report

To Advanced International Multitech Co., Ltd.

Introduction

Advanced International Multitech Co., Ltd. and Subsidiaries' ("the Group" hereinafter) consolidated balance sheets ended June 30, 2021 and 2020, the consolidated statements of comprehensive income from April 1 to June 30, 2021 and 2020 and from January 1 to June 30, 2021 and 2020, the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to June 30, 2021 and 2020, and the notes to the consolidated financial statements (including the summary of significant accounting policies) have been reviewed by the auditor. It is the management's responsibility to prepare a set of fairly presented financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except for matters described in the following paragraph titled "Basis for Qualified Conclusion," we conducted our reviews in compliance with Statements of Auditing Standards (SAS) No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basics for Qualified Conclusion

As explained in Note IV(III) and Note VI(VIII), the financial statements of certain non-material subsidiaries included in the above consolidated financial statements for the same period, the investments accounted for using the equity method, and related information disclosed in Note XIII have not been audited by the independent auditors. The total assets (including the investments accounted for using the equity method) as of June 30, 2021 and 2020 were NT\$1,291,001 thousand and NT\$986,979 thousand, respectively, representing 11% of the total consolidated assets; and the total liabilities of NT\$771,049 thousand and NT\$508,532 thousand, represented 12% and 11% of the total consolidated liabilities as of June 30, 2021 and 2020, respectively. Its total comprehensive income (including the share of the profit or loss of associates and joint ventures accounted for using the equity method and the share of other comprehensive income of associates and joint ventures accounted for using the equity method) of NT\$26,071 thousand, (NT\$18,214) thousand, NT\$427 thousand and NT\$24,239 thousand, represent 7%, (175%), 0.06% and 20% of total consolidated comprehensive income for the three-month periods ended June 30, 2021 and 2020 and for the six-month periods ended June 30, 2021 and 2020, respectively.

Qualified Conclusion

Based on our reviews, except for possible effects from financial statements of the non-material subsidiaries and the investments accounted for using the equity method mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of Advanced International Multitech Co., Ltd. and its subsidiaries as of June 30, 2021 and 2020, its consolidated financial performance for the three-month periods ended June 30, 2021 and 2020 and for the six-month periods ended June 30, 2021 and 2020, and its consolidated cash flows for the six-month periods ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission.

PwC Taiwan

A-Shen Liao

CPA:

Chien-Chih Wu

Approval No. by the former Financial Supervisory

Commission of the Executive Yuan:

Approval No.: Jin Guan Zheng Shen Zi No. 1010015969

Financial Supervisory Commission

Approval No.: Jin Guan Zheng Shen Zi No. 1030027246

August 4, 2021

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

June 30, 2021, December 31 and June 30, 2020

(The Consolidated Balance Sheets on June 30, 2021 and 2020 Were Reviewed Only, Not Audited in Accordance with Generally Accepted Auditing Standards)

Unit: In Thousands of New Taiwan Dollars

Assets	Notes	June 30, 2021		December 31, 2020		June 30, 2020		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	VI(I)	\$ 1,348,505	12	\$ 930,555	9	\$ 1,460,336	17
1110	Financial assets at fair value through profit or loss - current	VI(II)	272	-	472	-	-	-
1136	Financial assets at amortized cost - current	VI(III)	236,228	2	465,088	4	178,795	2
1150	Notes receivable - net	VI(IV)	7,203	-	7,808	-	5,945	-
1170	Accounts receivable - net	V and VI(IV)	3,563,617	30	3,152,746	29	2,059,217	24
1200	Other receivables		17,054	-	17,789	-	5,505	-
130X	Inventories	V and VI(V)	2,487,486	21	2,245,667	21	1,578,746	18
1410	Prepayments	VI(VII)	273,891	2	200,180	2	130,826	1
1470	Other current assets		21,016	-	7,988	-	14,912	-
11XX	Total current assets		<u>7,955,272</u>	<u>67</u>	<u>7,028,293</u>	<u>65</u>	<u>5,434,282</u>	<u>62</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	VI(VI)	55	-	55	-	55	-
1535	Financial assets at amortized cost - non-current	VI(III)	-	-	44,649	-	416,478	5
1550	Investments accounted for using the equity method	VI(VIII)	48,783	-	51,708	1	52,026	-
1600	Property, plant and equipment	VI(IX) and VIII	2,854,489	24	2,607,969	24	2,451,921	28
1755	Right-of-use assets	VI(X)	805,225	7	840,786	8	166,229	2
1780	Intangible assets	VI(XI)	13,251	-	7,533	-	10,513	-
1840	Deferred income tax assets		59,113	-	72,182	1	59,238	1
1915	Prepayments for business facilities		74,377	1	46,548	-	88,381	1
1990	Other non-current assets - others	VIII	120,039	1	116,517	1	85,559	1
15XX	Total non-current assets		<u>3,975,332</u>	<u>33</u>	<u>3,787,947</u>	<u>35</u>	<u>3,330,400</u>	<u>38</u>
1XXX	Total assets		<u>\$ 11,930,604</u>	<u>100</u>	<u>\$ 10,816,240</u>	<u>100</u>	<u>\$ 8,764,682</u>	<u>100</u>

(Continue to next page)

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

June 30, 2021, December 31 and June 30, 2020

(The Consolidated Balance Sheets on June 30, 2021 and 2020 Were Reviewed Only, Not Audited in Accordance with Generally Accepted Auditing Standards)

Liabilities and Equity		Notes	Unit: In Thousands of New Taiwan Dollars					
			June 30, 2021		December 31, 2020		June 30, 2020	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term loans	XI(XII) and VIII	\$ 1,772,628	15	\$ 1,016,201	10	\$ 1,633,632	18
2120	Financial liabilities at fair value through profit and loss - current	VI(II)	803	-	21	-	-	-
2150	Notes payable		3,907	-	3,248	-	857	-
2170	Accounts payable		1,685,138	14	1,867,748	17	874,196	10
2200	Other payables	VI(XIII)	1,449,687	12	1,474,545	14	1,121,160	13
2230	Income tax liabilities		252,122	2	226,004	2	72,857	1
2280	Lease liabilities - current		52,151	1	121,022	1	31,070	-
2300	Other current liabilities	VI(XIV)(XV)(XX)	233,499	2	240,404	2	146,945	2
21XX	Total current liabilities		<u>5,449,935</u>	<u>46</u>	<u>4,949,193</u>	<u>46</u>	<u>3,880,717</u>	<u>44</u>
Non-current liabilities								
2540	Long-term loans	VI(XV) and VIII	176,248	1	212,055	2	269,248	3
2570	Deferred income tax liabilities		156,461	1	137,785	1	127,877	2
2580	Lease liabilities - non-current		539,019	5	559,583	5	107,827	1
2630	Long-term deferred income	VI(XXIII)	104	-	6,152	-	-	-
2640	Net defined benefit liabilities - non-current		72,873	1	82,050	1	80,329	1
2670	Other non-current liabilities - others		539	-	548	-	10,030	-
25XX	Total non-current liabilities		<u>945,244</u>	<u>8</u>	<u>998,173</u>	<u>9</u>	<u>595,311</u>	<u>7</u>
2XXX	Total liabilities		<u>6,395,179</u>	<u>54</u>	<u>5,947,366</u>	<u>55</u>	<u>4,476,028</u>	<u>51</u>
Equity								
Equity attributable to shareholders of the parent company								
Share capital								
3110	Capital of common shares	VI(XVII)	1,353,127	12	1,353,127	12	1,353,127	16
Capital surplus								
3200	Capital surplus	VI(XVIII)	781,236	6	781,236	7	781,236	8
Retained earnings								
3310	Legal reserve	VI(XIX)	861,536	7	861,536	8	861,536	10
3320	Special reserve		133,828	1	133,828	1	133,828	2
3350	Undistributed earnings		2,150,407	18	1,473,609	14	937,768	11
Other equity								
3400	Other equity		(170,945)	(1)	(142,996)	(1)	(153,393)	(2)
31XX	Total equity attributable to shareholders of the parent company		<u>5,109,189</u>	<u>43</u>	<u>4,460,340</u>	<u>41</u>	<u>3,914,102</u>	<u>45</u>
36XX	Non-controlling interests	IV(III)	<u>426,236</u>	<u>3</u>	<u>408,534</u>	<u>4</u>	<u>374,552</u>	<u>4</u>
3XXX	Total equity		<u>5,535,425</u>	<u>46</u>	<u>4,868,874</u>	<u>45</u>	<u>4,288,654</u>	<u>49</u>
Important Contingent Liabilities and Unrecognized Contractual Commitments								
Significant subsequent events								
3X2X	Total liabilities and equity		<u>\$ 11,930,604</u>	<u>100</u>	<u>\$ 10,816,240</u>	<u>100</u>	<u>\$ 8,764,682</u>	<u>100</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements. Please refer to them as well.

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to June 30, 2021 and January 1 to June 30, 2020

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

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

Item	Notes	April 1 to June 30, 2021		April 1 to June 30, 2020		January 1 to June 30, 2021		January 1 to June 30, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	VI(XX)	\$ 4,357,719	100	\$ 2,081,364	100	\$ 8,364,049	100	\$ 4,765,364	100
5000 Operating costs	VI(V)(XI) (XXVI) (XXVII)	(3,483,736)	(80)	(1,847,355)	(89)	(6,742,338)	(81)	(4,154,001)	(87)
5900 Gross operating profit		<u>873,983</u>	<u>20</u>	<u>234,009</u>	<u>11</u>	<u>1,621,711</u>	<u>19</u>	<u>611,363</u>	<u>13</u>
Operating expenses	VI(XI) (XXVI) (XXVII)								
6100 Selling expenses		(65,104)	(1)	(33,590)	(2)	(118,595)	(1)	(78,167)	(2)
6200 Administrative expenses		(123,905)	(3)	(89,332)	(4)	(246,383)	(3)	(199,843)	(4)
6300 Research and development expenses		(171,832)	(4)	(99,684)	(5)	(316,659)	(4)	(210,480)	(4)
6450 Expected credit impairment gain (loss)	XII(II)	<u>1,373</u>	<u>-</u>	<u>(3,623)</u>	<u>-</u>	<u>(2,126)</u>	<u>-</u>	<u>(4,164)</u>	<u>-</u>
6000 Total operating expenses		<u>(359,468)</u>	<u>(8)</u>	<u>(226,229)</u>	<u>(11)</u>	<u>(683,763)</u>	<u>(8)</u>	<u>(492,654)</u>	<u>(10)</u>
6500 Other income and expenses - net	VI(XXI)	<u>47,252</u>	<u>1</u>	<u>20,756</u>	<u>1</u>	<u>68,647</u>	<u>1</u>	<u>44,215</u>	<u>1</u>
6900 Operating income		<u>561,767</u>	<u>13</u>	<u>28,536</u>	<u>1</u>	<u>1,006,595</u>	<u>12</u>	<u>162,924</u>	<u>4</u>
Non-operating income and expenses									
7100 Interest income	VI(XXII)	1,494	-	7,619	-	2,073	-	11,779	-
7010 Other income	VI(XXIII)	11,631	-	48,388	2	17,988	-	49,495	1
7020 Other gains and losses	VI(II) (XXIV)	(38,359)	(1)	(53,992)	(2)	(83,917)	(1)	(29,091)	(1)
7050 Finance costs	VI(IX) (XXV)	(7,609)	-	(10,232)	-	(15,655)	-	(16,311)	-
7060 Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	<u>206</u>	<u>-</u>	<u>288</u>	<u>-</u>	<u>(141)</u>	<u>-</u>	<u>6</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>(32,637)</u>	<u>(1)</u>	<u>(7,929)</u>	<u>-</u>	<u>(79,652)</u>	<u>(1)</u>	<u>15,878</u>	<u>-</u>
7900 Profit before tax		<u>529,130</u>	<u>12</u>	<u>20,607</u>	<u>1</u>	<u>926,943</u>	<u>11</u>	<u>178,802</u>	<u>4</u>
7950 Income tax gain (expense)	VI(XXVIII)	<u>(128,139)</u>	<u>(3)</u>	<u>9,990</u>	<u>1</u>	<u>(214,466)</u>	<u>(3)</u>	<u>(37,141)</u>	<u>(1)</u>
8200 Net income		<u>\$ 400,991</u>	<u>9</u>	<u>\$ 30,597</u>	<u>2</u>	<u>\$ 712,477</u>	<u>8</u>	<u>\$ 141,661</u>	<u>3</u>
Other comprehensive income (loss)									
Items that may be reclassified subsequently to profit or loss									
8361 Exchange differences on translation of foreign financial statements		<u>(\$ 21,955)</u>	<u>-</u>	<u>(\$ 20,181)</u>	<u>(1)</u>	<u>(\$ 27,949)</u>	<u>-</u>	<u>(\$ 19,565)</u>	<u>-</u>
8500 Total comprehensive income (loss)		<u>\$ 379,036</u>	<u>9</u>	<u>\$ 10,416</u>	<u>1</u>	<u>\$ 684,528</u>	<u>8</u>	<u>\$ 122,096</u>	<u>3</u>
Net income (loss) attributable to:									
8610 Owners of the parent company		<u>\$ 374,946</u>	<u>8</u>	<u>\$ 35,261</u>	<u>2</u>	<u>\$ 676,798</u>	<u>7</u>	<u>\$ 142,385</u>	<u>3</u>
8620 Non-controlling interests		<u>26,045</u>	<u>1</u>	<u>(4,664)</u>	<u>-</u>	<u>35,679</u>	<u>1</u>	<u>(724)</u>	<u>-</u>
Total		<u>\$ 400,991</u>	<u>9</u>	<u>\$ 30,597</u>	<u>2</u>	<u>\$ 712,477</u>	<u>8</u>	<u>\$ 141,661</u>	<u>3</u>
Total comprehensive income (loss) attributable to:									
8710 Owners of the parent company		<u>\$ 352,991</u>	<u>8</u>	<u>\$ 15,080</u>	<u>1</u>	<u>\$ 648,849</u>	<u>8</u>	<u>\$ 122,820</u>	<u>3</u>
8720 Non-controlling interests		<u>26,045</u>	<u>1</u>	<u>(4,664)</u>	<u>-</u>	<u>35,679</u>	<u>-</u>	<u>(724)</u>	<u>-</u>
Total		<u>\$ 379,036</u>	<u>9</u>	<u>\$ 10,416</u>	<u>1</u>	<u>\$ 684,528</u>	<u>8</u>	<u>\$ 122,096</u>	<u>3</u>
Earnings per share	VI(XXIX)								
9750 Basic		<u>\$ 2.77</u>		<u>\$ 0.26</u>		<u>\$ 5.00</u>		<u>\$ 1.05</u>	
9850 Diluted		<u>\$ 2.76</u>		<u>\$ 0.26</u>		<u>\$ 4.97</u>		<u>\$ 1.05</u>	

The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements. Please refer to them

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 June 30, 2021 and January 1 to June 30, 2020
(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to shareholders of the parent company											
	Notes	Capital surplus				Retained earnings			Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
		Capital of common shares	Share premium	Recognized value of changes in equity of ownership of subsidiaries	Others	Legal reserve	Special reserve	Undistributed earnings				
<u>January 1, 2020 to June 30, 2020</u>												
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		-	-	-	-	-	-	142,385	-	142,385	(724)	141,661
Other comprehensive income loss		-	-	-	-	-	-	-	(19,565)	(19,565)	-	(19,565)
Total comprehensive income (loss)		-	-	-	-	-	-	142,385	(19,565)	122,820	(724)	122,096
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(XIX)	-	-	-	-	-	-	(311,219)	-	(311,219)	-	(311,219)
Non-controlling interests		-	-	-	-	-	-	-	-	-	(29,213)	(29,213)
Balance as of June 30, 2020		\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 861,536	\$ 133,828	\$ 937,768	(\$ 153,393)	\$ 3,914,102	\$ 374,552	\$ 4,288,654
<u>January 1, 2021 to June 30, 2021</u>												
Balance as of January 1, 2021		\$ 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
Net income		-	-	-	-	-	-	676,798	-	676,798	35,679	712,477
Other comprehensive income loss		-	-	-	-	-	-	-	(27,949)	(27,949)	-	(27,949)
Total comprehensive income (loss)		-	-	-	-	-	-	676,798	(27,949)	648,849	35,679	684,528
Non-controlling interests		-	-	-	-	-	-	-	-	-	(17,977)	(17,977)
Balance as of June 30, 2021		\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 861,536	\$ 133,828	\$ 2,150,407	(\$ 170,945)	\$ 5,109,189	\$ 426,236	\$ 5,535,425

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 June 30, 2021 and January 1 to June 30, 2020

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

	<u>Notes</u>	<u>January 1, 2021 to June 30, 2021</u>	<u>January 1, 2020 to June 30, 2020</u>
<u>Cash flows from operating activities</u>			
Net profit before tax		\$ 926,943	\$ 178,802
Adjustments			
Income and expense item			
Depreciation expenses	VI(IX)(X) (XXVI)	256,800	201,649
Amortization expenses	VI(XXVI)	10,807	11,102
Expected credit impairment loss	XII(II)	2,126	4,164
Net losses (gains) from financial assets and liabilities at fair value through profit or loss	VI(II)(XXIV)	332	(455)
Interest income	VI(XXII)	(2,073)	(11,779)
Interest expense	VI(XXV)	15,550	14,493
Loss on disposal and retirement of property, plant and equipment	VI(XXIV)	33	12,523
Reclassification of property, plant and equipment to expense	VI(XXX)	1,002	-
Gains on lease modification	VI(X)	-	(421)
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	141	(6)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss - current		5,636	532
Notes receivable - net		605	(256)
Accounts receivable		(443,435)	551,126
Other receivables		710	9,771
Inventories		(266,799)	299,119
Prepayments		(76,279)	(4,793)
Other current assets		(13,059)	(6,017)
Net changes in operating liabilities			
Financial liabilities at fair value through profit and loss - current		(4,979)	(67)
Notes payable		659	(1,442)
Accounts payable		(156,072)	(366,119)
Other payables		(4,824)	(360,880)
Other current liabilities		(9,882)	(891)
Long-term deferred income		(6,152)	-
Net defined benefit liabilities - non-current		(9,177)	(19)
Cash provided by operating activities		<u>228,613</u>	<u>530,136</u>
Income tax paid		(156,060)	(130,058)
Net cash provided by operating activities		<u>72,553</u>	<u>400,078</u>

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Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to June 30, 2021 and January 1 to June 30, 2020

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

	<u>Notes</u>	<u>January 1, 2021 to June 30, 2021</u>	<u>January 1, 2020 to June 30, 2020</u>
<u>Cash provided by investing activities</u>			
Decrease (Increase) in financial assets at amortized cost - current		\$ 228,860	(\$ 178,795)
Decrease (Increase) in financial assets at amortized cost - non-current		44,649	(416,478)
Acquisition of investments accounted for using the equity method		-	(49,212)
Acquisition of property, plant and equipment	VI(XXX)	(464,006)	(261,724)
Increase in prepayments for business facilities		(73,643)	(219,786)
Proceeds from disposal of property, plant and equipment		3,033	2,372
Acquisition of intangible assets	VI(XI)	(8,110)	(1,840)
Increase in refundable deposits		-	(37,097)
Decrease in refundable deposits		13,491	994
(Increase) decrease in other non-current assets		(25,021)	9,686
Interest received		2,073	11,821
Net cash used in investing activities		<u>(278,674)</u>	<u>(1,140,059)</u>
<u>Cash provided by (used in) financing activities</u>			
Increase in short-term loans	VI(XXXI)	9,730,330	9,019,759
Decrease in short-term loans	VI(XXXI)	(8,958,818)	(7,904,635)
Repayment of the principal amount of rentals	VI(XXXI)	(96,820)	(20,599)
Increase in long-term loans	VI(XXXI)	14,500	110,310
Repayment of long-term loans	VI(XXXI)	(47,192)	-
Decrease in deposits received		-	(746)
Interest paid		<u>(11,966)</u>	<u>(11,941)</u>
Net cash provided by financing activities		<u>630,034</u>	<u>1,192,148</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(5,963)</u>	<u>39,403</u>
Increase in cash and cash equivalents for the current period		417,950	491,570
Cash and cash equivalents, beginning of the period		930,555	968,766
Cash and cash equivalents, end of the period		<u>\$ 1,348,505</u>	<u>\$ 1,460,336</u>

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 Consolidated Financial Statements

For the Six Months Ended June 30, 2021 and 2020

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the
Republic of China)

Unit: NT\$ thousand (Unless otherwise specified)

I. Company History

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

II. Approval Date and Procedure of Financial Statements

The consolidated financial statements were released on August 4, 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 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
Amendments to IFRS 16 "Covid-19-Related Rent Concessions After June 30, 2021"	April 1, 2021 (Note)

Note: The FSC allows early application on 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.

(II) Effects of Not Yet Applying the Newly-announced and Revised IFRSs Endorsed by the FSC

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that are applicable in 2022 and have been 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 IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous contract - the cost of fulfilling the contract"	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.

(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 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 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023

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

Among the significant accounting policies, except for the statement of compliance, basis of preparation, basis of consolidation and additions which are stated below, the rest are the same as Note IV of the consolidated financial statements for the year ended December 31, 2020. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Statement of Compliance

1. The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the IAS 34 "Interim Financial Reporting" endorsed by the FSC.
2. These consolidated financial statements shall be read together with the consolidated financial statements for the year ended December 31, 2020.

(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 at fair value through profit or loss (including derivative instruments).
 - (2) Financial assets at fair value through other comprehensive income.
 - (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 in preparing a set of financial statements in compliance with the FSC endorsed version of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations (collectively referred to as "IFRSs"). Management judgments are also required in the process of applying the Group's accounting policies. For items that are highly judgmental, complex, or related to significant assumptions and estimates of the consolidated financial statements, please refer to Note V.

(III) Basis of Consolidation

1. Principles for Preparation of Consolidated Financial Statements
The principles followed in preparing the consolidated financial statements are the same as those for the year ended December 31, 2020.

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
Advanced International Multitech Co., Ltd.	Advanced Group International (BVI) Co., Ltd.	Overseas investment	100	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	100	Note 1
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd. (LTC)	Engaged in the production of sports products, other plastic products and international trade	55.93	55.93	55.93	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (BVI) Co., Ltd.	Overseas investment	-	-	100	Note 1 and Note 2
Advanced Group International (BVI) Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in the production, import and export of carbon fiber prepreg materials and sports products	100	100	100	
Advanced International Multitech (BVI) Co., Ltd.	Advanced Sporting Goods (Shatian, Dongguan) Co., Ltd.	Engaged in the production, import and export of carbon fiber prepreg materials and sports products	-	-	100	Note 1 and Note 3

Note 1. This subsidiary's financial statements ended June 30, 2021 and 2020 have not been reviewed by a CPA.

Note 2. The Group has liquidated this company on December 22, 2020 and ceased to include this company in the Group's consolidated financial statements.

Note 3. 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 included in 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 June 30, 2021, December 31, 2020, and June 30, 2020, the Group's non-controlling interests totaled \$426,236, \$408,534, and \$374,552, respectively. What is stated below is the information in respect of subsidiaries

with material non-controlling interests:

Subsidiary	Principal place of business	Non-controlling interests					
		June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., Ltd. (LTC)	Taiwan	\$ 426,236	44.07	\$ 408,534	44.07	\$ 374,552	44.07

Summary of the financial information of subsidiaries is as follows:

Balance Sheets

	Launch Technologies Co., Ltd. (LTC)		
	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 813,048	\$ 732,655	\$ 527,445
Non-current assets	1,139,994	1,170,724	1,133,882
Current liabilities	(733,876)	(684,814)	(449,173)
Non-current liabilities	(251,999)	(291,565)	(362,261)
Total net assets	\$ 967,167	\$ 927,000	\$ 849,893

Statements of Comprehensive Income

	Launch Technologies Co., Ltd. (LTC)	
	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Revenue	\$ 628,164	\$ 238,219
Profit (loss) before tax	73,891	(27,620)
Income tax gain (expense)	(14,791)	17,037
Net income (loss)	59,100	(10,583)
Total comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	\$ 59,100	(\$ 10,583)

	Launch Technologies Co., Ltd. (LTC)	
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Revenue	\$ 1,159,676	\$ 646,521
Profit (loss) before tax	101,529	(16,444)
Income tax gain (expense)	(20,570)	14,802
Net income (loss)	80,959	(1,642)
Total comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	\$ 80,959	(\$ 1,642)

Statements of Cash Flows

	Launch Technologies Co., Ltd. (LTC)	
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Net cash provided by operating activities	\$ 129,792	\$ 57,940
Net cash used in investing activities	(65,804)	(152,333)
Net cash provided by (used in) financing activities	(32,786)	191,087
Increase in cash and cash equivalents for the current period	31,202	96,694
Cash and cash equivalents, beginning of the period	64,687	10,525
Cash and cash equivalents, end of the period	\$ 95,889	\$ 107,219

(IV) Income Tax

Income tax expense in the interim is computed by applying the estimated average effective tax rate in the annual term to the pre-tax profit or loss in the interim, and is disclosed in accordance with the afore-mentioned policies.

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 receivable

A loss allowance for accounts receivable 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 June 30, 2021, the carrying amount of the Group's accounts receivable was \$3,563,617.

2. Evaluation of inventories

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 June 30, 2021, the carrying amount of the Group's inventory was \$2,487,486.

VI. Descriptions of Major Accounting Subjects

(I) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand and revolving funds	\$ 1,035	\$ 1,407	\$ 2,068
Checking deposits and demand deposits	692,570	457,028	528,453
Cash equivalents - time deposits	404,900	158,400	205,105
Cash equivalents - repo bonds	250,000	313,720	724,710
	<u>\$ 1,348,505</u>	<u>\$ 930,555</u>	<u>\$ 1,460,336</u>

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 Urisk of default is pretty low.
2. No cash or its equivalents were pledged as collateral by the Group.

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

<u>Item</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging financial derivatives	\$ 272	\$ 472	\$ -
Adjustment for valuation	-	-	-
	<u>\$ 272</u>	<u>\$ 472</u>	<u>\$ -</u>
Financial liabilities held for trading			
Non-hedging financial derivatives	\$ 803	\$ 21	\$ -
Adjustment for valuation	-	-	-
	<u>\$ 803</u>	<u>\$ 21</u>	<u>\$ -</u>

1. Financial assets and liabilities measured at FVTPL recognized in profit or loss are detailed as below:

	<u>April 1, 2021 to June 30, 2021</u>	<u>April 1, 2020 to June 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	\$ 7,643	\$ 472
Financial liabilities held for trading		
Non-hedging financial derivatives	415	56
	<u>\$ 8,058</u>	<u>\$ 528</u>

	<u>January 1, 2021 to June 30, 2021</u>	<u>January 1, 2020 to June 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	\$ 8,037	\$ 522
Financial liabilities held for trading		
Non-hedging financial derivatives	(8,369)	(67)
	<u>(\$ 332)</u>	<u>\$ 455</u>

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

June 30, 2021		
Derivative financial assets	Contract amount (nominal principal)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 2,300 thousand</u>	2021.6.23~2021.7.23
Derivative financial liabilities		
Current items:		
Forward foreign exchange contracts	<u>USD 2,600 thousand</u>	2021.6.09~2021.8.30
December 31, 2020		
Derivative financial assets	Contract amount (nominal principal)	Contract period
Current items:		
Forward foreign exchange contracts	<u>USD 14,230 thousand</u>	2020.11.30~2021.3.25
Derivative financial liabilities		
Current items:		
Forward foreign exchange contracts	<u>USD 1,034 thousand</u>	2020.12.16~2021.1.29

June 30, 2020: 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.

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

(III) Financial assets at amortized cost

Item	June 30, 2021	December 31, 2020	June 30, 2020
Current items:			
Restricted bank deposits	<u>\$ 236,228</u>	<u>\$ 465,088</u>	<u>\$ 178,795</u>
Non-current items:			
Restricted bank deposits	<u>\$ -</u>	<u>\$ 44,649</u>	<u>\$ 416,478</u>

- As of June 30, 2021, and December 31, 2020, and June 30, 2020, 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.
- The Group had no financial assets at amortized cost pledged to others.
- For information on the credit risk of financial assets measured by amortized cost, please refer to Note XII(II).

(IV) Notes receivable and accounts receivable

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 7,203	\$ 7,808	\$ 5,945
Accounts receivable	\$ 3,567,550	\$ 3,154,553	\$ 2,064,246
Less: Loss allowance	(3,933)	(1,807)	(5,029)
	<u>\$ 3,563,617</u>	<u>\$ 3,152,746</u>	<u>\$ 2,059,217</u>

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

	June 30, 2021		December 31, 2020		June 30, 2020	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	\$ 7,203	\$ 3,305,641	\$ 7,808	\$ 3,079,476	\$ 5,945	\$ 1,466,490
Overdue:						
Up to 30 days	-	244,491	-	70,712	-	546,322
31 to 90 days	-	8,277	-	4,324	-	51,209
91 to 180 days	-	9,141	-	41	-	210
Over 181 days	-	-	-	-	-	15
	<u>\$ 7,203</u>	<u>\$ 3,567,550</u>	<u>\$ 7,808</u>	<u>\$ 3,154,553</u>	<u>\$ 5,945</u>	<u>\$ 2,064,246</u>

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

2. As of June 30, 2021, December 31, 2020, June 30, 2020, and January 1, 2020, the Group's accounts receivable and contracts receivable (including notes receivable) amounted to \$3,574,753, \$3,162,361, \$2,070,191, and \$2,652,129, respectively.
3. No accounts receivable or notes receivable were pledged as collateral by the Group.
4. As of June 30, 2021, December 31, 2020, and June 30, 2020, 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 receivable and accounts receivable, please refer to Note XII(II).

(V) Inventories

	June 30, 2021		
	Cost	Allowance for price decline	Carrying amount
	Raw materials	\$ 909,310	(\$ 29,116)
Work in progress	511,806	(3,391)	508,415
Finished goods	1,051,407	(26,190)	1,025,217
Inventory in transit	73,660	-	73,660
	<u>\$ 2,546,183</u>	<u>(\$ 58,697)</u>	<u>\$ 2,487,486</u>

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

	June 30, 2020		
	Cost	Allowance for price decline	Carrying amount
	Raw materials	\$ 735,677	(\$ 35,942)
Work in progress	289,849	(2,184)	287,665
Finished goods	599,251	(17,578)	581,673
Inventory in transit	9,673	-	9,673
	<u>\$ 1,634,450</u>	<u>(\$ 55,704)</u>	<u>\$ 1,578,746</u>

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

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Cost of inventories sold	\$ 3,480,529	\$ 1,850,867
(Recovery gain) loss from price decline	(1,833)	11,269
Disposition loss	864	595
Others	4,176	(15,376)
	<u>\$ 3,483,736</u>	<u>\$ 1,847,355</u>
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Cost of inventories sold	\$ 6,748,271	\$ 4,158,145
(Recovery gain) loss from price decline	(11,298)	9,485
Disposition loss	864	595
Others	4,501	(14,224)
	<u>\$ 6,742,338</u>	<u>\$ 4,154,001</u>

For the periods between April 1 to June 30, 2021 and between January 1 to June 30, 2021, decreases in cost of sales were recognized due to the recovery of the net realizable value of inventories contributed by the well-performed liquidation.

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

Item	June 30, 2021	December 31, 2020	June 30, 2020
Non-current items:			
Unlisted stocks	\$ 55	\$ 55	\$ 55
Adjustment for valuation	-	-	-
	<u>\$ 55</u>	<u>\$ 55</u>	<u>\$ 55</u>

1. The Group elects to classify its strategic equity investments as financial assets at fair value through other comprehensive income. The fair value of such investments as of June 30, 2021, December 31, 2020, and June 30, 2020, amounted to \$1,011, \$1,011, and \$1,014, respectively.
2. No financial asset measured at FVTOCI was pledged by The Group as collateral.

(VII) Prepayments

	June 30, 2021	December 31, 2020	June 30, 2020
Input tax	\$ 114,895	\$ 102,094	\$ 58,345
Tax overpaid retain for offsetting the future tax payable	54,695	42,232	31,554
Prepaid expense	57,360	37,008	29,056
Prepayment for purchases	46,941	18,846	11,871
	<u>\$ 273,891</u>	<u>\$ 200,180</u>	<u>\$ 130,826</u>

(VIII) Investments accounted for using the equity method

	June 30, 2021	December 31, 2020	June 30, 2020
Munich Composites GmbH	\$ 45,442	\$ 48,361	\$ 49,212
Baoji Zatech Material Co., Ltd.	3,341	3,347	2,814
	<u>\$ 48,783</u>	<u>\$ 51,708</u>	<u>\$ 52,026</u>

1. As of June 30, 2021, December 31, 2020, and June 30, 2020, 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 June 30, 2021, December 31, 2020, and June 30, 2020, the carrying amounts of the Group's individually insignificant associates totaled \$48,783, \$51,708, and \$52,026, respectively.

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Net income	\$ 206	\$ 288
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>\$ 206</u>	<u>\$ 288</u>
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Net income (loss)	(\$ 141)	\$ 6
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>(\$ 141)</u>	<u>\$ 6</u>

3. The Group's investees accounted for using the equity method for the periods between January 1 to June 30, 2021 and 2020 are obtained from the financial statements not reviewed by independent auditors for the same periods of the investees.
4. 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

	June 30, 2021	December 31, 2020	June 30, 2020
Land	\$ 162,544	\$ 162,544	\$ 162,544
Housing and structures	1,008,144	945,212	901,322
Machinery equipment	932,823	937,567	741,652
Utility equipment	128,150	141,404	147,980
Transportation equipment	2,336	1,470	1,182
Office equipment	24,627	27,566	25,143
Other equipment	171,387	175,061	145,635
Equipment to be inspected and construction in progress	424,478	217,145	326,463
	<u>\$ 2,854,489</u>	<u>\$ 2,607,969</u>	<u>\$ 2,451,921</u>

January 1, 2021 to June 30, 2021

Cost						
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	June 30
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	1,637,706	27,066	(93,783)	90,406	(12,327)	1,649,068
Machinery equipment	1,937,235	69,584	(140,226)	46,538	(13,292)	1,899,839
Utility equipment	331,957	214	(3,347)	433	(2,707)	326,550
Transportation equipment	4,005	1,168	(1,607)	-	(16)	3,550
Office equipment	77,617	2,554	(6,478)	-	(856)	72,837
Other equipment	422,610	25,680	(16,711)	7,275	(3,433)	435,421
Equipment to be inspected and construction in progress	217,145	310,584	-	(102,069)	(1,182)	424,478
	<u>4,790,819</u>	<u>\$ 436,850</u>	<u>(\$ 262,152)</u>	<u>\$ 42,583</u>	<u>(\$ 33,813)</u>	<u>4,974,287</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	June 30
Housing and structures	\$ 692,494	\$ 48,763	(\$ 93,762)	\$ -	(\$ 6,571)	\$ 640,924
Machinery equipment	999,668	114,079	(137,198)	-	(9,533)	967,016
Utility equipment	190,553	13,187	(3,347)	-	(1,993)	198,400
Transportation equipment	2,535	294	(1,607)	-	(8)	1,214
Office equipment	50,051	5,260	(6,473)	-	(628)	48,210
Other equipment	247,549	35,904	(16,699)	-	(2,720)	264,034
	<u>2,182,850</u>	<u>\$ 217,487</u>	<u>(\$ 259,086)</u>	<u>\$ -</u>	<u>(\$ 21,453)</u>	<u>2,119,798</u>
	<u>\$ 2,607,969</u>					<u>\$ 2,854,489</u>

Cost	January 1, 2020 to June 30, 2020					
	January 1	Additions	Disposals	Reclassifications	Net exchange differences	June 30
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	1,550,681	23,788	(10,302)	17,206	(14,084)	1,567,289
Machinery equipment	1,581,219	93,954	(48,918)	97,086	(15,501)	1,707,840
Utility equipment	329,883	10,817	(18,167)	3,893	(4,173)	322,253
Transportation equipment	6,505	783	(2,770)	-	(36)	4,482
Office equipment	69,383	4,079	(2,458)	-	(1,014)	69,990
Other equipment	395,167	31,292	(36,484)	5,576	(4,741)	390,810
Equipment to be inspected and construction in progress	154,770	84,331	-	88,010	(648)	326,463
	<u>4,250,152</u>	<u>\$ 249,044</u>	<u>(\$ 119,099)</u>	<u>\$ 211,771</u>	<u>(\$ 40,197)</u>	<u>4,551,671</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	June 30
Machinery equipment	933,832	87,879	(43,488)	-	(12,035)	966,188
Utility equipment	173,595	12,729	(9,252)	-	(2,799)	174,273
Transportation equipment	5,836	268	(2,770)	-	(34)	3,300
Office equipment	43,178	4,899	(2,458)	-	(772)	44,847
Other equipment	255,351	29,496	(35,941)	(31)	(3,700)	245,175
	<u>2,052,700</u>	<u>\$ 179,913</u>	<u>(\$ 104,204)</u>	<u>(\$ 31)</u>	<u>(\$ 28,628)</u>	<u>2,099,750</u>
	<u>\$ 2,197,452</u>					<u>\$ 2,451,921</u>

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

	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Capitalization amounts	\$ 480	\$ 962
Range of capitalized interest rate	0.4487%~1.145%	0.90%~1.395%
- 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.
- 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:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 768,279	\$ 787,285	\$ 116,424
Housing and structures	36,946	53,501	49,805
	<u>\$ 805,225</u>	<u>\$ 840,786</u>	<u>\$ 166,229</u>

	<u>April 1, 2021 to June 30, 2021</u>	<u>April 1, 2020 to June 30, 2020</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 6,833	\$ 1,888
Housing and structures	11,673	8,250
	<u>\$ 18,506</u>	<u>\$ 10,138</u>

	<u>January 1, 2021 to June 30, 2021</u>	<u>January 1, 2020 to June 30, 2020</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 14,437	\$ 3,776
Housing and structures	24,876	17,960
	<u>\$ 39,313</u>	<u>\$ 21,736</u>

3. Additions to the Group's right-of-use assets for the periods between April 1 to June 30, 2021 and 2020, and the periods between January 1 to June 30, 2021 and 2020 amounted to \$0, \$250, \$8,783, and \$23,367, respectively.
4. Profit or loss items in connection with lease contracts are stated as follows:

	<u>April 1, 2021 to June 30, 2021</u>	<u>April 1, 2020 to June 30, 2020</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 1,525	\$ 1,210
Expense on leases of low-value assets	5,213	8,650
Gains on lease modification	-	(5)
	<u>January 1, 2021 to June 30, 2021</u>	<u>January 1, 2020 to June 30, 2020</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 3,762	\$ 2,552
Expense on leases of low-value assets	11,882	12,717
Gains on lease modification	-	421

5. The Group's total lease cash outflows were \$22,437, \$19,615, \$112,464 and \$35,868 for the periods between April 1 to June 30, 2021 and 2020, and the periods between January 1 to June 30, 2021 and 2020, 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 occur significant events that affect the assessment as to whether the Company would exercise the option to extend the lease or would not exercise the option to terminate the lease.
7. The Group adopted the practice of "Covid-19-Related Rent Concessions" and recognized a balance of \$1,127 on changes in lease payments resulting from the rental concessions from January 1 to June 30, 2020.

(XI) Intangible assets

	<u>Computer software</u>
January 1, 2021	
Cost	\$ 19,829
Accumulated amortization	(12,296)
	<u>\$ 7,533</u>
<u>2021</u>	
January 1	\$ 7,533
Addition - separately acquired	8,110
Derecognition - cost reduction	(5,941)
Amortization expenses	(2,285)
Derecognition - reduction in accumulated amortization	5,941
Effect of exchange rate changes	(107)
June 30	<u>\$ 13,251</u>
June 30, 2021	
Cost	\$ 21,998
Accumulated amortization	(8,747)
	<u>\$ 13,251</u>

	<u>Computer software</u>
January 1, 2020	
Cost	\$ 29,919
Accumulated amortization	(16,713)
	<u>\$ 13,206</u>
<u>2020</u>	
January 1	\$ 13,206
Addition - separately acquired	1,840
Derecognition - cost reduction	(2,392)
Amortization expenses	(4,482)
Derecognition - reduction in accumulated amortization	2,392
Effect of exchange rate changes	(51)
June 30	<u>\$ 10,513</u>
June 30, 2020	
Cost	\$ 29,367
Accumulated amortization	(18,854)
	<u>\$ 10,513</u>

Amortization of intangible assets is detailed as below:

	<u>April 1, 2021 to June 30, 2021</u>	<u>April 1, 2020 to June 30, 2020</u>
Operating costs	\$ 60	\$ 236
Administrative expenses	732	851
Research and development expenses	544	1,115
	<u>\$ 1,336</u>	<u>\$ 2,202</u>
	<u>January 1, 2021 to June 30, 2021</u>	<u>January 1, 2020 to June 30, 2020</u>
Operating costs	\$ 121	\$ 482
Administrative expenses	1,231	1,784
Research and development expenses	933	2,216
	<u>\$ 2,285</u>	<u>\$ 4,482</u>

(XII) Short-term loans

Type of loans	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Bank credit loan	\$ 1,663,313	\$ 945,061	\$ 1,625,062
Loans against letter of credit	109,315	71,140	8,570
	<u>\$ 1,772,628</u>	<u>\$ 1,016,201</u>	<u>\$ 1,633,632</u>
Interest rate range	<u>0.41%~3.90%</u>	<u>0.50%~3.70%</u>	<u>0.53%~3.90%</u>

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(XXV).

(XIII) Other payables

	June 30, 2021	December 31, 2020	June 30, 2020
Payroll and bonus payable	\$ 487,568	\$ 594,572	\$ 284,286
Expenses payable	442,183	400,504	190,516
Processing fee payable	332,195	323,930	167,693
Dividends payable	17,977	-	340,432
Employee, directors and supervisors remuneration payable	119,525	68,292	79,035
Equipment expenses payable	40,475	67,631	48,498
Others	9,764	19,616	10,700
	<u>\$ 1,449,687</u>	<u>\$ 1,474,545</u>	<u>\$ 1,121,160</u>

(XIV) Other current liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Receipts under custody	\$ 107,803	\$ 120,597	\$ 46,196
Long-term loans due within one year	96,349	93,400	90,652
Contract liabilities – current	17,245	20,221	2,046
Others	12,102	6,186	8,051
	<u>\$ 233,499</u>	<u>\$ 240,404</u>	<u>\$ 146,945</u>

(XV) Long-term loans

Type of loans	Loan period and repayment method	Interest rate range	Collateral	June 30, 2021
Long-term bank loans				
Secured loan	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 equipment	\$ 122,840
Secured loan	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%	Housing and structures	135,915
Secured loan	Duration from April 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in 59 installments on a monthly basis (Note).	0.500%	Housing and structures	13,842
				<u>272,597</u>
Less: long-term loan due in one year				<u>(96,349)</u>
				<u>\$ 176,248</u>

Type of loans	Loan period and repayment method	Interest rate range	Collateral	December 31, 2020
Long-term bank loans				
Secured loan	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 equipment	
Secured loan	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%	Housing and structures	\$ 153,550
				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	June 30, 2020
Long-term bank loans				
Secured loan	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 equipment	
Secured loan	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%	Housing and structures	\$ 200,000
				159,900
				359,900
Less: long-term loan due in one year				(90,652)
				\$ 269,248

(Note) On March 15, 2021, the Group obtained a low-interest loan from the Root in Taiwan Enterprise Accelerated Investment Project granted by the Executive Yuan for a term of 5 years with a loan amount of \$14,500 and a deferred government grant gain of \$178 was recognized upon receipt of the loan amount. As of June 30, 2021, the balance of deferred government grants was \$166 (separately shown under “Other current liabilities” of \$62 and “Other non-current liabilities – others” of \$104), and the government grants income of \$12 was recognized for the period between January 1 to June 30, 2021 based on interest amortization over the loan term.

1. For collateral against the said long-term borrowings, 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(XXV).

(XVI) 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 the 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) For the periods between April 1 to June 30, 2021 and 2020, and the periods between January 1 to June 30, 2021 and 2020, the pension costs recognized by the Group in accordance with the afore-mentioned contribution plans were \$585, \$491 \$1,142, and \$999.
- (3) The Company expects to make contributions of \$2,222 to the pension plans within one year.
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 (Dongguan) Co., Ltd. and Advanced Sporting Goods (Shatian, Dongguan) 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 was both 13% for the periods between April 1 to June 30, 2021 and 2020, and the periods between January 1 to June 30, 2021 and 2020. The pension for each employee is managed by the government, hence the Group doesn't have further obligations 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) The pension costs recognized by the Group in accordance the aforementioned contribution plans were \$27,779, \$19,076, \$56,502, and \$39,621 for the periods between April 1 to June 30, 2021 and 2020, and the periods between January 1 to June 30, 2021 and 2020.

(XVII) Share capital

As of June 30, 2021, the Company had an authorized capital in the amount of \$1,800,000 with 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.

(XVIII) Capital surplus

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.

(XIX) 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 are 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 a special reserve for debit balance in other equity on the date of the 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 amounts equal to \$311,219 (NT\$2.3 per share) for the year ended December 31, 2020. The Board of Directors proposed on July 12, 2021 to distribute NT\$2.7 to each common share using the undistributed earnings, and the dividends came to a total of \$365,344.

(XX) 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:

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
<u>Customer by</u>		
<u>geographical areas</u>		
Americas	\$ 3,088,810	\$ 961,426
Asia	1,130,942	1,106,421
Others	137,967	13,517
	\$ 4,357,719	\$ 2,081,364
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
<u>Customer by</u>		
<u>geographical areas</u>		
Americas	\$ 6,027,306	\$ 2,911,900
Asia	2,079,258	1,773,540
Others	257,485	79,924
	\$ 8,364,049	\$ 4,765,364

2. Contract liabilities

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

	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Consumer products	\$ 17,245	\$ 20,221	\$ 2,046	\$ 1,203

(2) Income recognized in the current period for opening contract liabilities

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Consumer products	\$ 16,488	\$ -
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Consumer products	\$ 20,041	\$ 429

(XXI) Other income and expenses - net

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Income from molds	\$ 6,783	\$ 5,357
Income from samples	3,284	2,803
Other income	37,185	12,596
	\$ 47,252	\$ 20,756
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Income from molds	\$ 10,868	\$ 13,808
Income from samples	5,945	9,807
Other income	51,834	20,600
	\$ 68,647	\$ 44,215

(XXII) Interest income

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Interest from bank deposits	\$ 1,494	\$ 7,619
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Interest from bank deposits	\$ 2,073	\$ 11,779

(XXIII) Other income

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Government subsidy income	\$ 11,255	\$ 48,261
Others	376	127
	\$ 11,631	\$ 48,388
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Government subsidy income	\$ 17,559	\$ 49,300
Others	429	195
	\$ 17,988	\$ 49,495

1. In June 2021, 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. For the period between January 1 to June 30, 2021, as the Group is reasonably assured that it will comply with the conditions attached in the government subsidies, the government subsidy income recognized was \$11,197.
2. In December 2020, the Group received a government subsidy of \$11,300 from the "Taiwan Industry Innovation Platform Program," which has been transferred to profit or loss upon the incurrence of expenses associated with the implementation of the program, and recognized the government subsidy income amounted to \$0 and \$6,152 for the period between April 1 to June 30, 2021, and the period between January 1 to June 30, 2021.
3. In June 2020, the Group applied to the Industrial Development Bureau, Ministry of Economic Affairs, for the subsidies towards wages and working capital subsidies for the manufacturing industry and the service industry for its technical service which were affected by COVID-19, and recognized the government subsidy income amounted to \$48,039 after reviewed and approved without any unfulfilled condition and other contingency.

(XXIV) Other gains and losses

	<u>April 1, 2021 to June 30, 2021</u>	<u>April 1, 2020 to June 30, 2020</u>
Gain (loss) on disposal and retirement of property, plant and equipment	(\$ 59)	\$ 559
Foreign exchange loss - net	(57,751)	(60,245)
Net gains from financial assets and liabilities at fair value through profit or loss	8,058	528
Others	11,393	5,166
	<u>(\$ 38,359)</u>	<u>(\$ 53,992)</u>

	<u>January 1, 2021 to June 30, 2021</u>	<u>January 1, 2020 to June 30, 2020</u>
Loss on disposal and retirement of property, plant and equipment	(\$ 33)	(\$ 12,523)
Foreign exchange loss - net	(97,941)	(25,948)
Net gains(loss) from financial assets and liabilities at fair value through profit or loss	(332)	455
Others	14,389	8,925
	<u>(\$ 83,917)</u>	<u>(\$ 29,091)</u>

(XXV) Finance costs

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Interest expense	\$ 7,570	\$ 8,826
Other financing costs	39	1,406
	<u>\$ 7,609</u>	<u>\$ 10,232</u>
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Interest expense	\$ 15,550	\$ 14,493
Other financing costs	105	1,818
	<u>\$ 15,655</u>	<u>\$ 16,311</u>

(XXVI) Additional information regarding the nature of expense

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Employee benefits expense	\$ 843,694	\$ 501,050
Depreciation expenses	128,943	101,501
Amortization expenses	5,981	6,081
	<u>\$ 978,618</u>	<u>\$ 608,632</u>
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Employee benefits expense	\$ 1,618,117	\$ 1,106,779
Depreciation expenses	256,800	201,649
Amortization expenses	10,807	11,102
	<u>\$ 1,885,724</u>	<u>\$ 1,319,530</u>

(XXVII) Employee benefits expense

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Salary and wages	\$ 721,535	\$ 422,646
Labor and health insurance premiums	50,360	37,943
Pension expense	28,364	19,567
Remuneration to directors	2,665	(2,065)
Other personnel cost	40,770	22,959
	<u>\$ 843,694</u>	<u>\$ 501,050</u>
	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Salary and wages	\$ 1,379,445	\$ 930,734
Labor and health insurance premiums	94,187	81,064
Pension expense	57,644	40,620
Remuneration to directors	5,470	410
Other personnel cost	81,371	53,951
	<u>\$ 1,618,117</u>	<u>\$ 1,106,779</u>

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. However, that a portion of earnings shall be reserved if the Company still has an accumulated deficit.
2. For the periods between April 1 to June 30, 2021 and 2020, and the periods between January 1 to June 30, 2021 and 2020, the Company recognized compensation to employees in the accrued amounts equal to \$25,435, \$4,307, \$39,994, and \$11,657, respectively; remuneration to directors and supervisors in the accrued amounts equal to \$2,500, (\$2,500), \$5,000, and \$0, respectively, and the above mentioned amounted were presented under payroll expense. The amounts for the period between January 1 to June 30, 2021 were estimated at certain percentages based on the profits earned by the end of the period. The amounts of compensation to employees and remuneration to directors and supervisors for 2020 that had been resolved by the Board of Directors are the same as the amounts stated on the 2020 financial statements. The above-mentioned employee compensation was distributed in cash. In addition, compensation to employees and remuneration to directors and supervisors for the previous year has not been distributed. Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(XXVIII) Income tax

1. Components of income tax expense (gain) components

	<u>April 1, 2021 to June 30, 2021</u>	<u>April 1, 2020 to June 30, 2020</u>
Current income tax:		
Income tax arising from the current period	\$ 101,745	\$ 589
Overestimation (underestimation) of prior year's income taxes	5,398	(8,242)
Total current income tax	107,143	(7,653)
Deferred income tax:		
Originating and reversed temporary differences	20,996	(2,337)
Income tax expense (gain)	<u>\$ 128,139</u>	<u>(\$ 9,990)</u>

	<u>January 1, 2021 to June 30, 2021</u>	<u>January 1, 2020 to June 30, 2020</u>
Current income tax:		
Income tax arising from the current period	\$ 177,478	\$ 79,165
Overestimation (underestimation) of prior year's income taxes	5,648	(8,242)
Total current income tax	183,126	70,923
Deferred income tax:		
Originating and reversed temporary differences	31,340	(33,782)
Income tax expense	<u>\$ 214,466</u>	<u>\$ 37,141</u>

2. The profit-seeking enterprise income tax of the Company is approved by the taxation authority through 2019.

(XXIX) Earnings per share

	<u>April 1, 2021 to June 30, 2021</u>		
	<u>After-tax amount</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Earnings per share (\$)</u>
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 374,946	135,313	\$ 2.77
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 374,946	135,313	
Assumed conversion of all dilutive potential common shares - employees' compensation	-	303	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	<u>\$ 374,946</u>	<u>135,616</u>	<u>\$ 2.76</u>

April 1, 2020 to June 30, 2020		
After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>		
Net income attributable to common shares shareholders of the parent company	135,313	\$ 0.26
\$ 35,261		
<u>Diluted earnings per share</u>		
Net income attributable to common shares shareholders of the parent company	135,313	
\$ 35,261		
Assumed conversion of all dilutive potential common shares - employees' compensation	138	
-		
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	135,451	\$ 0.26
\$ 35,261		

January 1, 2021 to June 30, 2021		
After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>		
Net income attributable to common shares shareholders of the parent company	135,313	\$ 5.00
\$ 676,798		
<u>Diluted earnings per share</u>		
Net income attributable to common shares shareholders of the parent company	135,313	
\$ 676,798		
Assumed conversion of all dilutive potential common shares - employees' compensation	772	
-		
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	136,085	\$ 4.97
\$ 676,798		

	January 1, 2020 to June 30, 2020		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 142,385	135,313	\$ 1.05
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 142,385	135,313	
Assumed conversion of all dilutive potential common shares - employees' compensation	-	740	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 142,385	136,053	\$ 1.05

(XXX) Additional information regarding cash flows

1. Investing activities with partial cash payments:

	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Acquisition of property, plant and equipment	\$ 436,850	\$ 249,044
Add: Equipment payable, beginning of period (recognized in other payables)	67,631	61,178
Less: Equipment payable, end of period (recognized in other payables)	(40,475)	(48,498)
Amount paid in cash	\$ 464,006	\$ 261,724

2. Investing activities that do not affect cash flows:

	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Equipment prepayments transferred to property, plant and equipment	\$ 45,334	\$ 213,776
Reclassification of property, plant and equipment to other non-current assets	\$ 1,749	\$ 1,974
Reclassification of property, plant and equipment to expense	\$ 1,002	\$ -
Cash dividends announced but yet to be distributed	\$ 17,977	\$ 340,432

(XXXI) Changes in liabilities from financing activities

	Short-term loans	Long-term loans (including 1-year due)	Lease liabilities	Total financing liability
January 1, 2021	\$1,016,201	\$ 305,455	\$ 680,605	\$ 2,002,261
Changes in financing cash flows	771,512	(32,692)	(96,820)	642,000
Effect of exchange rate changes	(15,085)	-	(1,219)	(16,304)
Other non-cash changes	-	(166)	8,604	8,438
June 30, 2021	<u>\$1,772,628</u>	<u>\$ 272,597</u>	<u>\$ 591,170</u>	<u>\$ 2,636,395</u>

	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	1,115,124	110,310	(20,599)	1,204,835
Effect of exchange rate changes	(12,633)	-	(1,359)	(13,992)
Other non-cash changes	-	-	10,534	10,534
June 30, 2020	<u>\$1,633,632</u>	<u>\$ 359,900</u>	<u>\$ 138,897</u>	<u>\$ 2,132,429</u>

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:

	April 1, 2021 to June 30, 2021	April 1, 2020 to June 30, 2020
Salary and other employee benefits	<u>\$ 9,971</u>	<u>\$ 696</u>

	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2020
Salary and other employee benefits	<u>\$ 39,494</u>	<u>\$ 21,097</u>

VIII. Pledged Assets

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

Assets	Carrying amount			Guarantee use
	June 30, 2021	December 31, 2020	June 30, 2020	
Land	\$ 125,648	\$ 125,648	\$ 125,648	Short-term loans
Buildings and structures - net	242,571	251,206	257,181	Short-term and long-term loans and credit facility guarantee
Machinery and equipment - net	182,109	195,531	218,942	Long-term loans and credit facility guarantee
Other equipment - net	4,556	5,314	6,073	Long-term loans and credit facility guarantee
Pledged time deposits	31,012	42,311	30,980	Customs deposits, performance security deposits, and lease deposit
(presented as "other non-current assets - others")	-	-	-	
	<u>\$ 585,896</u>	<u>\$ 620,010</u>	<u>\$ 638,824</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingency

None.

(II) Commitments

1. Balance of outstanding letters of credit

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials imported	<u>\$ 69,481</u>	<u>\$ 51,839</u>	<u>\$ 36,562</u>

2. Capital expenditure committed but yet to incur

	June 30, 2021	December 31, 2020	June 30, 2020
Property, plant and equipment	<u>\$ 791,509</u>	<u>\$ 286,680</u>	<u>\$ 254,901</u>

3. Operating lease agreements

Please refer to Note VI(X) for details.

X. Significant Losses from Disasters

None.

XI. Significant Subsequent Events

Please refer to Note VI(XIX) and XII(IV) for elaboration.

XII. Others

(I) Capital Management

There is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2020.

(II) Financial Instruments

1. Types of financial instruments

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 272	\$ 472	\$ -
Financial assets at fair value through other comprehensive income			
Election of the designated equity instrument investment	55	55	55
Financial assets at amortized cost			
Cash and cash equivalents	1,348,505	930,555	1,460,336
Financial assets at amortized cost	236,228	509,737	595,273
Notes receivable	7,203	7,808	5,945
Accounts receivable	3,563,617	3,152,746	2,059,217
Other receivables	17,054	17,789	5,505
Refundable deposits	50,261	64,049	47,588
	<u>\$ 5,223,195</u>	<u>\$ 4,683,211</u>	<u>\$ 4,173,919</u>

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial liabilities</u>			
Financial liabilities at amortized costs			
Financial liabilities held for trading	\$ 803	\$ 21	\$ -
Short-term loans	1,772,628	1,016,201	1,633,632
Notes payable	3,907	3,248	857
Accounts payable	1,685,138	1,867,748	874,196
Other payables	1,449,687	1,474,545	1,121,160
Long-term loans (including 1-year due)	272,597	305,455	359,900
Deposits received	539	547	523
	<u>\$ 5,185,299</u>	<u>\$ 4,667,765</u>	<u>\$ 3,990,268</u>
Lease liabilities (including non-current)	\$ 591,170	\$ 680,605	\$ 138,897

2. Risk management policy

There is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2020.

3. The nature and degree of significant financial risks

Except for matters stated below, there is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2020.

(1) Market risk

Foreign exchange rate risk

A. The Group's business involves 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:

				June 30, 2021		
				Foreign currency	Exchange rate	Carrying amount
				(in \$ thousands)		(New Taiwan Dollars)
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	\$	145,633	27.81	\$	4,050,054
	USD:RMB		50,247	6.4601		1,397,369
<u>Non-monetary items</u>						
	USD:NTD		24,365	27.81		677,598
	RMB:NTD		155,707	4.309		670,942
	EUR:NTD		1,379	32.95		45,442
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD		78,013	27.91		2,177,343
	USD:RMB		36,912	6.4601		1,030,214

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

		June 30, 2020		
		Foreign currency (in \$ thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	\$ 131,085	29.58	\$ 3,877,494
	USD:RMB	33,113	7.0795	979,483
<u>Non-monetary items</u>				
	USD:NTD	21,244	29.58	628,402
	RMB:NTD	106,329	4.191	445,624
	EUR:NTD	1,500	33.07	49,212
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	46,240	29.68	1,372,403
	USD:RMB	27,225	7.0795	808,038

- B. Due to significant influence from exchange rate volatility, total exchange losses of the Group's monetary items amounted to (\$57,751), (\$60,245), (\$97,941), and (\$25,948) for the periods between April 1 to June 30, 2021 and 2020, and for the periods between January 1 to June 30, 2021 and 2020.
- C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

		January 1, 2021 to June 30, 2021		
		Sensitivity analysis		
		Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 40,501	\$ -
	USD:RMB	1%	13,974	-
<u>Non-monetary items</u>				
	USD:NTD	1%	-	6,776
	RMB:NTD	1%	-	6,709
	EUR:NTD	1%	-	454
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	21,773	-
	USD:RMB	1%	10,302	-

January 1, 2020 to June 30, 2020			
Sensitivity analysis			
Range of change	Effects on profit or loss	Effects on other comprehensive income	
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 38,775	\$ -
USD:RMB	1%	9,795	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	6,284
RMB:NTD	1%	-	4,456
EUR:NTD	1%	-	492
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	13,724	-
USD:RMB	1%	8,080	-

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 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 periods between January 1 to June 30, 2021 and 2020, 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%, holding other variables constant, the net income after tax for the periods between January 1 to June 30, 2021 and 2020 will decrease or increase by \$1,069 and \$1,012, 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.

Accounts receivable

- A. The Group has established a specific internal credit policy, which requires entities within the Group to manage and conduct 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. Expected credit losses on the Company's accounts receivable as of June 30, 2021, December 31, 2020, and June 30, 2020 were as follows:

	Not overdue	Overdue						
		Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days
<u>June 30, 2021</u>	0.00%~0.02%	0.02%~0.23%	0.02%~1.94%	0.04%~4.77%	0.19%~10.32%	1.86%~34.37%	22.31%~67.99%	100%
<u>December 31, 2020</u>	0.00%~0.04%	0.02%~0.51%	0.02%~3.39%	0.04%~7.35%	0.19%~14.47%	1.86%~58.06%	22.31%~93.69%	100%
<u>June 30, 2020</u>	0.00%~0.04%	0.02%~0.51%	0.02%~3.39%	0.04%~7.35%	0.19%~14.47%	1.86%~58.06%	22.31%~93.69%	100%

The Group's balance of accounts overdue for 31 days and more as of June 30, 2021, December 31, 2020, and June 30, 2020 accounted for approximately 0.49%, 0.14% and 2.49% of the total, respectively.

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

	2021	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 1,807
Provision of impairment loss	-	2,126
June 30	\$ -	\$ 3,933

	2020	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 865
Provision of impairment loss	-	4,164
June 30	\$ -	\$ 5,029

(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 agreements, 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 June 30, 2021, December 31, 2020, and June 30, 2020, the Group had a money market position in the amounts equal to \$1,347,470, \$929,148, and \$1,458,268, respectively.
- 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:

	June 30, 2021		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,775,046	\$ -	\$ -
Notes payable	3,907	-	-
Accounts payable	1,685,138	-	-
Other payables	1,449,687	-	-
Lease liabilities (including non-current)	58,155	24,995	590,154
Long-term loans	98,794	97,783	81,015
<u>Derivative financial liabilities:</u>			
Forward foreign exchange contracts	803	-	-

	December 31, 2020		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative</u>			
<u>financial liabilities:</u>			
Short-term loans	\$ 1,018,041	\$ -	\$ -
Notes payable	3,248	-	-
Accounts payable	1,867,748	-	-
Other payables	1,474,545	-	-
Lease liabilities (including non-current)	128,088	35,670	602,534
Long-term loans	96,279	95,283	120,116
<u>Derivative financial</u>			
<u>liabilities:</u>			
Forward foreign exchange contracts	21	-	-

	June 30, 2020		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative</u>			
<u>financial liabilities:</u>			
Short-term loans	\$ 1,638,669	\$ -	\$ -
Notes payable	857	-	-
Accounts payable	874,196	-	-
Other payables	1,121,160	-	-
Lease liabilities (including non-current)	39,640	27,276	88,255
Long-term loans	94,088	100,987	172,827

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, 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 one year, and guaran tee 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:

June 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 272	\$ -	\$ 272
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ 55</u>	<u>\$ 327</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
Forward foreign exchange contracts	\$ -	\$ 803	\$ -	\$ 803

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 472	\$ -	\$ 472
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ 55</u>	<u>\$ 527</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
Forward foreign exchange contracts	\$ -	\$ 21	\$ -	\$ 21
	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 21</u>
June 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 55	\$ 55
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ 55</u>

(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 evaluated based on the current forward exchange rates.

4. There was no transfer between Level 1 and Level 2 of the fair value hierarchy for the periods between January 1 to June 30, 2021 and 2020.
5. There were no changes in Level 3 of the fair value hierarchy for the periods between January 1 to June 30, 2021 and 2020.
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 through the 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:

	June 30, 2021	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 value method	Not applicable.	Not applicable.	Not applicable.
	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 value method	Not applicable.	Not applicable.	Not applicable.
	June 30, 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	\$ 1,014	Net asset value 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.

(IV) Other Matters

1. The Group's major customers are in the United States and Japan, and the products are mainly outdoor recreational and sporting goods and composite materials used for 3C products which can keep appropriate social distance. The Group has complied with the disease control guidelines of the Ministry of Health and Welfare and the local government in various regions. It was assessed that the Group's operations and financial performance were not affected by the COVID-19 pandemic.

2. On July 19, 2021, the Group cooperated with the Vietnam government's pandemic prevention measures to suspend work, arranged a full COVID-19 screening for all factory staff, and fully disinfected the factory area. On July 23, 2021, the Group resumed production according to the Vietnam government's notice and continued to strengthen its pandemic prevention measures and its production on plant orders in line with the three-on-the-ground quarantine policies of "local accommodation, on-site production, and on-site catering" regulated by the Vietnam government. On August 3, 2021, all works were suspended for two weeks in coordination with the pandemic prevention measures of the industrial district bureau in Vietnam to ensure the employees' safety. The Group will flexibly adjust the production capacity in different regions as required. The financial and business impact of this event on the Group is limited according to the assessment.

XIII. Additional Disclosures

(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 NT\$300 Million or Exceeding 20% of the Paid-in Capital or More: None.
5. Acquisition of Property Amounting to At Least NT\$300 Million or Exceeding 20% of Paid-in Capital: None.
6. Disposal of Property Amounting to at Least NT\$300 Million or Exceeding 20% of Paid-in Capital: None.
7. Purchases from and Sales to Related Parties Amounting to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital: Please refer to Table 2.
8. Receivables from Related Parties Amounting to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital: Please refer to Table 3.
9. Engagement in Derivatives Transactions: Please refer to Notes VI(II) and XII(III).
10. Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof: Please refer to Table 4.

(II) Reinvestment Information

Name, Location, and Information on Investee Companies (Excluding Investee Companies in China): Please refer to Table 5.

(III) Investments in Mainland China

1. Investee Information: Please refer to Table 6.

2. Significant Transactions between the Company and Investees in Mainland China Directly or Indirectly through Entities in a Third Area: Please refer to Table 7.

(IV) Major Shareholder Information

Please refer to Table 8.

XIV. Segment Information

(I) General Information

The Group is primarily engaged in manufacturing consumer products for 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 the 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).

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 June 30, 2021

Table 1

Unit: NT\$ thousand (Unless otherwise specified)

Investor	Type and name of securities	Relationship with the issuer	General ledger account	End of the period				Note
				Number of shares	Carrying amount	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

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

January 1 to June 30, 2021

Table 2

Unit: NT\$ thousand (Unless otherwise specified)

Name of company	Name of the counterparty	Relationship	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes or accounts receivable (payable)		
			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	\$ 3,942,846	62%	Note 1	Note 1	Note 1	(\$ 1,181,323)	74%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchases	1,663,580	26%	Note 1	Note 1	Note 1	(210,404)	13%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	(3,942,846)	(100%)	Note 3	Note 3	Note 3	1,181,323	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	(1,663,580)	(100%)	Note 3	Note 3	Note 3	210,404	100%	

Note 1. The prices and terms of payment of the Company's purchases from Advanced Sporting Goods (Dongguan) 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-progress) 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 \$653,830 for the period between January 1 to June 30, 2021.

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 June 30, 2021

Table 3

Unit: NT\$ thousand (Unless otherwise specified)

Name of company	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	\$ 1,181,323	1.51	\$ -	-	\$ 82,355	\$ -	-
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	210,404	1.87	-	-	134,212	-	-

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to June 30, 2021

Table 4

Unit: NT\$ thousand (Unless otherwise specified)

No. (Note 1)	Name of the company	Name of the transaction counterparty	Relationship (Note 2)	Conditions of transactions			Ratio to consolidated total revenue or total assets (%)
				General ledger account	Amount	Transaction terms	
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchases	\$ 3,942,846	According to the agreement between both parties	47%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Accounts payable	1,181,323	According to the agreement between both parties	10%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchases	1,663,580	According to the agreement between both parties	20%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Accounts payable	210,404	According to the agreement between both parties	2%

Note 1. The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column as below:

- (1) The parent company is coded 0.
- (2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2. Three 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 (Excluding Investee Companies in Mainland China)

January 1 to June 30, 2021

Table 5

Unit: NT\$ thousand (Unless otherwise specified)

Investor	Name of investee company	Location	Primary business	Original investment amount		Ownership, end of period			Profit or loss of investee company	Recognized investment gain or loss for the period	Note
				End of this period	End of last year	Number of shares	Ownership (%)	Carrying amount			
Advanced International Multitech Co., Ltd.	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	British Virgin Islands	Investment in other regions	\$ 149,434	\$ 149,434	4,584,815	100	\$ 670,942	\$ 77,683	\$ 75,271	Note 1
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	677,598	17,670	18,264	Note 1 and Note 2
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd. (LTC)	Taiwan	Engaged in the production of sports products, other plastic products and international trade	266,495	266,495	28,518,424	55.93	540,931	80,959	45,280	
Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (BVI) CO., LTD.	British Virgin Islands	Investment in other regions	-	34,471	-	-	-	-	-	
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 products.	49,212	49,212	21,003	27.27	45,442	(690)	(188)	Note 2

Note 1. 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.

Note 2. Investment gain or loss recognized in the self-closing financial statements of the investee company.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investments in Mainland China - General Information

January 1 to June 30, 2021

Table 6

Unit: NT\$ thousand (Unless otherwise specified)

Investee company	Primary business	Actual paid-in capital	Method of investment	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount		Ending balance of accumulated outflow of investment from Taiwan	Profit or loss of investee company	Direct or indirect ownership of the Company (%)	Recognized investment gain or loss for the period	Carrying amount, end of period	Ending balance of accumulated inward remittance of investment income	Note
					Remittance	Recovery							
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	\$77,708	100	\$77,708	\$676,356	\$ 860,163	Note 1 and Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.: Baoji Zatech Material Co., Ltd.	Engaged in production of materials	17,744	3	-	-	-	-	189	25	47	3,341	-	Note 1, Note 3, Note 4, and Note 5

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 an existing company in a 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. Investment gain or loss recognized in the financial statements of the investee company.

Note 4. the amount of paid-in capital is converted based on the RMB4,000 thousand, using the exchange rate of 4.436.

Note 5. Being the subsidiary of the Company, Advanced Sporting Goods (Dongguan) Co., Ltd. directly invested in the investee company in Mainland China, the Company does not have an actual remittance amount.

Name of company	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by the Investment Commission, M.O.E.A.
Advanced International Multitech Co., Ltd. (Note 6, Note 7 and Note 8)	\$ 149,434	\$ 127,515	\$ 2,214,170

Note 6. Accumulated outward remittance from Taiwan to Mainland China at the end of the period is translated at the spot exchange rate of USD4,577 thousand at the time of the remittance.

Note 7. The investment amount approved by the Investment Commission of the Ministry of Economic Affairs is USD4,577 thousand, which is translated using the USD exchange rate of 27.86 at the balance sheet date.

Note 8. According to the quota stipulated in letter No. 09704604680 of the Ministry of Economic Affairs on August 29, 2008.

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 June 30, 2021

Table 7

Unit: NT\$ thousand (Unless otherwise specified)

Investee company	Sales (purchases)		Property transaction		Accounts receivable (payable)		Endorsement/guarantee or collateral provided		Financing					
	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Maximum balance	Ending balance	Interest rate range	Current Interest	Others	
Advanced Sporting Goods (Dongguan) Co., Ltd.	(\$ 3,942,846)	(62%)	\$ -	-	(\$ 1,181,323)	(74%)	\$ -	-	\$ -	-	-	\$ -	-	Note

Note: The purchase (sales) amount comprises the sales revenue (sales of raw materials and work-in-progress) and operating costs (purchase of goods) arising from related processing of the Company's sales to Advanced Sporting Goods (Dongguan) Co., Ltd., that's about processing of removal materials, offset by \$478,561 for the period between January 1 to June 30, 2021.

Advanced International Multitech Co., Ltd. and Subsidiaries

Major Shareholder Information

June 30, 2021

Table 8

<u>Shareholder's name</u>	<u>Number of shares</u>	<u>Shareholding</u>	<u>Shareholding ratio</u>
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. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

(2) For the above are shares entrusted by the shareholders, the information thereto shall be based on the shares disclosed by the individual trust account 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.