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Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated
Financial Statements and Independent Auditors'
Review Report
For the Nine Months Ended September 30, 2021 and 2020
(Stock Code: 8938)

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

Tel: (07)872-1410

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report for the Nine Months Ended
September 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 September 30, 2021 and 2020, the consolidated statements of comprehensive income from July 1 to September 30, 2021 and 2020 and from January 1 to September 30, 2021 and 2020, the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to September 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.

Basis 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 September 30, 2021 and 2020 were NT\$1,268,280 thousand and NT\$974,075 thousand, respectively, representing 11% and 10% of the total consolidated assets, respectively; and the total liabilities of NT\$585,632 thousand and NT\$700,067 thousand, representing 10% and 13% of the total consolidated liabilities as of September 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\$(37,193) thousand, NT\$21,639 thousand, NT\$(36,766) thousand and NT\$45,878 thousand, represent (13%), 8%, (4%) and 12% of total consolidated comprehensive income for the three-month periods ended September 30, 2021 and 2020 and for the nine-month periods ended September 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 September 30, 2021 and 2020, its consolidated financial performance for the three-month periods ended September 30, 2021 and 2020 and for the nine-month periods ended September 30, 2021 and 2020, and its consolidated cash flows for the nine-month periods ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission.

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

November 5, 2021

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

September 30, 2021, December 31 and September 30, 2020

(The Consolidated Balance Sheets on September 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	September 30, 2021		December 31, 2020		September 30, 2020	
			Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	VI(I)	\$ 1,099,476	10	\$ 930,555	9	\$ 1,022,435	11
1110	Financial assets at fair value through profit or loss - current	VI(II)	-	-	472	-	329	-
1136	Financial assets at amortized cost - current	VI(III)	252,844	2	465,088	4	128,327	1
1150	Notes receivable - net	VI(IV)	2,427	-	7,808	-	4,432	-
1170	Accounts receivable - net	V and VI(IV)	2,755,564	25	3,152,746	29	2,868,006	29
1200	Other receivables		13,195	-	17,789	-	28,359	-
130X	Inventories	V and VI(V)	2,750,550	24	2,245,667	21	1,768,131	18
1410	Prepayments	VI(VII)	277,472	3	200,180	2	174,875	2
1470	Other current assets		28,962	-	7,988	-	14,597	-
11XX	Total current assets		<u>7,180,490</u>	<u>64</u>	<u>7,028,293</u>	<u>65</u>	<u>6,009,491</u>	<u>61</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	-	451,923	5
1550	Investments accounted for using the equity method	VI(VIII)	46,219	-	51,708	1	52,333	-
1600	Property, plant and equipment	VI(IX) and VIII	2,928,980	26	2,607,969	24	2,526,001	25
1755	Right-of-use assets	VI(X)	787,441	7	840,786	8	643,917	6
1780	Intangible assets	VI(XI)	13,356	-	7,533	-	8,603	-
1840	Deferred income tax assets		51,806	1	72,182	1	59,785	1
1915	Prepayments for business facilities		139,189	1	46,548	-	68,981	1
1990	Other non-current assets - others	VIII	119,122	1	116,517	1	93,840	1
15XX	Total non-current assets		<u>4,086,168</u>	<u>36</u>	<u>3,787,947</u>	<u>35</u>	<u>3,905,438</u>	<u>39</u>
1XXX	Total assets		<u>\$ 11,266,658</u>	<u>100</u>	<u>\$ 10,816,240</u>	<u>100</u>	<u>\$ 9,914,929</u>	<u>100</u>

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Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

September 30, 2021, December 31 and September 30, 2020

(The Consolidated Balance Sheets on September 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	September 30, 2021		December 31, 2020		September 30, 2020	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	XI(XII) and VIII	\$ 1,492,154	13	\$ 1,016,201	10	\$ 1,473,256	15
2120	Financial liabilities at fair value through profit or loss - current	VI(II)	250	-	21	-	-	-
2150	Notes payable		2,375	-	3,248	-	45	-
2170	Accounts payable		1,468,152	13	1,867,748	17	1,337,248	13
2200	Other payables	VI(XIII)	1,401,963	13	1,474,545	14	1,070,229	11
2230	Income tax liabilities		290,129	3	226,004	2	155,668	2
2280	Lease liabilities - current		41,426	-	121,022	1	51,786	-
2300	Other current liabilities	VI(XIV)						
		(XV)(XX)	246,739	2	240,404	2	228,247	2
21XX	Total current liabilities		<u>4,943,188</u>	<u>44</u>	<u>4,949,193</u>	<u>46</u>	<u>4,316,479</u>	<u>43</u>
	Non-current liabilities							
2540	Long-term loans	VI(XV) and VIII	152,177	1	212,055	2	244,587	2
2570	Deferred income tax liabilities		137,618	1	137,785	1	153,596	2
2580	Lease liabilities - non-current		533,846	5	559,583	5	566,560	6
2630	Long-term deferred income	VI(XXIII)	92	-	6,152	-	-	-
2640	Net defined benefit liabilities - non-current		72,857	1	82,050	1	80,346	1
2670	Other non-current liabilities - others		583	-	548	-	535	-
25XX	Total non-current liabilities		<u>897,173</u>	<u>8</u>	<u>998,173</u>	<u>9</u>	<u>1,045,624</u>	<u>11</u>
2XXX	Total liabilities		<u>5,840,361</u>	<u>52</u>	<u>5,947,366</u>	<u>55</u>	<u>5,362,103</u>	<u>54</u>
	Equity							
	Equity attributable to shareholders of the parent company							
3110	Share capital	VI(XVII)	1,353,127	12	1,353,127	12	1,353,127	14
	Capital of common shares							
	Capital surplus	VI(XVIII)	781,236	7	781,236	7	781,236	8
3200	Capital surplus							
	Retained earnings	VI(XIX)	929,358	8	861,536	8	861,536	9
3310	Legal reserve		142,997	1	133,828	1	133,828	1
3320	Special reserve		1,961,024	17	1,473,609	14	1,188,784	12
3350	Undistributed earnings							
	Other equity		(170,310)	(1)	(142,996)	(1)	(156,415)	(2)
3400	Other equity							
3500	Treasury stock	VI(XVII)	(31,527)	-	-	-	-	-
31XX	Total equity attributable to shareholders of the parent company		<u>4,965,905</u>	<u>44</u>	<u>4,460,340</u>	<u>41</u>	<u>4,162,096</u>	<u>42</u>
36XX	Non-controlling interests	IV(III)	<u>460,392</u>	<u>4</u>	<u>408,534</u>	<u>4</u>	<u>390,730</u>	<u>4</u>
3XXX	Total equity		<u>5,426,297</u>	<u>48</u>	<u>4,868,874</u>	<u>45</u>	<u>4,552,826</u>	<u>46</u>
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	IX						
3X2X	Total liabilities and equity		<u>\$ 11,266,658</u>	<u>100</u>	<u>\$ 10,816,240</u>	<u>100</u>	<u>\$ 9,914,929</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.

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to September 30, 2021 and January 1 to September 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	July 1 to September 30, 2021		July 1 to September 30, 2020		January 1 to September 30, 2021		January 1 to September 30, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	VI(XX)	\$ 3,680,814	100	\$ 3,235,769	100	\$ 12,044,863	100	\$ 8,001,133	100
5000 Operating costs	VI(V)(XI) (XXVI)(XXVII)	(3,017,616)	(82)	(2,538,499)	(78)	(9,759,954)	(81)	(6,692,500)	(84)
5900 Gross operating profit		<u>663,198</u>	<u>18</u>	<u>697,270</u>	<u>22</u>	<u>2,284,909</u>	<u>19</u>	<u>1,308,633</u>	<u>16</u>
Operating expenses	VI(XI)(XXVI) (XXVII)	(64,293)	(2)	(48,313)	(2)	(182,888)	(2)	(126,480)	(1)
6100 Selling expenses		(136,617)	(4)	(104,633)	(3)	(383,000)	(3)	(304,476)	(4)
6200 Administrative expenses		(160,060)	(4)	(123,484)	(4)	(476,719)	(4)	(333,964)	(4)
6300 Research and development expenses		2,018	-	1,651	-	108	-	2,513	-
6450 Expected credit impairment gain (loss)	XII(II)	(358,952)	(10)	(274,779)	(9)	(1,042,715)	(9)	(767,433)	(9)
6000 Total operating expenses		<u>32,505</u>	<u>1</u>	<u>25,575</u>	<u>1</u>	<u>101,152</u>	<u>1</u>	<u>69,790</u>	<u>1</u>
6500 Other income and expenses - net	VI(XXI)	<u>336,751</u>	<u>9</u>	<u>448,066</u>	<u>14</u>	<u>1,343,346</u>	<u>11</u>	<u>610,990</u>	<u>8</u>
6900 Operating income									
Non-operating income and expenses									
7100 Interest income	VI(XXII)	729	-	3,529	-	2,802	-	15,308	-
7010 Other income	VI(XXIII)	890	-	18,878	-	18,878	-	68,373	1
7020 Other gains and losses	VI(II)(XXIV)	29,333	1	(82,661)	(3)	(54,584)	(1)	(111,752)	(2)
7050 Finance costs	VI(IX)(XXV)	(6,611)	(1)	(12,437)	(1)	(22,266)	(1)	(28,748)	(1)
7060 Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	(1,487)	(1)	254	-	(1,628)	(1)	260	-
7000 Total non-operating income and expenses		<u>22,854</u>	<u>1</u>	<u>(72,437)</u>	<u>(3)</u>	<u>56,798</u>	<u>-</u>	<u>(56,559)</u>	<u>(1)</u>
7900 Profit before tax		<u>359,605</u>	<u>10</u>	<u>375,629</u>	<u>11</u>	<u>1,286,548</u>	<u>11</u>	<u>554,431</u>	<u>7</u>
7950 Income tax expense	VI(XXVIII)	(72,497)	(2)	(108,435)	(3)	(286,963)	(3)	(145,576)	(2)
8200 Net income		<u>\$ 287,108</u>	<u>8</u>	<u>\$ 267,194</u>	<u>8</u>	<u>\$ 999,585</u>	<u>8</u>	<u>\$ 408,855</u>	<u>5</u>
Other comprehensive income (loss)									
Items that may be reclassified subsequently to profit or loss									
8361 Exchange differences on translation of foreign financial statements		\$ 635	-	(\$ 3,022)	-	(\$ 27,314)	-	(\$ 22,587)	-
8500 Total comprehensive income (loss)		<u>\$ 287,743</u>	<u>8</u>	<u>\$ 264,172</u>	<u>8</u>	<u>\$ 972,271</u>	<u>8</u>	<u>\$ 386,268</u>	<u>5</u>
Net income (loss) attributable to:									
8610 Owners of the parent company		\$ 252,952	7	\$ 251,016	7	\$ 929,750	8	\$ 393,401	5
8620 Non-controlling interests		34,156	1	16,178	1	69,835	-	15,454	-
Total		<u>\$ 287,108</u>	<u>8</u>	<u>\$ 267,194</u>	<u>8</u>	<u>\$ 999,585</u>	<u>8</u>	<u>\$ 408,855</u>	<u>5</u>
Total comprehensive income (loss) attributable to:									
8710 Owners of the parent company		\$ 253,587	7	\$ 247,994	7	\$ 902,436	7	\$ 370,814	5
8720 Non-controlling interests		34,156	1	16,178	1	69,835	1	15,454	-
Total		<u>\$ 287,743</u>	<u>8</u>	<u>\$ 264,172</u>	<u>8</u>	<u>\$ 972,271</u>	<u>8</u>	<u>\$ 386,268</u>	<u>5</u>
Earnings per share	VI(XXIX)								
9750 Basic		\$ 1.87		\$ 1.86		\$ 6.87		\$ 2.91	
9850 Diluted		\$ 1.87		\$ 1.85		\$ 6.82		\$ 2.89	

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

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to September 30, 2021 and January 1 to September 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

	Notes	Equity attributable to shareholders of the parent company										Non-controlling interests	Total equity	
		Capital surplus				Retained earnings				Exchange differences on translation of foreign financial statements	Treasury stock			Total
		Capital of common shares	Share premium	Recognized value of changes in ownership of subsidiaries	Others	Legal reserve	Special reserve	Undistributed earnings						
<u>January 1 to September 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		-	-	-	-	-	-	393,401	-	-	393,401	15,454	408,855	
Other comprehensive income (loss)		-	-	-	-	-	-	-	(22,587)	-	(22,587)	-	(22,587)	
Total comprehensive income (loss)		-	-	-	-	-	-	393,401	(22,587)	-	370,814	15,454	386,268	
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 September 30, 2020		\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 861,536	\$ 133,828	\$ 1,188,784	(\$ 156,415)	\$ -	\$ 4,162,096	\$ 390,730	\$ 4,552,826	
<u>January 1 to September 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		-	-	-	-	-	-	929,750	-	-	929,750	69,835	999,585	
Other comprehensive income (loss)		-	-	-	-	-	-	-	(27,314)	-	(27,314)	-	(27,314)	
Total comprehensive income (loss)		-	-	-	-	-	-	929,750	(27,314)	-	902,436	69,835	972,271	
Earnings appropriation and allocation for 2020:														
Provision of legal reserve		-	-	-	-	67,822	-	(67,822)	-	-	-	-	-	
Provision of special reserve		-	-	-	-	-	9,169	(9,169)	-	-	-	-	-	
Cash dividends for common shares	VI(XIX)	-	-	-	-	-	-	(365,344)	-	-	(365,344)	-	(365,344)	
Non-controlling interests		-	-	-	-	-	-	-	-	-	-	(17,977)	(17,977)	
Treasury stock buyback	VI(XVII)	-	-	-	-	-	-	-	-	(31,527)	(31,527)	-	(31,527)	
Balance as of September 30, 2021		\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 929,358	\$ 142,997	\$ 1,961,024	(\$ 170,310)	(\$ 31,527)	\$ 4,965,905	\$ 460,392	\$ 5,426,297	

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 September 30, 2021 and January 1 to September 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

	Notes	January 1 to September 30, 2021	January 1 to September 30, 2020
<u>Cash flows from operating activities</u>			
Net profit before tax		\$ 1,286,548	\$ 554,431
Adjustments			
Income and expense item			
Depreciation expenses	VI(IX)(X) (XXVI)	387,271	310,044
Amortization expenses	VI(XXVI)	17,292	17,412
Expected credit impairment loss	XII(II)	108	2,513
Net gains from financial assets and liabilities at fair value through profit or loss	VI(II)(XXIV)		
		(1,349)	(920)
Interest income	VI(XXII)	(2,802)	(15,308)
Interest expense	VI(XXV)	22,124	25,549
Loss on disposal and retirement of property, plant and equipment	VI(XXIV)	5,472	12,969
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)	1,628	(260)
Gains from disposal of subsidiaries	VI(XXX)	-	(8,509)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss - current		2,048	780
Notes receivable - net		5,381	1,257
Accounts receivable		370,232	(247,074)
Other receivables		4,570	4,955
Inventories		(528,842)	111,221
Prepayments		(79,576)	(47,581)
Other current assets		(21,008)	(5,683)
Net changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		-	(179)
Notes payable		(873)	(2,254)
Accounts payable		(376,608)	92,319
Other payables		(55,199)	(32,946)
Other current liabilities		3,358	72,408
Long-term deferred income		(6,152)	-
Net defined benefit liabilities - non-current		(9,192)	(2)
Cash provided by operating activities		1,025,433	844,721
Income tax paid		(202,175)	(139,515)
Net cash provided by operating activities		<u>823,258</u>	<u>705,206</u>

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Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2021 and January 1 to September 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 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
<u>Cash provided by investing activities</u>			
Decrease (Increase) in financial assets at amortized cost - current		\$ 212,244	(\$ 128,327)
Decrease (Increase) in financial assets at amortized cost - non-current		44,649	(451,923)
Acquisition of investments accounted for using the equity method		-	(49,212)
Net cash provided by disposal of subsidiaries	VI(XXX)	-	(7,513)
Acquisition of property, plant and equipment	VI(XXX)	(628,875)	(405,882)
Increase in prepayments for business facilities		(160,450)	(200,071)
Proceeds from disposal of property, plant and equipment		3,420	2,370
Acquisition of intangible assets	VI(XI)	(9,657)	(1,831)
Increase in refundable deposits		(6)	(40,842)
Decrease in refundable deposits		12,802	3,109
Increase in other non-current assets - others		(28,358)	(34,772)
Interest received		2,802	15,308
Net cash used in investing activities		<u>(551,429)</u>	<u>(1,299,586)</u>
<u>Cash provided by (used in) financing activities</u>			
Increase in short-term loans	VI(XXXI)	13,237,997	14,580,559
Decrease in short-term loans	VI(XXXI)	(12,747,298)	(13,617,809)
Repayment of the principal amount of rentals	VI(XXXI)	(112,419)	(33,248)
Increase in long-term loans	VI(XXXI)	14,500	110,311
Repayment of long-term loans	VI(XXXI)	(71,279)	(16,667)
Increase in deposits received		43	-
Decrease in deposits received		-	(746)
Interest paid		(16,939)	(20,582)
Cash dividends distributed	VI(XIX)	(365,344)	(311,219)
Cash dividends distributed by subsidiary		(17,977)	(29,213)
Treasury stock buyback cost	VI(XXX)	(20,910)	-
Net cash provided by (used in) financing activities		<u>(99,626)</u>	<u>661,386</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(3,282)</u>	<u>(13,337)</u>
Increase in cash and cash equivalents for the current period		168,921	53,669
Cash and cash equivalents, beginning of the period		930,555	968,766
Cash and cash equivalents, end of the period		<u>\$ 1,099,476</u>	<u>\$ 1,022,435</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 the Consolidated Financial Statements

For the Nine Months Ended September 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 November 5, 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" hereinafter)

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
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, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2022:

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
			September 30, 2021	December 31, 2020	September 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	

Note 1. This subsidiary's financial statements ended September 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.

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 September 30, 2021, December 31, 2020, and September 30, 2020, the Group's non-controlling interests totaled \$460,392, \$408,534, and \$390,730, respectively. The information on the Group's material non-controlling interests and its subsidiaries were as below:

Subsidiary	Principal place of business	Non-controlling interests					
		September 30, 2021		December 31, 2020		September 30, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., Ltd. (LTC)	Taiwan	\$ 460,392	44.07	\$ 408,534	44.07	\$ 390,730	44.07

Summary of the financial information of subsidiaries is as follows:

Balance Sheets

	Launch Technologies Co., Ltd. (LTC)		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 876,963	\$ 732,655	\$ 604,335
Non-current assets	1,179,441	1,170,724	1,159,252
Current liabilities	(785,629)	(684,814)	(550,957)
Non-current liabilities	(226,105)	(291,565)	(326,028)
Total net assets	<u>\$ 1,044,670</u>	<u>\$ 927,000</u>	<u>\$ 886,602</u>

Statements of Comprehensive Income

	Launch Technologies Co., Ltd. (LTC)	
	July 1 to September 30, 2021	July 1 to September 30, 2020
Revenue	\$ 707,955	\$ 427,024
Profit before tax	96,879	44,658
Income tax expense	(19,376)	(7,949)
Net income	77,503	36,709
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>\$ 77,503</u>	<u>\$ 36,709</u>

	Launch Technologies Co., Ltd. (LTC)	
	January 1 to September 30, 2021	January 1 to September 30, 2020
Revenue	\$ 1,867,631	\$ 1,073,545
Profit before tax	198,408	28,214
Income tax expense	(39,946)	(6,853)
Net income	158,462	35,067
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>\$ 158,462</u>	<u>\$ 35,067</u>

Statements of Cash Flows

	Launch Technologies Co., Ltd. (LTC)	
	January 1 to September 30, 2021	January 1 to September 30, 2020
Net cash provided by operating activities	\$ 237,447	\$ 99,170
Net cash used in investing activities	(124,485)	(216,293)
Net cash provided by (used in) financing activities	(100,470)	(166,198)
Increase in cash and cash equivalents for the current period	12,492	49,075
Cash and cash equivalents, beginning of the period	64,687	10,525
Cash and cash equivalents, end of the period	<u>\$ 77,179</u>	<u>\$ 59,600</u>

(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 September 30, 2021, the carrying amount of the Group's accounts receivable was \$2,755,564.

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 September 30, 2021, the carrying amount of the Group's inventory was \$2,750,550.

VI. Descriptions of Major Accounting Subjects

(I) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 1,711	\$ 1,407	\$ 1,475
Checking deposits and demand deposits	858,460	457,028	547,201
Cash equivalents - time deposits	239,305	158,400	67,059
Cash equivalents - repo bonds	-	313,720	406,700
	<u>\$ 1,099,476</u>	<u>\$ 930,555</u>	<u>\$ 1,022,435</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 risk 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging financial derivatives	\$ -	\$ 472	\$ 329
Adjustment for valuation	-	-	-
	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ 329</u>
Financial liabilities held for trading			
Non-hedging financial derivatives	\$ 250	\$ 21	\$ -
Adjustment for valuation	-	-	-
	<u>\$ 250</u>	<u>\$ 21</u>	<u>\$ -</u>

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

	<u>July 1 to September 30, 2021</u>	<u>July 1 to September 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	\$ 1,762	\$ 465
Financial liabilities held for trading		
Non-hedging financial derivatives	(81)	-
	<u>\$ 1,681</u>	<u>\$ 465</u>

	July 1 to September 30, 2021	July 1 to September 30, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	\$ 9,799	\$ 987
Financial liabilities held for trading		
Non-hedging financial derivatives	(8,450)	67
	<u>\$ 1,349</u>	<u>\$ 920</u>

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

	September 30, 2021	
	Contract Amount (nominal principal)	Contract period
Derivative financial assets		
Current items: None.		
Derivative financial liabilities		
Current items:		
Forward foreign exchange contracts	<u>USD 3,350 thousand</u>	2021.09.17~2021.10.22
	December 31, 2020	
	Contract Amount (nominal principal)	Contract period
Derivative financial assets		
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
	September 30, 2020	
	Contract Amount (nominal principal)	Contract period
Derivative financial assets		
Current items:		
Forward foreign exchange contracts	<u>USD 3,540 thousand</u>	2020.9.9~2020.10.23

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

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

(III) Financial assets measured at amortized cost

<u>Item</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Restricted bank deposits	<u>\$ 252,844</u>	<u>\$ 465,088</u>	<u>\$ 128,327</u>
Non-current items:			
Restricted bank deposits	<u>\$ -</u>	<u>\$ 44,649</u>	<u>\$ 451,923</u>

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

(IV) Notes receivable and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	<u>\$ 2,427</u>	<u>\$ 7,808</u>	<u>\$ 4,432</u>
Accounts receivable	<u>\$ 2,757,479</u>	<u>\$ 3,154,553</u>	<u>\$ 2,871,384</u>
Less: Loss allowance	<u>(1,915)</u>	<u>(1,807)</u>	<u>(3,378)</u>
	<u>\$ 2,755,564</u>	<u>\$ 3,152,746</u>	<u>\$ 2,868,006</u>

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

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not overdue	<u>\$ 2,427</u>	<u>\$ 2,465,637</u>	<u>\$ 7,808</u>	<u>\$ 3,079,476</u>	<u>\$ 4,432</u>	<u>\$ 2,558,248</u>
Overdue:						
Up to 30 days	-	273,516	-	70,712	-	280,308
31 to 90 days	-	14,120	-	4,324	-	26,501
91 to 180 days	-	4,197	-	41	-	6,327
Over 181 days	-	9	-	-	-	-
	<u>\$ 2,427</u>	<u>\$ 2,757,479</u>	<u>\$ 7,808</u>	<u>\$ 3,154,553</u>	<u>\$ 4,432</u>	<u>\$ 2,871,384</u>

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

2. As of September 30, 2021, December 31, 2020, September 30, 2020, and January 1, 2020, the Group's accounts receivable and contracts receivable (including notes receivable) amounted to \$2,759,906, \$3,162,361, \$2,875,816, and \$2,652,129, respectively.
3. No accounts receivable or notes receivable were pledged as collateral by the Group.

4. As of September 30, 2021, December 31, 2020, and September 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

	September 30, 2021		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,064,498	(\$ 26,458)	\$ 1,038,040
Work in progress	608,173	(3,099)	605,074
Finished goods	1,075,942	(26,632)	1,049,310
Inventory in transit	58,126	-	58,126
	<u>\$ 2,806,739</u>	<u>(\$ 56,189)</u>	<u>\$ 2,750,550</u>
	December 31, 2020		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 782,910	(\$ 38,250)	\$ 744,660
Work in progress	476,109	(1,969)	474,140
Finished goods	985,059	(30,344)	954,715
Inventory in transit	72,152	-	72,152
	<u>\$ 2,316,230</u>	<u>(\$ 70,563)</u>	<u>\$ 2,245,667</u>
	September 30, 2020		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 678,644	(\$ 38,311)	\$ 641,333
Work in progress	394,800	(2,602)	392,198
Finished goods	710,609	(22,279)	688,330
Inventory in transit	46,270	-	46,270
	<u>\$ 1,830,323</u>	<u>(\$ 62,192)</u>	<u>\$ 1,768,131</u>

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

	July 1 to September 30, 2021	July 1 to September 30, 2020
Cost of inventories sold	\$ 2,995,022	\$ 2,529,201
(Recovery gain) loss from price decline	(2,538)	(6,427)
Idle cost	36,854	-
Disposition loss	419	3,194
Others	(12,141)	(323)
	<u>\$ 3,017,616</u>	<u>\$ 2,538,499</u>

	January 1 to September 30, 2021	January 1 to September 30, 2020
Cost of inventories sold	\$ 9,743,293	\$ 6,687,346
(Recovery gain) loss from price decline	(13,836)	(15,912)
Idle cost	36,854	-
Disposition loss	1,283	3,789
Others	(7,640)	(14,547)
	<u>\$ 9,759,954</u>	<u>\$ 6,692,500</u>

For the periods between July 1 to September 30, 2021 and between January 1 to September 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	September 30, 2021	December 31, 2020	September 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 September 30, 2021, December 31, 2020, and September 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

	September 30, 2021	December 31, 2020	September 30, 2020
Input tax	\$ 132,441	\$ 102,094	\$ 74,729
Tax overpaid retain for offsetting the future tax payable	55,157	42,232	45,023
Prepaid expense	71,531	37,008	42,124
Prepayment for purchases	18,343	18,846	12,999
	<u>\$ 277,472</u>	<u>\$ 200,180</u>	<u>\$ 174,875</u>

(VIII) Investments accounted for using the equity method

	September 30, 2021	December 31, 2020	September 30, 2020
Munich Composites GmbH	\$ 42,885	\$ 48,361	\$ 49,212
Baoji Zatech Material Co., Ltd.	3,334	3,347	3,121
	<u>\$ 46,219</u>	<u>\$ 51,708</u>	<u>\$ 52,333</u>

1. As of September 30, 2021, December 31, 2020, and September 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 September 30, 2021, December 31, 2020, and September 30, 2020, the carrying amounts of the Group's individually insignificant associates totaled \$46,219, \$51,708, and \$52,333, respectively.

	July 1 to September 30, 2021	July 1 to September 30, 2020
Net income (loss)	(\$ 1,487)	\$ 254
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	(\$ 1,487)	\$ 254

	July 1 to September 30, 2021	July 1 to September 30, 2020
Net income (loss)	(\$ 1,628)	\$ 260
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	(\$ 1,628)	\$ 260

3. The Group's investees accounted for using the equity method for the periods between January 1 to September 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

	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 162,544	\$ 162,544	\$ 162,544
Housing and structures	996,526	945,212	894,978
Machinery equipment	961,175	937,567	825,305
Utility equipment	122,399	141,404	145,760
Transportation equipment	2,188	1,470	1,64
Office equipment	24,712	27,565	24,708
Other equipment	171,193	175,061	147,869
Equipment to be inspected and construction in progress	488,243	217,145	323,193
	<u>\$ 2,928,980</u>	<u>\$ 2,607,969</u>	<u>\$ 2,526,001</u>

January 1 to September 30, 2021

Cost						
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	September 30
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	1,637,706	37,117	(105,013)	93,368	(11,713)	1,651,465
Machinery equipment	1,937,235	134,960	(155,990)	76,240	(12,893)	1,979,552
Utility equipment	331,957	880	(3,523)	433	(2,421)	327,326
Transportation equipment	4,005	1,168	(1,606)	-	(15)	3,552
Office equipment	77,617	5,111	(7,977)	-	(771)	73,980
Other equipment	422,610	43,752	(23,601)	6,933	(3,113)	446,581
Equipment to be inspected and construction in progress	217,145	384,321	-	(112,349)	(874)	488,243
	<u>4,790,819</u>	<u>\$ 607,309</u>	<u>(\$ 297,710)</u>	<u>\$ 64,625</u>	<u>(\$ 31,800)</u>	<u>5,133,243</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	September 30
Housing and structures	\$ 692,494	\$ 73,440	(\$ 104,947)	\$ -	(\$ 6,048)	\$ 654,939
Machinery equipment	999,668	175,013	(147,184)	-	(9,120)	1,018,377
Utility equipment	190,553	19,673	(3,523)	-	(1,776)	204,927
Transportation equipment	2,535	442	(1,606)	-	(7)	1,364
Office equipment	50,051	7,755	(7,971)	-	(567)	49,268
Other equipment	247,549	53,892	(23,587)	-	(2,466)	275,388
	<u>2,182,850</u>	<u>\$ 330,215</u>	<u>(\$ 288,818)</u>	<u>\$ -</u>	<u>(\$ 19,984)</u>	<u>2,204,263</u>
	<u>\$ 2,607,969</u>					<u>\$ 2,928,980</u>

January 1 to September 30, 2020

Cost						
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	September 30
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	1,550,681	40,453	(18,879)	17,206	(10,378)	1,579,083
Machinery equipment	1,581,219	171,392	(100,850)	151,400	(12,867)	1,790,294
Utility equipment	329,883	14,471	(18,482)	3,893	(2,057)	327,708
Transportation equipment	6,505	1,334	(3,420)	-	(17)	4,402
Office equipment	69,383	6,113	(2,716)	-	(586)	72,194
Other equipment	395,167	46,252	(43,373)	7,172	(2,697)	402,521
Equipment to be inspected and construction in progress	154,770	106,600	-	63,133	(1,310)	323,193
	<u>4,250,152</u>	<u>\$ 386,615</u>	<u>(\$ 187,720)</u>	<u>\$ 242,804</u>	<u>(\$ 29,912)</u>	<u>4,661,939</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	September 30
Housing and structures	\$ 640,908	\$ 66,968	(\$ 18,750)	\$ -	(\$ 5,021)	\$ 684,105
Machinery equipment	933,832	134,813	(95,192)	-	(8,464)	964,989
Utility equipment	173,595	19,174	(9,472)	-	(1,349)	181,948
Transportation equipment	5,836	360	(3,420)	-	(18)	2,758
Office equipment	43,178	7,480	(2,716)	-	(456)	47,486
Other equipment	255,351	44,293	(42,831)	(31)	(2,130)	254,652
	<u>2,052,700</u>	<u>\$ 273,088</u>	<u>(\$ 172,381)</u>	<u>(\$ 31)</u>	<u>(\$ 17,438)</u>	<u>2,135,938</u>
	<u>\$ 2,197,452</u>					<u>\$ 2,526,001</u>

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

	January 1 to September 30, 2021	January 1 to September 30, 2020
Capitalization amounts	\$ 784	\$ 1,376
Range of capitalized interest rate	0.4392%~1.145%	0.78%~1.395%

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

(X) Lease transaction – lessee

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 761,391	\$ 787,285	\$ 585,486
Housing and structures	26,050	53,501	58,431
	<u>\$ 787,441</u>	<u>\$ 840,786</u>	<u>\$ 643,917</u>

	<u>July 1 to September 30, 2021</u>	<u>July 1 to September 30, 2020</u>
	Depreciation expenses	Depreciation expenses
Land	\$ 6,829	\$ 5,276
Housing and structures	10,914	9,944
	<u>\$ 17,743</u>	<u>\$ 15,220</u>

	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
	Depreciation expenses	Depreciation expenses
Land	\$ 21,266	\$ 9,052
Housing and structures	35,790	27,904
	<u>\$ 57,056</u>	<u>\$ 36,956</u>

3. Additions to the Group's right-of-use assets for the periods between July 1 to September 30, 2021 and 2020, and the periods between January 1 to September 30, 2021 and 2020 amounted to \$0, \$499,599, \$8,783, and \$522,966, respectively.

4. Profit or loss items in connection with lease contracts are stated as follows:

	July 1 to September 30, 2021	July 1 to September 30, 2020
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 1,691	\$ 2,415
Expense on leases of low-value assets	6,340	7,459
Gains on lease modification	-	-
	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 5,453	\$ 4,967
Expense on leases of low-value assets	18,222	20,176
Gains on lease modification	-	421

5. The Group's total cash used in lease were \$23,630, \$22,523, \$136,094 and \$58,391 for the periods between July 1 to September 30, 2021 and 2020, and the periods between January 1 to September 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 \$1,189 on changes in lease payments resulting from the rental concessions from January 1 to September 30, 2020.

(XI) Intangible assets

	<u>Computer software</u>	
January 1, 2021		
Cost	\$	19,829
Accumulated amortization	(	12,296)
	<u>\$</u>	<u>7,533</u>
<u>2021</u>		
January 1	\$	7,533
Addition - separately acquired		9,657
Derecognition - cost reduction	(	5,941)
Amortization expenses	(	3,737)
Derecognition - reduction in accumulated amortization		5,941
Effect of exchange rate changes	(	97)
September 30	<u>\$</u>	<u>13,356</u>
September 30, 2021		
Cost	\$	23,545
Accumulated amortization	(	10,189)
	<u>\$</u>	<u>13,356</u>
	<u>Computer software</u>	
January 1, 2020		
Cost	\$	29,919
Accumulated amortization	(	16,713)
	<u>\$</u>	<u>13,206</u>
<u>2020</u>		
January 1	\$	13,206
Addition - separately acquired		1,831
Derecognition - cost reduction	(	8,782)
Amortization expenses	(	6,320)
Derecognition - reduction in accumulated amortization		8,782
Effect of exchange rate changes	(	114)
September 30	<u>\$</u>	<u>8,603</u>
September 30, 2020		
Cost	\$	22,968
Accumulated amortization	(	14,365)
	<u>\$</u>	<u>8,603</u>

Amortization of intangible assets is detailed as below:

	July 1 to September 30, 2021	July 1 to September 30, 2020
Operating costs	\$ 104	\$ 236
Administrative expenses	803	664
Research and development expenses	545	938
	<u>\$ 1,452</u>	<u>\$ 1,838</u>

	January 1 to September 30, 2021	January 1 to September 30, 2020
Operating costs	\$ 225	\$ 718
Administrative expenses	2,034	2,448
Research and development expenses	1,478	3,154
	<u>\$ 3,737</u>	<u>\$ 6,320</u>

(XII) Short-term loans

Type of loans	September 30, 2021	December 31, 2020	September 30, 2020
Bank credit loan	\$ 1,416,232	\$ 945,061	\$ 1,440,746
Loans against letter of credit	75,922	71,140	32,510
	<u>\$ 1,492,154</u>	<u>\$ 1,016,201</u>	<u>\$ 1,473,256</u>
Interest rate range	<u>0.44%~1.65%</u>	<u>0.50%~3.70%</u>	<u>0.70%~3.70%</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

	September 30, 2021	December 31, 2020	September 30, 2020
Payroll and bonus payable	\$ 556,276	\$ 594,572	\$ 396,932
Expenses payable	387,321	400,504	363,260
Processing fee payable	309,039	323,930	221,919
Employee, directors and supervisors remuneration payable	78,868	68,292	29,464
Equipment expenses payable	46,065	67,631	41,911
Others	24,394	19,616	16,743
	<u>\$ 1,401,963</u>	<u>\$ 1,474,545</u>	<u>\$ 1,070,229</u>

(XIV) Other current liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Receipts under custody	\$ 127,189	\$ 120,597	\$ 109,586
Long-term loans due within one year	96,349	93,400	98,647
Contract liabilities – current	18,199	20,221	3,554
Others	5,002	6,186	16,460
	<u>\$ 246,739</u>	<u>\$ 240,404</u>	<u>\$ 228,247</u>

(XV) Long-term loans

Type of loans	Loan period and repayment method	Interest rate range	Collateral	September 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	\$ 107,485
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	127,920
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	13,121
				<u>248,526</u>
Less: long-term loan due in one year				(<u>96,349</u>)
				<u>\$ 152,177</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	\$ 153,550
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 monthly basis. (Note)	1.145%	Housing and structures	151,905
				<u>305,455</u>
Less: long-term loan due in one year				(<u>93,400</u>)
				<u>\$ 212,055</u>

Type of loans	Loan period and repayment method	Interest rate range	Collateral	September 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	\$ 183,334
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 monthly basis. (Note)	1.145%	Housing and structures	159,900
				<u>343,234</u>
Less: long-term loan due in one year				(<u>98,647</u>)
				<u>\$ 244,587</u>

(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 September 30, 2021, the balance of deferred government grants was \$149 (separately shown under “Other current liabilities” of \$58 and “Other non-current liabilities – others” of \$91), and the government grants income of \$29 was recognized for the period between January 1 to September 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 July 1 to September 30, 2021 and 2020, and the periods between January 1 to September 30, 2021 and 2020, the pension costs recognized by the Group in accordance with the afore-mentioned contribution plans were \$571, \$539, \$1,713, and \$1,538.
 - (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 July 1 to September 30, 2021 and 2020, and the periods between January 1 to September 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) For the periods between July 1 to September 30, 2021 and 2020, and the periods between January 1 to September 30, 2021 and 2020, the pension costs recognized by the Group in accordance with the afore-mentioned contribution plans were \$31,040, \$24,540, \$87,542, and \$64,161.

(XVII) Share capital

1. As of September 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.

Number of the Company's outstanding common shares at the beginning of periods and the end of the periods were adjusted as below (in thousand shares):

	January 1 to September 30, 2021	January 1 to September 30, 2020
January 1	135,313	135,313
Treasury stock buyback	(409)	-
September 30	<u>134,904</u>	<u>135,313</u>

2. Treasury stock

- (1) Reasons for recovery of shareholding and its quantity:

Name of investor company	Reasons for recovery	September 30, 2021	
		Number of shares (in thousand shares)	Carrying amount
The Company	Available for transfer of shares to employees (Note)	409	\$ 31,527

Note: The company decided to buy back treasury shares on September 22, 2021, through a resolution of the Board of Directors. It is estimated that the number of treasury shares to be bought back is 6,700 thousand shares, and the execution period is from September 23, 2021 to November 22, 2021.

January 1 to September 30, 2020: None.

- (2) The Securities and Exchange Act stipulates that the proportion of the company's repurchase of outstanding shares shall not exceed 10% of the company's total issued shares. The total amount of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.
- (3) The treasury stocks held by the Company shall not be pledged in accordance with the regulations of the Securities and Exchange Act, and shall not be entitled for shareholder rights before being transferred.

- (4) According to the regulations of the Securities and Exchange Act, the shares purchased for the transfer of shares to employees shall be transferred within five years on the date of the repurchase. Those are not transferred within the time limit shall be deemed to have not issued by the Company, and it shall carry on the change of registration to cancel the shares.

(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:

Customer by geographical areas	July 1 to September 30, 2021	July 1 to September 30, 2020
Americas	\$ 2,358,949	\$ 1,897,022
Asia	1,254,807	1,313,236
Others	67,058	25,511
	\$ 3,680,814	\$ 3,235,769

Customer by geographical areas	January 1 to September 30, 2021	January 1 to September 30, 2020
Americas	\$ 8,386,255	\$ 4,808,922
Asia	3,334,065	3,086,776
Others	324,543	105,435
	\$ 12,044,863	\$ 8,001,133

2. Contract liabilities

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

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Consumer products	\$ 18,199	\$ 20,221	\$ 3,554	\$ 1,203

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

	July 1 to September 30, 2021	July 1 to September 30, 2020
Consumer products	\$ -	(\$ 429)
	January 1 to September 30, 2021	January 1 to September 30, 2020
Consumer products	\$ 20,041	\$ -

(XXI) Other income and expenses – net

	July 1 to September 30, 2021	July 1 to September 30, 2020
Income from molds	\$ 7,645	\$ 13,457
Income from samples	8,448	3,596
Other income	16,412	8,522
	<u>\$ 32,505</u>	<u>\$ 25,575</u>

	January 1 to September 30, 2021	January 1 to September 30, 2020
Income from molds	\$ 18,513	\$ 27,265
Income from samples	14,393	13,403
Other income	68,246	29,122
	<u>\$ 101,152</u>	<u>\$ 69,790</u>

(XXII) Interest income

	July 1 to September 30, 2021	July 1 to September 30, 2020
Interest from bank deposits	<u>\$ 729</u>	<u>\$ 3,529</u>

	January 1 to September 30, 2021	January 1 to September 30, 2020
Interest from bank deposits	<u>\$ 2,802</u>	<u>\$ 15,308</u>

(XXIII) Other income

	July 1 to September 30, 2021	July 1 to September 30, 2020
Government subsidy income	\$ 62	\$ 18,823
Others	828	55
	<u>\$ 890</u>	<u>\$ 18,878</u>

	January 1 to September 30, 2021	January 1 to September 30, 2020
Government subsidy income	\$ 17,621	\$ 68,123
Others	1,257	250
	<u>\$ 18,878</u>	<u>\$ 68,373</u>

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 September 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 July 1 to September 30, 2021, and the period between January 1 to September 30, 2021.
3. In September 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 \$65,353 after reviewed and approved without any unfulfilled condition and other contingency.

(XXIV) Other gains and losses

	<u>July 1 to September 30, 2021</u>	<u>July 1 to September 30, 2020</u>
Loss on disposal and retirement of property, plant and equipment	(\$ 5,439)	(\$ 446)
Gain (loss) on foreign exchange, net	25,055	(95,375)
Gains from disposal of subsidiaries	-	8,509
Net gains from financial assets and liabilities at fair value through profit or loss	1,681	465
Others	8,036	4,186
	<u>\$ 29,333</u>	<u>(\$ 82,661)</u>
	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
Loss on disposal and retirement of property, plant and equipment	(\$ 5,472)	(\$ 12,969)
Loss on foreign exchange, net	(72,886)	(95,375)
Gains from disposal of subsidiaries		8,509
Net gains from financial assets and liabilities at fair value through profit or loss	1,349	920
Others	22,425	13,111
	<u>(\$ 54,584)</u>	<u>(\$ 111,752)</u>

(XXV) Finance costs

	July 1 to September 30, 2021	July 1 to September 30, 2020
Interest expense	\$ 6,574	\$ 11,056
Other financing costs	37	1,381
	<u>\$ 6,611</u>	<u>\$ 12,437</u>

	January 1 to September 30, 2021	January 1 to September 30, 2020
Interest expense	\$ 22,124	\$ 25,549
Other financing costs	142	3,199
	<u>\$ 22,266</u>	<u>\$ 28,748</u>

(XXVI) Additional information regarding the nature of expense

	July 1 to September 30, 2021	July 1 to September 30, 2020
Employee benefits expense	\$ 743,828	\$ 660,216
Depreciation expenses	130,471	108,395
Amortization expenses	6,485	6,310
	<u>\$ 880,784</u>	<u>\$ 774,921</u>

	January 1 to September 30, 2021	January 1 to September 30, 2020
Employee benefits expense	\$ 2,361,945	\$ 1,766,995
Depreciation expenses	387,271	310,044
Amortization expenses	17,292	17,412
	<u>\$ 2,766,508</u>	<u>\$ 2,094,451</u>

(XXVII) Employee benefits expense

	July 1 to September 30, 2021	July 1 to September 30, 2020
Salary and wages	\$ 637,395	\$ 561,728
Labor and health insurance premiums	39,982	37,688
Pension expense	31,611	25,079
Remuneration to directors	3,000	3,465
Other personnel cost	31,840	32,256
	<u>\$ 743,828</u>	<u>\$ 660,216</u>

	January 1 to September 30, 2021	January 1 to September 30, 2020
Salary and wages	\$ 2,016,840	\$ 1,492,462
Labor and health insurance premiums	134,169	118,752
Pension expense	89,255	65,699
Remuneration to directors	8,470	3,875
Other personnel cost	113,211	86,207
	<u>\$ 2,361,945</u>	<u>\$ 1,766,995</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.

- For the periods between July 1 to September 30, 2021 and 2020, and the periods between January 1 to September 30, 2021 and 2020, the Company recognized compensation to employees in the accrued amounts equal to \$17,723, \$9,807, \$57,717, and \$21,464, respectively; remuneration to directors and supervisors in the accrued amounts equal to \$2,500, \$4,250, \$7,500, and \$4,250, respectively, and the above mentioned amount were presented under payroll expense.

The amounts for the period between January 1 to September 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.

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

- Components of income tax expense components

	July 1 to September 30, 2021	July 1 to September 30, 2020
Current income tax:		
Income tax arising from the current period	\$ 84,040	\$ 90,317
Overestimation of prior year's income taxes	(53)	(2,889)
Total current income tax	83,987	87,428
Deferred income tax:		
Originating and reversed temporary differences	(11,490)	(21,007)
Income tax expense	<u>\$ 72,497</u>	<u>\$ 108,435</u>
	January 1 to September 30, 2021	January 1 to September 30, 2020
Current income tax:		
Income tax arising from the current period	\$ 261,518	\$ 169,482
Underestimation (overestimation) of prior year's income taxes	5,595	(11,131)
Total current income tax	267,113	158,351
Deferred income tax:		
Originating and reversed temporary differences	19,850	(12,775)
Income tax expense	<u>\$ 286,963</u>	<u>\$ 145,576</u>

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

(XXIX) Earnings per share

	July 1 to September 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	\$ 252,952	135,294	\$ 1.87
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 252,952	135,294	
Assumed conversion of all dilutive potential common shares employees' compensation	-	228	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 252,952	135,294	\$ 1.87
	July 1 to September 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	\$ 251,016	135,313	\$ 1.86
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 251,016	135,313	
Assumed conversion of all dilutive potential common shares employees' compensation	-	250	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 251,016	135,313	\$ 1.85

January 1 to September 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	\$ 929,750	135,306	\$ 6.87
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 929,750	135,306	
Assumed conversion of all dilutive potential common shares employees' compensation	-	937	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 929,750	136,243	\$ 6.82

January 1 to September 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	\$ 393,401	135,313	\$ 2.91
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 393,401	135,313	
Assumed conversion of all dilutive potential common shares employees' compensation	-	790	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 393,401	136,103	\$ 2.89

(XXX) Additional information regarding cash flows

1. Investing and financing activities with partial cash payments:

	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
Acquisition of property, plant and equipment	\$ 607,309	\$ 386,615
Add: Equipment payable, beginning of period (recognized in other payables)	67,631	61,178
Less: Equipment payable, end of period (recognized in other payables)	(46,065)	(41,911)
Amount paid in cash	<u>\$ 628,875</u>	<u>\$ 405,882</u>

	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
Proceeds from disposal of subsidiaries	\$ -	\$ 18,018
Less: Receivables from disposal of investment, end of period (recognized in other receivables)	-	(18,018)
Balance of cash and cash equivalents from disposal	-	(7,513)
Cash used in the period	<u>\$ -</u>	<u>(\$ 7,513)</u>

	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
Treasury stock buyback	\$ 31,527	\$ -
Less: Other payables, end of period	(10,617)	-
Amount paid in cash	<u>\$ 20,910</u>	<u>\$ -</u>

2. Investing activities that do not affect cash flows:

	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
Equipment prepayments transferred to property, plant and equipment	\$ 67,376	\$ 244,940
Reclassification of property, plant and equipment to other non-current assets	\$ 1,749	\$ 2,105
Reclassification of property, plant and equipment to expense	<u>\$ 1,002</u>	<u>\$ -</u>

3. The Group sold 100% of the equity of Advanced Sporting Goods (Shatian, Dongguan) Co., Ltd. on August 24, 2020, causing the Group to lose control of the subsidiary. The consideration received for the transaction and the relevant assets and liabilities of the subsidiary were as follows:

	<u>August 24, 2020</u>
Consideration received	
Receivables from disposal of investment (recognized in other receivables)	<u>\$ 18,018</u>
Carrying amount of assets and liabilities lost control	
Cash	\$ 7,513
Other non-current assets	2,021
Other payables	(25)
Total net assets	<u>\$ 9,509</u>

(XXXI) Changes in liabilities from financing activities

	<u>Short-term loans</u>	<u>Long-term loans (including 1-year due)</u>	<u>Lease liabilities</u>	<u>Total financing liability</u>
January 1, 2021	\$ 1,016,201	\$ 305,455	\$ 680,605	\$ 2,002,261
Changes in financing cash flows	490,699	(59,779)	(112,419)	321,501
Effect of exchange rate changes	(14,746)	-	(1,429)	(16,175)
Other non-cash changes	-	(150)	8,515	8,365
September 30, 2021	<u>\$ 1,492,154</u>	<u>\$ 248,526</u>	<u>\$ 575,272</u>	<u>\$ 2,315,952</u>

	<u>Short-term loans</u>	<u>Long-term loans (including 1-year due)</u>	<u>Lease liabilities</u>	<u>Total financing liability</u>
January 1, 2020	\$ 531,141	\$ 249,590	\$ 150,321	\$ 931,052
Changes in financing cash flows	962,750	93,644	(33,248)	1,023,146
Effect of exchange rate changes	(20,635)	-	(508)	(21,143)
Other non-cash changes	-	-	501,781	501,781
September 30, 2020	<u>\$ 1,473,256</u>	<u>\$ 343,234</u>	<u>\$ 618,346</u>	<u>\$ 2,434,836</u>

VII. Related-party Transactions

(I) Name and Relationship of Related Parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Baoji Zatech Material Co., Ltd. (hereinafter referred to as “Zatech”)	Associates of the Group
Munich Composites GmbH (hereinafter referred to as “MC”)	Associates of the Group

(II) Information about Remunerations to the Major Management:

	<u>July 1 to September 30, 2021</u>	<u>July 1 to September 30, 2020</u>
Salary and other employee benefits	<u>\$ 13,194</u>	<u>\$ 10,913</u>
	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
Salary and other employee benefits	<u>\$ 52,688</u>	<u>\$ 32,010</u>

VIII. Pledged Assets

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

Name of assets	Carrying amount			Guarantee use
	September 30, 2021	December 31, 2020	September 30, 2020	
Land	\$ 125,648	\$ 125,648	\$ 125,648	Short-term loans
Buildings and structures - net	238,533	251,206	253,553	Short-term and long-term loans and credit facility guarantee
Machinery and equipment - net	175,398	195,531	212,858	Long-term loans and credit facility guarantee
Other equipment - net	4,175	5,314	5,694	Long-term loans credit facility guarantee
Pledged time deposits (presented as "other non-current assets - others")	31,013	42,311	30,981	Customs deposits, performance security deposits, and lease deposit
	<u>\$ 574,767</u>	<u>\$ 620,010</u>	<u>\$ 628,734</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingency

None.

(II) Commitments

1. Balance of outstanding letters of credit

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials imported	<u>\$ 94,903</u>	<u>\$ 51,839</u>	<u>\$ 72,101</u>

2. Capital expenditure committed but yet to incur

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	<u>\$ 543,621</u>	<u>\$ 286,680</u>	<u>\$ 198,451</u>

3. Operating lease agreements

Please refer to Note VI(X) for details.

X. Significant Losses from Disasters

None.

XI. Significant Subsequent Events

None.

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 472	\$ 329
Financial assets at fair value through other comprehensive income			
Election of the designated equity instrument investment	55	55	55
Financial assets measured at amortized cost			
Cash and cash equivalents	1,099,476	930,555	1,022,435
Financial assets measured at amortized cost	252,844	509,737	580,250
Notes receivable	2,427	7,808	4,432
Accounts receivable	2,755,564	3,152,746	2,868,006
Other receivables	13,195	17,789	28,359
Refundable deposits	50,971	64,049	49,512
	<u>\$ 4,174,532</u>	<u>\$ 4,683,211</u>	<u>\$ 4,553,378</u>
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized costs			
Financial liabilities held for trading	\$ 250	\$ 21	\$ -
Short-term loans	1,492,154	1,016,201	1,473,256
Notes payable	2,375	3,248	45
Accounts payable	1,468,152	1,867,748	1,337,248
Other payables	1,401,963	1,474,545	1,070,229
Long-term loans (including 1-year due)	248,526	305,455	343,234
Deposits received	583	547	535
	<u>\$ 4,614,003</u>	<u>\$ 4,667,765</u>	<u>\$ 4,224,547</u>
Lease liabilities (including non-current)	<u>\$ 575,272</u>	<u>\$ 680,605</u>	<u>\$ 618,346</u>

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:

	September 30, 2021		
	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	\$ 126,436	27.85	\$ 3,521,243
USD:RMB	38,482	6.4496	1,071,724
<u>Non-monetary items</u>			
USD:NTD	23,087	27.85	642,976
RMB:NTD	140,854	4.3181	608,223
EUR:NTD	1,327	32.32	42,886
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	46,319	27.85	1,289,984
USD:RMB	39,329	6.4496	1,095,313

December 31, 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	\$ 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

September 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	\$ 142,881	29.05	\$ 4,150,693
USD:RMB	54,438	6.8101	1,581,424
<u>Non-monetary items</u>			
USD:NTD	22,163	29.05	643,832
RMB:NTD	139,406	4.269	595,124
EUR:NTD	1,450	33.95	49,212
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	73,806	29.15	2,151,445
USD:RMB	32,508	6.8101	947,608

- B. Due to significant influence from exchange rate volatility, total exchange losses of the Group's monetary items amounted to \$25,055, (\$95,375), (\$72,886), and (\$121,323) for the periods between July 1 to September 30, 2021 and 2020, and the periods between January 1 to September 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 to September 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%	\$35,212	\$-
USD:RMB	1%	10,717	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	6,430
RMB:NTD	1%	-	6,082
EUR:NTD	1%	-	429
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	12,900	-
USD:RMB	1%	10,953	-
January 1 to September 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%	\$41,507	\$-
USD:RMB	1%	15,814	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	6,438
RMB:NTD	1%	-	5,951
EUR:NTD	1%	-	492
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	21,514	-
USD:RMB	1%	9,476	-

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 September 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 September 30, 2021 and 2020 will decrease or increase by \$2,095 and \$2,253, 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 September 30, 2021, December 31, 2020, and September 30, 2020 were as follows:

	Not overdue	Over due						
		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
September 30, 2021	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%
December 31, 2020	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%
September 30, 2020	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 September 30, 2021, December 31, 2020, and September 30, 2020 accounted for approximately 0.66%, 0.14% and 1.14% 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	-	108
September 30	\$ -	\$ 1,915
	2020	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 865
Provision of impairment loss	-	2,513
September 30	\$ -	\$ 3,378

(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 September 30, 2021, December 31, 2020, and September 30, 2020, the Group had a money market position in the amounts equal to \$1,097,765, \$929,148, and \$1,020,960, 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:

	September 30, 2021		
	Less than 1 year	1-2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	\$ 1,497,223	\$ -	\$ -
Notes payable	2,375	-	-
Accounts payable	1,468,152	-	-
Other payables	1,401,963	-	-
Lease liabilities (including non-current)	46,888	24,862	583,964
Long-term loans	98,541	85,175	72,082
Derivative financial liabilities:			
Forward foreign exchange contracts	250	-	-
	December 31, 2020		
	Less than 1 year	1-2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	\$ 1,018,041	\$ -	\$ -
Notes payable	3,248	-	-
Accounts payable	1,867,748	-	-
Other payables	1,474,545	-	-
Lease liabilities (including non-current)	128,088	35,670	602,534
Long-term loans	96,279	95,283	120,116
Derivative financial liabilities:			
Forward foreign exchange contracts	21	-	-

	September 30, 2020		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,476,252	\$ -	\$ -
Notes payable	45	-	-
Accounts payable	1,337,248	-	-
Other payables	1,070,229	-	-
Lease liabilities (including non-current)	59,393	41,534	605,199
Long-term loans	101,917	100,861	147,801

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 guarantee deposits), are reasonable approximation of fair value.

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

(1) Classified by nature of assets or liabilities:

September 30, 2021	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
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 250	\$ -	\$ 250
December 31, 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	\$ -	\$ 472	\$ -	\$ 472
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	\$ -	\$ 472	\$ 55	\$ 527
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 21	\$ -	\$ 21
September 30, 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	\$ -	\$ 329	\$ -	\$ 329
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	\$ -	\$ 329	\$ 55	\$ 384

- (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 September 30, 2021 and 2020.
5. There were no changes in Level 3 of the fair value hierarchy for the periods between January 1 to September 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:

	September 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, 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.

	September 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.

- 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

- 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.
- 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 stopped until September 27, 2021 in coordination with the pandemic prevention measures of the industrial district bureau in Vietnam to ensure the employees' safety. Since that date, a letter of approval for resumption of work has been obtained from the local government, in line with the local government's three-in-one policy, and gradually resumed normal operations. It has been assessed that the incident has limited financial and business impact on the Group.

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 September 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 September 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)		Note
			Purchase (sale)	Amount	Ratio to total purchases (sales) (%)	Loan period	Unit price	Loan period	Balance	Ratio to total notes or accounts receivable (payable) (%)	
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchases	\$ 5,813,458	65%	Note 1	Note 1	Note 1	(\$ 988,340)	82%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchases	1,980,000	22%	Note 1	Note 1	Note 1	(9,438)	1%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	(5,813,458)	100%	Note 3	Note 3	Note 3	988,340	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	(1,980,000)	100%	Note 3	Note 3	Note 3	9,438	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 \$1,030,037 for the period between January 1 to September 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 September 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	\$ 988,340	5.68	\$ -	-	\$128,174	\$ -	

Advanced International Multitech Co., Ltd. and Subsidiaries
Parent-subsidiary and Subsidiary-subsidiary Business Relations and Significant Transactions and Amounts Thereof
January 1 to September 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			
				General ledger account	Amount	Transaction terms	Ratio to consolidated total revenue or total assets (%)
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchases	\$ 5,813,458	According to the agreement between both parties	48%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Accounts payable	988,340	According to the agreement between both parties	9%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchases	1,980,000	According to the agreement between both parties	16%

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:

- (3) Parent company to its subsidiary.
- (4) Subsidiary to its parent company.
- (5) 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 September 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 profit 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	\$ 608,223	\$ 99,959	\$ 99,089	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	642,976	(17,198)	(16,450)	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	66,495	28,518,424	55.93	584,279	158,462	88,627	
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	42,886	(6,087)	(1,660)	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 September 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 profit 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	\$ 110,140	100	\$ 110,140	\$ 613,202	\$ 948,328	Note 1 and Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.: Baoji Zatech Material Co., Ltd.	Engaged in production of materials	17,744	3	-	-	-	-	128	25	32	3,334	-	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 sub-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	\$ 127,469	\$ 2,170,519

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 27.85 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 September 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.	(\$ 5,813,458)	(65%)	\$ -	-	(\$ 988,340)	(82%)	\$ -	-	\$ -	\$ -	-	\$ -	-	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 \$829,047 for the period between January 1 to September 30, 2021.

Advanced International Multitech Co., Ltd. and Subsidiaries
Major Shareholder Information
September 30, 2021

Table 8

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

- Note: (1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (incl. treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. 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.