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

Advanced International Multitech Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

(Stock Code: 8938)

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

Tel: (07) 872-1410

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

Advanced International Multitech Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report for the Years Ended December 31, 2021 and 2020

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Independent Auditors' Report

To Advanced International Multitech Co., Ltd.

Auditors' Opinions

Advanced International Multitech Co., Ltd.'s parent company only balance sheets ended December 31, 2021 and 2020, parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows from January 1 to December 31, 2021 and 2020, and the notes to the parent company only financial statements (including the summary of significant accounting policies) have been reviewed by the auditor.

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial position of Advanced International Multitech Co., Ltd. as of December 31, 2021 and 2020, and its parent company only financial performance and parent company only cash flows from January 1 to December 31, 2021 and 2020 in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Audit Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 parent company only financial statements of Advanced International Multitech Co., Ltd. Such matters have been dealt with in the course of auditing and compiling the parent company only financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually.

Key Audit Matters for the parent company only financial statements of Advanced International Multitech Co., Ltd. for 2021 are stated as follows:

Assessment of Impairment of Accounts Receivable

Descriptions

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

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

Audit Procedures

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

1. Based on our understanding of Advanced International Multitech Co., Ltd.'s operation and its sales counter-party, we have determined the reasonableness of the policy and procedures regarding provision of loss allowance for accounts receivables, including the objective evidence that determine the loss rate, e.g. characters of customers, assessment of past payment collection experience, and future economic conditions. We have also compared whether the policy for provision of loss allowance for accounts receivables is consistent throughout the reporting period.

2. We have assessed the reasonableness of the supporting documents based on the expected loss rates for different days past due as provided by the management.

3. We have also verified the correctness of the aging of accounts receivables in order to ensure the agreement of the financial information with its policy.

4. We have also tested the recovery of accounts receivables after the audit period so as to evaluate the possibility of recovery.

Inventory Valuation

Descriptions

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

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

Audit Procedures

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

1. We have compared whether the policy for provision of allowance of inventory valuation loss is consistent throughout the reporting period and assessed the reasonableness of its provision policy.

2. We have examined the inventory management process, reviewed the annual inventory plan and participated in annual inventory counts in order to assess the effectiveness of management's judgment and control of obsolete inventory.

3. We have sampled and tested the net realizable value of individual inventory item to assess the reasonableness of the allowance to reduce inventory to market.

Responsibility of the management and the governing body for the parent company only financial statements

It is the management's responsibility to fairly present the parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain internal controls which are necessary for the preparation of the parent company only financial statements so as to avoid material misstatements due to fraud or errors therein.

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

The governing bodies of Advanced International Multitech Co., Ltd. (including Audit Committee) have the responsibility to oversee the financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. "Reasonable assurance" refers to a high level of assurance. Nevertheless, our audit, which was carried out in accordance with the Generally Accepted Auditing Standards in the Republic of China does not guarantee that a material misstatement(s) in the parent company only financial statements will be detected. There may still be material misstatements due to fraud or errors. and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Acquired sufficient and appropriate audit evidence regarding the financial information of entities within Advanced International Multitech Co., Ltd. in order to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and execution of auditing the parent company, and for formation of an audit opinion on the parent company only financial statements.

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the 2021 parent company only financial statements of Advanced International Multitech Co., Ltd. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

PwC Taiwan

A-Shen Liao

CPA:

Chien-Chih Wu

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

February 25, 2022

Advanced International Multitech Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Assets	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI(I)	$ 598,209	6	$ 784,090	10
1110	Financial assets at fair value through profit or loss - current	VI(II)	-	-	204	-
1136	Financial assets at amortized cost - current	VI(III)	282,135	3	465,088	6
1150	Notes receivable - net	VI(IV)	9,567	-	7,808	-
1170	Accounts receivable - net	V, VI(IV) and VII	3,644,025	40	2,840,970	35
130X	Inventories	V and VI(V)	802,884	9	548,097	7
1410	Prepayments		93,193	1	41,974	-
1470	Other current assets		30,104	-	12,601	-
11XX	**Total current assets**		5,460,117	59	4,700,832	58
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	VI(VI)	55	-	55	-
1535	Financial assets at amortized cost - non-current	VI(III)	-	-	44,649	1
1550	Investments accounted for using the equity method	VI(VII)	1,853,435	20	1,847,051	23
1600	Property, plant and equipment	VI(VIII) and VIII	1,241,819	14	936,049	11
1755	Right-of-use assets	VI(IX)	463,874	5	483,521	6
1780	Intangible assets	VI(X)	6,162	-	2,492	-
1840	Deferred income tax assets	VI(XXVI)	34,519	1	37,620	-
1900	Other non-current assets	VIII	119,029	1	72,348	1
15XX	**Total non-current assets**		3,718,893	41	3,423,785	42
1XXX	**Total assets**		$ 9,179,010	100	$ 8,124,617	100

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Advanced International Multitech Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Short-term loans	VI(XI) and VIII	$ 316,049	3	$ 77,487	1
2150	Notes payable		3,453	-	3,248	-
2170	Accounts payable		207,465	2	204,843	2
2180	Accounts payable - related parties	VII	1,743,802	19	1,892,668	23
2200	Other payables	VI(XII)	691,172	8	498,019	6
2230	Income tax liabilities		241,335	3	140,851	2
2280	Lease liabilities - current		13,246	-	15,151	-
2300	Other current liabilities	VI(XIII)(XVIII)	109,819	1	135,845	2
21XX	**Total current liabilities**		3,326,341	36	2,968,112	36
	Non-current liabilities					
2570	Deferred income tax liabilities	VI(XXVI)	164,543	2	137,490	2
2580	Lease liabilities - non-current		457,227	5	470,473	6
2630	Long-term deferred income	VI(XXI)	-	-	6,152	-
2640	Net defined benefit liabilities - non-current	VI(XIV)	73,348	1	82,050	1
25XX	**Total non-current liabilities**		695,118	8	696,165	9
2XXX	**Total liabilities**		4,021,459	44	3,664,277	45
	Equity					
	Share capital	VI(XV)				
3110	Capital of common shares		1,353,127	15	1,353,127	17
	Capital surplus	VI(XVI)				
3200	Capital surplus		781,236	8	781,236	9
	Retained earnings	VI(XVII)				
3310	Legal reserve		929,358	10	861,536	11
3320	Special reserve		142,996	2	133,828	2
3350	Undistributed earnings		2,376,835	26	1,473,609	18
	Other equity					
3400	Other equity		(167,766)	(2)	(142,996)	(2)
3500	Treasury stock	VI(XV)	(258,235)	(3)	-	-
3XXX	**Total equity**		5,157,551	56	4,460,340	55
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	IX				
	Significant Subsequent Events	XI				
3X2X	**Total liabilities and equity**		$ 9,179,010	100	$ 8,124,617	100

The notes for parent company only financial statements are part of the parent company only financial statements and should be read together.

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

Advanced International Multitech Co., Ltd.

Parent Company Only Statement of Comprehensive Income

January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

(Except for Earnings Per Share Presented in New Taiwan Dollars)

			2021		2020	
	Item	Note	Amount	%	Amount	%
4000	Operating revenue	VI(XVIII)	$ 14,300,562	100	$ 10,488,746	100
5000	Operating costs	VI(V)(X) (XXIV) (XXV) and VII	(12,174,092)	(85)	(9,140,018)	(87)
5900	Gross operating profit		2,126,470	15	1,348,728	13
	Operating expenses	VI(X)(XXIV) (XXV) and VII				
6100	Selling expenses		(186,384)	(1)	(131,731)	(2)
6200	Administrative expenses		(266,857)	(2)	(224,679)	(2)
6300	Research and development expenses		(516,147)	(4)	(422,693)	(4)
6450	Expected credit impairment loss	XII(II)	(353)	-	(943)	-
6000	Total operating expenses		(969,741)	(7)	(780,046)	(8)
6500	Other income and expenses - net	VI(XIX)	175,463	1	109,694	1
6900	Operating income		1,332,192	9	678,376	6
	Non-operating income and expenses					
7100	Interest income	VI(XX)	2,798	-	15,742	-
7010	Other income	VI(XXI)	10,546	-	51,770	-
7020	Other gains and losses	VI(II)(XXII)	(99,512)	(1)	(47,341)	-
7050	Finance costs	VI(XXIII)	(5,019)	-	(6,100)	-
7070	Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for under the equity method		335,956	3	116,640	1
7000	Total non-operating income and expenses		244,769	2	130,711	1
7900	**Profit before tax**		1,576,961	11	809,087	7
7950	Income tax expense	VI(XXVI)	(229,496)	(2)	(128,382)	(1)
8200	**Net income**		$ 1,347,465	9	$ 680,705	6
	Other comprehensive income (loss)					
	Items that are not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans	VI(XIV)	($ 2,381)	-	($ 3,099)	-
8349	Income tax-related items that are not reclassified subsequently to profit or loss	VI(XXVI)	476	-	620	-
8310	Items that are not reclassified subsequently to profit or loss - total		(1,905)	-	(2,479)	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(24,770)	-	(9,168)	-
8300	**Other comprehensive income loss - net**		($ 26,675)	-	($ 11,647)	-
8500	**Total comprehensive income (loss)**		$ 1,320,790	9	$ 669,058	6
	Earnings per share	VI(XXVII)				
9750	Basic		$	10.01	$	5.03
9850	Diluted		$	9.92	$	4.98

The notes for parent company only financial statements are part of the parent company only financial statements and should be read together.

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

Advanced International Multitech Co., Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Notes	Capital of common shares	Capital surplus: Share premium	Capital surplus: Recognized value of changes in equity of ownership of subsidiaries	Capital surplus: Others	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Exchange differences on translation of foreign financial statements	Treasury stock	Total
2020											
Balance as of January 1, 2020		$ 1,353,127	$ 739,866	$ 16,480	$ 24,890	$ 799,969	$ 75,285	$ 1,226,712	($ 133,828)	$ -	$ 4,102,501
Net income		-	-	-	-	-	-	680,705	-	-	680,705
Other comprehensive income (loss)		-	-	-	-	-	-	(2,479)	(9,168)	-	(11,647)
Total comprehensive income (loss)		-	-	-	-	-	-	678,226	(9,168)	-	669,058
Earnings appropriation and allocation for 2019:	VI(XVII)										
Provision of legal reserve		-	-	-	-	61,567	-	(61,567)	-	-	-
Provision of special reserve		-	-	-	-	-	58,543	(58,543)	-	-	-
Cash dividends for common shares		-	-	-	-	-	-	(311,219)	-	-	(311,219)
Balance as of December 31, 2020		$ 1,353,127	$ 739,866	$ 16,480	$ 24,890	$ 861,536	$ 133,828	$ 1,473,609	($ 142,996)	$ -	$ 4,460,340
2021											
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
Net income		-	-	-	-	-	-	1,347,465	-	-	1,347,465
Other comprehensive income (loss)		-	-	-	-	-	-	(1,905)	(24,770)	-	(26,675)
Total comprehensive income (loss)		-	-	-	-	-	-	1,345,560	(24,770)	-	1,320,790
Earnings appropriation and allocation for 2020:	VI(XVII)										
Provision of legal reserve		-	-	-	-	67,822	-	(67,822)	-	-	-
Provision of special reserve		-	-	-	-	-	9,168	(9,168)	-	-	-
Cash dividends for common shares		-	-	-	-	-	-	(365,344)	-	-	(365,344)
Treasury stock buyback	VI(XV)	-	-	-	-	-	-	-	-	(258,235)	(258,235)
Balance as of December 31, 2021		$ 1,353,127	$ 739,866	$ 16,480	$ 24,890	$ 929,358	$ 142,996	$ 2,376,835	($ 167,766)	($ 258,235)	$ 5,157,551

The notes for parent company only financial statements are part of the parent company only financial statements and should be read together.

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

Advanced International Multitech Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Notes	2021	2020
Cash flows from operating activities			
Net profit before tax		$ 1,576,961	$ 809,087
Adjustments			
Income and expense item			
Depreciation expenses	VI(VIII)(IX)(XXIV)	200,378	124,683
Amortization expenses	VI(XXIV)	13,672	13,039
Expected credit impairment loss	XII(II)	353	943
Net losses (gains) from financial assets and liabilities at fair value through profit or loss	VI(II)(XXII)	264	(2,248)
Interest expense	VI(XXIII)	5,019	6,100
Interest income	VI(XX)	(2,798)	(15,742)
Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for under the equity method		(335,956)	(116,640)
Impairment loss of non-financial assets	VI(VII)(XXII)	42,407	-
Loss (gain) on disposal and retirement of property, plant and equipment	VI(XXII)	7,014	(33)
Reclassification of property, plant and equipment to expense	VI(XXVIII)	1,002	-
Gains on lease modification	VI(IX)(XXII)	-	(27)
Gain on disposal of investments accounted for using equity method	VI(XXII)	-	(107,691)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss - current		(60)	2,044
Notes receivable		(1,759)	(2,842)
Accounts receivable		(803,408)	(422,076)
Inventories		(254,787)	(42,994)
Prepayments		(51,219)	(9,291)
Other current assets		(17,503)	1,470
Net changes in operating liabilities			
Notes payable		205	949
Accounts payable		2,622	88,758
Accounts payable - related parties		(148,866)	681,346
Other payables		185,056	45,861
Other current liabilities		(26,026)	84,121
Long-term deferred income		(6,152)	6,152
Net defined benefit liabilities - non-current		(11,083)	(1,397)
Cash provided by operating activities		375,336	1,143,572
Income tax paid		(98,382)	(41,462)
Net cash provided by operating activities		276,954	1,102,110

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Advanced International Multitech Co., Ltd.

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Notes	2021	2020
Cash provided by investing activities			
Decrease (Increase) in financial assets at amortized cost - current		$ 182,953	($ 465,088)
Decrease (Increase) in financial assets at amortized cost - non-current		44,649	(44,649)
Acquisition of investments accounted for using the equity method		-	(49,212)
Disposal of investments accounted for using equity method		-	36,336
Acquisition of cash dividends accounted for using equity method		262,395	509,417
Acquisition of property, plant and equipment	VI(XXVIII)	(458,404)	(182,021)
Increase in prepayments for business facilities		(68,191)	(118,540)
Proceeds from disposal of property, plant and equipment		3,566	71
Acquisition of intangible assets	VI(X)	(6,920)	(240)
Increase in refundable deposits		(2,284)	(41,927)
Decrease in refundable deposits		11,524	1,093
Increase in other non-current assets		(24,667)	(12,856)
Interest received		2,798	15,742
Net cash used in investing activities		(52,581)	(351,874)
Cash provided by financing activities			
Increase in short-term loans	VI(XXIX)	9,438,297	13,767,989
Decrease in short-term loans	VI(XXIX)	(9,199,735)	(13,999,848)
Repayment of the principal amount of rentals	VI(XXIX)	(23,934)	(10,781)
Interest paid		(1,303)	(4,438)
Cash dividends distributed	VI(XVII)	(365,344)	(311,219)
Treasury stock buyback cost	VI(XV)	(258,235)	-
Net cash used in financing activities		(410,254)	(558,297)
Net increase (decrease) in cash and cash equivalents		(185,881)	191,939
Cash and cash equivalents, beginning of the period		784,090	592,151
Cash and cash equivalents, end of the period		$ 598,209	$ 784,090

The notes for parent company only financial statements are part of the parent company only financial statements and should be read together.

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

Advanced International Multitech Co., Ltd.
Notes to the Parent Company Only Financial Statements
For the Years Ended December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars
(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 is mainly engaged in manufacturing, processing, trading, import and export of carbon fiber prepackaged materials, and carbon fiber products (e.g., baseball bat, billiard stick, arrow target, golf club shaft and head, fishing tools, bicycle and accessories), as well as composite materials, namely carbon fiber fabrics, for aviation industry.

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

II. Approval Date and Procedure of Financial Statements

The parent company only financial statements were released on February 25, 2022, after being approved by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Effects of the Adoption of New and Amended IFRSs Endorsed by the Financial Supervisory Commission ("FSC")

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

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Phase II amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform"	January 1, 2021
Amendments to IFRS 16 "Covid-19-Related Rent Concessions After June 30, 2021"	April 1, 2021 (Note)

Note: The FSC allows early application on January 1, 2021.

The Company's assessment of the above criteria and interpretations has no material impact on the Company'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 Company's assessment of the above criteria and interpretations has no material impact on the Company'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 IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	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 Company's assessment of the above criteria and interpretations has no material impact on the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Statement of Compliance

The parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

(II) Basis of Preparation

1. Except for the following significant items, these parent company only financial statements have been prepared under the historical cost convention:

   (1) Financial assets 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 when preparing financial statements in compliance with IFRSs. When the Company adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex items or significant assumptions and estimates with regards to this parent company only financial reports. Please refer to Note 5 for details.

(III) Foreign Currency Translation

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

1. Foreign Currency Transaction and Balance

   (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.

   (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.

   (3) Balances of non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; and if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.

   (4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income.

2. Translation from Foreign Operations

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

(1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the end of the financial reporting period;

(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(3) All resulting exchange differences are recognized in other comprehensive income.

(4) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(2) Assets held primarily for trading purposes.

(3) Assets that are expected to be realized within 12 months after the balance sheet date.

(4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

The company classifies all the assets that do not meet the above-mentioned criteria as non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle.

(2) Assets held primarily for trading purposes.

(3) Liabilities that are expected to be settled within 12 months after the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

The Company shall classify all liabilities that do not meet the above conditions as noncurrent.

(V) Cash equivalents

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

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

1. Financial assets that are neither measured at amortized cost nor measured at FVTOCI.
2. On a regular way purchase or sale basis, financial assets at FVTPL are recognized and derecognized using settlement date accounting.
3. Financial assets at FVTPL are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits associated with dividends are likely to flow-in. If the amount of dividends can be reliably measured, the Company shall recognize the dividend income as profit or loss.

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

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

(VIII) Financial assets measured at amortized cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
   (1) The objective of the Company's business model is achieved by collecting contractual cash flows of the financial assets;
   (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.

2. On a regular way purchase or sale basis, the financial assets at amortized cost are recognized and derecognized using settlement date accounting by the Company.

3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. In subsequent periods, interest income is recognized using the effective interest method and impairment loss is accounted for. Upon derecognition, the gain or loss is recognized in profit or loss.

(IX) Accounts receivables and notes receivables

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

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

(X) Impairments of Financial Assets

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

(XI) Derecognition of financial assets

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

(XII) Inventories

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

(XIII) Investments Accounted for under the Equity Method/Subsidiaries and Associates

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

2. The Company’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company’s share of losses in an associate equals or exceeds its stake in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. Any changes in equity of associates are recognized as “Capital Reserve” by the Company in proportion to its shareholding percentage, provided that such changes are not attributable to profit or loss, or to other comprehensive income, or affect the Company’s shareholding percentage.
4. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Company.
5. When the Company disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Company loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
6. Subsidiaries refer to entities controlled by the Company (including structural entities). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
7. Unrealized gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Company.
8. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.

9. A change in the ownership interest of a subsidiary without a loss of control (transactions with non-controlling interests) is accounted for as an equity transaction, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

10. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

2. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss when incurred.

3. Except for land which is not depreciated, other property, plant, and equipment are subsequently measured using the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.

4. The Company reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Housing and structures	2 year to 56 years
Machinery and equipment	1 years to 15 years
Utility equipment	2 year to 41 years
Transportation equipment	2 year to 6 years
Office equipment	3 year to 5 years
Other equipment	1 year to 21 years

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

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

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

   (1) Fixed payments, less any lease incentives receivables;

   (2) Variable lease payments that based on the current value of an index or a rate;

   (3) Lease payments expected to be payable by the Company under the residual value guarantee; and

   (4) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

   (1) The amount of the initial measurement of the lease liability;

   (2) Any lease payments made at or before the commencement date;

   (3) Any initial direct costs incurred; and

   (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(XVI) Intangible assets

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

(XVII) Impairment of non-financial assets

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

(XVIII) Borrowings

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

(XIX) Notes payables and accounts payables

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

(XX) Offsetting financial assets and financial liabilities

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

(XXI) Non-hedging derivatives

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

(XXII) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plan

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

(2) Defined benefit plans

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

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

3. Termination benefits

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

4. Employees' compensation, and directors and supervisors remuneration

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

(XXIII) Income Tax

1. Income tax expense includes current income tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

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

(XXIV) Share capital

1. Common shares are classified as equity.
2. When the Company buys back the issued shares, the consideration paid and the directly attributable incremental costs are recognized as a deduction from shareholders' equity (net of tax). On subsequent reissues of the repurchased shares, the difference between the consideration received, net of any directly attributable incremental costs and the effect of income taxes, and the carrying amount is recognized as an adjustment to shareholders' equity.

(XXV) Dividend distribution

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

(XXVI) Revenue recognition

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

(XXVII) Government grants

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

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

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

As of December 31, 2021, the carrying amount of the Company's accounts receivable was $3,644,025.

2. Evaluation of inventories

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

As of December 31, 2021, the carrying amount of the Company's inventory was $802,884.

VI. Descriptions of Major Accounting Subjects

(I) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	$ 191	$ 212
Checking deposits and demand deposits	523,018	311,758
Cash equivalents - time deposits	75,000	158,400
Cash equivalents - repo bonds	-	313,720
	$ 598,209	$ 784,090

1. The Company deals with financial institutions having high credit quality. The Company 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 Company.

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

Item	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	$ -	$ 204
Adjustment for valuation	-	-
	$ -	$ 204

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

	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	$ 5,861	$ 2,248
Financial liabilities held for trading		
Non-hedging derivatives	(6,125)	-
	($ 264)	$ 2,248

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

   December 31, 2021: None.

	December 31, 2020	
Derivative financial assets	Contract Amount (nominal principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 10,000 thousand	2020.12.09~2021.01.29

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

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

(III) Financial assets measured at amortized cost

Item	December 31, 2021	December 31, 2020
Current items:		
Restricted bank deposits	$ 282,135	$ 465,088
Non-current items:		
Restricted bank deposits	$ -	$ 44,649

1. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amount that best represents the financial assets at amortized cost were both the carrying amounts.

2. The Company 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

	December 31, 2021	December 31, 2020
Notes receivable	$ 9,567	$ 7,808
Accounts receivable	$ 3,645,706	$ 2,842,168
Accounts receivable - due from related parties	479	609
	3,646,185	2,842,777
Less: Loss allowance	(2,160)	(1,807)
	$ 3,644,025	$ 2,840,970

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

	December 31, 2021		December 31, 2020	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	$ 9,567	$ 3,554,616	$ 7,808	$ 2,767,705
Overdue:				
Within 30 days	-	73,571	-	70,707
31 to 90 days	-	15,488	-	4,324
91 to 180 days	-	2,510	-	41
Over 181 days	-	-	-	-
	$ 9,567	$ 3,646,185	$ 7,808	$ 2,842,777

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

2. As at December 31, 2021, December 31, 2020, and January 1, 2020, the Company's accounts receivable and contracts receivable (including notes receivable) amounted to $3,655,752, $2,850,585, and $2,425,667, respectively.

3. No accounts receivables or notes receivables were pledged as collateral by the Company.

4. As of December 31, 2021 and 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 receivables and accounts receivables were both the carrying amounts.

5. For information on the credit risks of notes receivables and accounts receivables, please refer to Note XII(II).

(V) Inventory

	December 31, 2021		
	Cost	Allowance for price decline	Carrying amount
Raw materials	$ 319,262	($ 15,245)	$ 304,017
Work in progress	42,694	(1,107)	41,587
Finished goods	461,884	(4,604)	457,280
	$ 823,840	($ 20,956)	$ 802,884

	December 31, 2020		
	Cost	Allowance for price decline	Carrying amount
Raw materials	$ 249,294	($ 19,361)	$ 229,933
Work in progress	38,701	(654)	38,047
Finished goods	287,956	(7,839)	280,117
	$ 575,951	($ 27,854)	$ 548,097

The cost of inventories recognized as expense for the period:

	2021	2020
Cost of inventories sold	$ 12,187,096	$ 9,128,617
(Recovery gain) loss from price decline	(6,898)	8,054
Disposition loss	4,905	1,766
Others	(11,011)	1,581
	$ 12,174,092	$ 9,140,018

In 2021, a decrease in the cost of sales was recognized due to the recovery of the net realizable value of inventories contributed by the well-performed liquidation of excess stocks and retirement of some inventories.

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

Item	December 31, 2021	December 31, 2020
Non-current items:		
Unlisted stocks	$ 55	$ 55
Adjustment for valuation	-	-
	$ 55	$ 55

1. The Company elects to classify strategic equity investments as financial assets at fair value through other comprehensive income (FVTOCI). The fair value of such investments as at December 31, 2021 and 2020 totaled $1,009 and $1,011, respectively.
2. No financial asset measured at FVTOCI was pledged by the Company as collateral.

(VII) Investments accounted for using the equity method

	December 31, 2021	December 31, 2020
Subsidiaries		
Advanced International Multitech (VN) Corporation Ltd.	$ 530,902	$ 674,299
Advanced Group International (BVI) Co., Ltd.	694,421	605,925
Launch Technologies Co., Ltd. (LTC)	628,112	518,466
Associates:		
Munich Composites GmbH	-	48,361
	$ 1,853,435	$ 1,847,051

1. For information on the Company's subsidiaries, please refer to Note IV(III) in the consolidated financial statements for the year ended December 31, 2021.
2. (1) Associates:

   As at December 31, 2021 and 2020, the Company did not have any significant associates.

   (2) The carrying amount and operating results of the Company's individually insignificant associates are summarized as follows:

   As of December 31, 2021 and 2020, the carrying amounts of the Company's individually insignificant associates totaled $0 and $48,361, respectively.

	2021	2020
Net loss for the period	($ 2,340)	($ 4,170)
Other comprehensive income (net after tax)	-	-
Total comprehensive income (loss)	($ 2,340)	($ 4,170)

   (3) The Company 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 Company has no practical ability to direct the relevant activities, and thus it is judged that it has no control but only significant influence over such company.

   (4) The Company assessed the recoverable value of Munich Composites GmbH's continued operations in accordance with the "IAS 36" with the discount rate of 11%. As a result of the assessment, the recoverable amount was less than the carrying amount, so an impairment loss of $42,407 was recognized in 2021 and listed under "other gains and losses".

(VIII) Property, plant and equipment

	December 31, 2021	December 31, 2020
Land	$ 162,544	$ 162,544
Housing and structures	306,720	230,898
Machinery equipment	343,881	328,573
Utility equipment	20,717	23,757
Transportation equipment	387	-
Office equipment	7,803	7,672
Other equipment	65,189	67,043
Construction in progress	334,578	115,562
	$ 1,241,819	$ 936,049

Cost	2021				
Name of assets	January 1	Additions	Disposals	Reclassifications	December 31
Land	$ 162,544	$ -	$ -	$ -	$ 162,544
Housing and structures	386,236	21,675	(840)	84,807	491,878
Machinery equipment	618,785	95,501	(81,065)	37,986	671,207
Utility equipment	31,959	901	(3,034)	-	29,826
Transportation equipment	-	407	-	-	407
Office equipment	15,714	2,624	(4,821)	-	13,517
Other equipment	114,407	24,161	(12,529)	1,220	127,259
Construction in progress	115,562	317,516	-	(98,500)	334,578
	1,445,207	$ 462,785	($102,289)	$ 25,513	1,831,216

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	December 31
Housing and structures	$ 155,338	$ 30,660	($ 840)	$ -	$ 185,158
Machinery equipment	290,212	109,524	(72,410)	-	327,326
Utility equipment	8,202	3,941	(3,034)	-	9,109
Transportation equipment	-	20	-	-	20
Office equipment	8,042	2,493	(4,821)	-	5,714
Other equipment	47,364	25,310	(10,604)	-	62,070
	509,158	$ 171,948	($ 91,709)	$ -	589,397
	$936,049				$ 1,241,819

Cost	2020				
Name of assets	January 1	Additions	Disposals	Reclassifications	December 31
Land	$ 162,544	$ -	$ -	$ -	$ 162,544
Housing and structures	375,364	11,221	(2,752)	2,403	386,236
Machinery equipment	461,861	140,115	(30,754)	47,563	618,785
Utility equipment	28,259	3,097	(520)	1,123	31,959
Transportation equipment	-	-	-	-	-
Office equipment	14,820	1,862	(968)	-	15,714
Other equipment	82,216	35,797	(6,786)	3,180	114,407
Construction in progress	42,602	822	-	72,138	115,562
	1,167,666	$ 192,914	($ 41,780)	$ 126,407	1,445,207

Accumulated depreciation and impairment					
Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	December 31
Housing and structures	$ 137,745	$ 20,345	($ 2,752)	$ -	$ 155,338
Machinery equipment	252,268	68,698	(30,754)	-	290,212
Utility equipment	5,241	3,481	(520)	-	8,202
Office equipment	6,020	2,990	(968)	-	8,042
Other equipment	37,813	16,299	(6,748)	-	47,364
	439,087	$ 111,813	($ 41,742)	$ -	509,158
	$ 728,579				$ 936,049

1. The Company has no capitalization of borrowing costs in 2021 and 2020.
2. Significant components of the Company'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 refer to Note VIII for details.

(IX) Lease transaction - lessee

1. The Company's leased underlying assets comprise lands and buildings, of which the lease term is usually between 2 years to 35 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:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	$ 457,355	$ 471,365
Housing and structures	6,519	12,156
	$ 463,874	$ 483,521

	2021	2020
	Depreciation expenses	Depreciation expenses
Land	$ 14,010	$ 7,232
Housing and structures	14,420	5,638
	$ 28,430	$ 12,870

3. Additions to the Company's right-of-use assets for the year ended December 31, 2021 and 2020 amounted to $8,783 and $494,035, respectively.

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

	2021	2020
Items that affect current profit or loss		
Interest expense on lease liability	$ 3,716	$ 1,662
Expense on leases of low-value assets	9,147	5,897
Gains on lease modification	-	27

5. The cash outflow used in the Company's leases for the year ended 2021 and 2020 totaled $36,797 and $18,340, 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 Company.

   (2) The Company determines the lease term by taking into consideration all relevant facts and circumstances that create an economic incentive for the Company 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.

(X) Intangible assets

	Computer software
January 1, 2021	
Cost	$ 11,808
Accumulated amortization	(9,316)
	$ 2,492
2021	
January 1	$ 2,492
Addition - separately acquired	6,920
Derecognition - cost reduction	(6,041)
Amortization expenses	(3,250)
Derecognition - reduction in accumulated amortization	6,041
December 31	$ 6,162
December 31, 2021	
Cost	$ 12,687
Accumulated amortization	(6,525)
	$ 6,162

	Computer software
January 1, 2020	
Cost	$ 23,777
Accumulated amortization	(15,302)
	$ 8,475
2020	
January 1	$ 8,475
Addition - separately acquired	240
Derecognition - cost reduction	(12,209)
Amortization expenses	(6,223)
Derecognition - reduction in accumulated amortization	12,209
December 31	$ 2,492
December 31, 2020	
Cost	$ 11,808
Accumulated amortization	(9,316)
	$ 2,492

Amortization of intangible assets is detailed as below:

	2021	2020
Operating costs	$ 355	$ 954
Administrative expenses	923	1,649
Research and development expenses	1,972	3,620
	$ 3,250	$ 6,223

(XI) Short-term loans

Type of loans	December 31, 2021	December 31, 2020
Bank credit loan	$ 268,562	$ 31,727
Loans against letter of credit	47,487	45,760
	$ 316,049	$ 77,487
Interest rate range	0%~0.43%	0%~0.50%

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

(XII) Other payables

	December 31, 2021	December 31, 2020
Payroll and bonus payable	$ 395,812	$ 285,995
Employee, directors and supervisors remuneration payable	91,925	61,386
Processing fee payable	29,780	13,139
Equipment expenses payable	34,868	30,487
Others	138,787	107,012
	$ 691,172	$ 498,019

(XIII) Other current liabilities

	December 31, 2021	December 31, 2020
Receipts under custody	$ 95,665	$ 116,863
Contract liabilities – current	12,847	17,343
Others	1,307	1,639
	$ 109,819	$ 135,845

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 111,955	$ 108,696
Fair value of planned assets	(38,607)	(26,646)
Net defined benefit liabilities	$ 73,348	$ 82,050

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

2021	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
Balance as of January 1	$ 108,696	($ 26,646)	$ 82,050
Current service cost	146	-	146
Interest expense (income)	326	(80)	246
	109,168	(26,726)	82,442
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expenses)			
Effects of changes in population statistics assumptions	102	-	102
Effects of changes in financial assumptions	(4,567)	-	(4,567)
Experience adjustment	7,252	(406)	6,846
	2,787	(406)	2,381
Provision of pension fund	-	(11,475)	(11,475)
Pension paid	-	-	-
Balance as of December 31	$ 111,955	($ 38,607)	$ 73,348

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

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

Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19 paragraph 142. For the fair value of the total retirement fund as at December 31, 2021 and 2020, please refer to the Labor Retirement Fund Utilization Report published by the government each year.

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

	2021	2020
Discount rate	0.70%	0.30%
Future salary increase rate	2.50%	2.50%

Future mortality rate is estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2021				
Effect on the present value of defined benefit obligation	($ 2,671)	$ 2,763	$ 2,428	($ 2,364)

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

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

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

(6) The Company expects to make contributions of $2,249 to the pension plans within

one year.

(7) As of December 31, 2021, the weighted average duration of the retirement plan is 10 years.

2. (1) Starting July 1, 2005; the Company has established a retirement scheme based on the "Labor Pension Act", which shall apply to the employees of this nationality. 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) For the years ended December 31, 2021 and 2020, the Company's net pension costs recognized under the defined contribution plan were $33,532 and $28,380, respectively.

(XV) Capital

As of December 31, 2021, the Company had an authorized capital in the amount of $1,800,000, comprising 180,000 thousand shares (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible corporate bonds), and a paid-in capital in the amount of $1,353,127 with each share priced at NT$10. Share payments for the Company's issued stocks have been collected in full.

1. 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):

	2021	2020
January 1	135,313	135,313
Treasury stock buyback	(3,379)	-
December 31	131,934	135,313

2. Treasury stock

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

		December 31, 2021	
Name of investor company	Reason for recovery	Number of shares (in thousand shares)	Carrying amount
The Company	Available for transfer of shares to employees (Note)	3,379	$ 258,235

Note: The company decided to buy back treasury stocks 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. Considering capital planning and effective use, the Company will buy back in batches depending on the stock price changes. Therefore, the treasury stocks were not fully executed this time, and the actual number of treasury stocks bought back were 3,379 thousand shares in total.

January 1 to December 31, 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 capital reserve realized.

(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 from the date of the repurchase. Those 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.

(XVI) 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.

(XVII) 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's shareholders' meeting on July 12, 2021 passed the resolution of the 2020 earnings distribution proposal, and on May 28, 2020, the shareholders' meeting passed the 2019 earnings distribution proposal as follows:

	2020		2019	
	Amount	Dividend per share ($)	Amount	Dividend per share ($)
Legal reserve	$ 67,822		$ 61,567	
Special reserve	9,168		58,543	
Cash dividends	365,344	$ 2.7	311,219	$ 2.3

The above-mentioned relevant shareholders' meeting resolutions on earnings distribution can be found at the Public Information Observatory (TWSE MOPS).

6. On February 25, 2022, the Company proposed by the Board of Directors that the 2021 earnings distribution proposal is as follows:

	2021	
	Amount	Dividend per share ($)
Legal reserve	$ 134,556	
Special reserve	24,770	
Cash dividends	727,835	$ 5.5

As of February 25, 2022, the above-mentioned 2021 earnings distribution proposal has not been resolved by the shareholders' meeting.

(XVIII) Operating revenue

1. Detailed contracts with customers

All the Company'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	2021	2020
Americas	$ 9,631,000	$ 6,373,855
Asia	4,240,285	3,939,268
Others	429,277	175,623
	$ 14,300,562	$ 10,488,746

2. Contract liabilities

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

	December 31, 202	December 31, 2020	January 1, 2020
Consumer products	$ 12,847	$ 17,343	$ 1,065

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

	2021	2020
Consumer products	$ 17,335	$ 717

(XIX) Other income and expenses - net

	2021	2020
Income from molds	$ 34,203	$ 50,578
Income from samples	21,014	14,668
Other income	120,246	44,448
	$ 175,463	$ 109,694

(XX) Interest income

	2021	2020
Interest from bank deposits	$ 2,798	$ 15,742

(XXI) Other income

	2021	2020
Government subsidy income	$ 8,659	$ 51,704
Others	1,887	66
	$ 10,546	$ 51,770

1. In May 2020, the Company applied to the Industrial Development Bureau of the Ministry of Economic Affairs for compensation and working capital subsidies for the manufacturing industry and its technical services industry due to severe and unusual communicable disease. After review and approval, the government subsidy income of $45,052 was recognized. There were no unfulfilled conditions and other contingencies.
2. In December 2020, the Company received government grants of $11,300 under the guidance of industrial upgrade and innovation platform, which was transferred to profit or loss upon expenses associated with the implementation of the plan. In 2021 and 2020, the government subsidy income recognized was $6,152 and $5,148.

(XXII) Other gains and losses

	2021	2020
Gain on disposal of investments accounted for using equity method	$ -	$ 107,691
Net (loss) gain from financial assets and liabilities at fair value through profit or loss	(264)	2,248
(Loss) gain on disposal and retirement of property, plant and equipment	(7,014)	33
Gains on lease modification	-	27
Loss on foreign exchange, net	(59,316)	(163,353)
Impairment loss (Note)	(42,407)	-
Others	9,489	6,013
	($ 99,512)	($ 47,341)

Note: please refer to Note VI(VII).

(XXIII) Finance costs

	2021	2020
Interest expense	$ 5,019	$ 6,100

(XXIV) Additional information regarding the nature of expense

	2021	2020
Employee benefits expense	$ 1,124,044	$ 859,522
Depreciation expenses	200,378	124,683
Amortization expenses	13,672	13,039
	$ 1,338,094	$ 997,244

(XXV) Employee benefits expense

	2021	2020
Salary and wages	$ 964,659	$ 729,254
Labor and health insurance premiums	73,663	57,596
Pension expense	33,924	29,085
Remuneration to directors	9,680	7,340
Other personnel cost	42,118	36,247
	$ 1,124,044	$ 859,522

1. The Articles of Incorporation requires that the Company allocate no less than one percent (1%) of its annual earnings as employee compensation, and no greater than five percent (5%) of its annual earnings as remuneration for directors and supervisors. However, that a portion of earnings shall be reserved if the Company still has an accumulated deficit.
2. For the years ended December 31, 2021 and 2020, the Company recognized compensation to employees in the amounts equal to $80,090 and $52,218 respectively, and remuneration to directors and supervisors in the amounts equal to $11,600 and $9,000, respectively, all presented under payroll expense.

   The amounts for 2021 were estimated at certain percentages based on the profits earned by the end of the year.

   The amounts of compensation to employees and remuneration to directors and supervisors for 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 were 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.

(XXVI) Income Tax

1. Income tax expense (gain)

(1) Components of income tax expense

	2021	2020
Current income tax:		
Income tax arising from the current period	$ 252,695	$ 165,912
Overestimation of prior year's income taxes	(53,829)	(2,888)
Total current income tax	198,866	163,024
Deferred income tax:		
Originating and reversed temporary differences	30,630	(34,642)
Income tax expense	$ 229,496	$ 128,382

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

	2021	2020
Remeasurement of defined benefit obligation	($ 476)	($ 620)

2. Relation between income tax expense and accounting profit

	2021	2020
Income tax calculated by applying the statutory tax rate to net income before tax	$ 315,392	$ 161,817
Tax exempted income pursuant to the taxation law	(1,230)	(9,010)
Effects from items prohibited from being recognized by laws and regulations	(30,837)	(14,643)
Overestimation of prior year's income taxes	(53,829)	(2,888)
Effect of investment tax credit	-	(6,894)
Income tax expense	$ 229,496	$ 128,382

3. The amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Inventory valuation and obsolescence loss	$ 5,571	($ 1,380)	$ -	$ 4,191
Pensions	16,410	(2,217)	476	14,669
Unrealized exchange losses	10,016	(8,616)	-	1,400
Others	5,623	8,636	-	14,259
	37,620	(3,577)	476	34,519
Deferred income tax liabilities:				
Differences in investment gains or losses recognized	(125,851)	(27,094)	-	(152,945)
Liability of land value increment tax	(11,598)	-	-	(11,598)
Others	(41)	41	-	-
	(137,490)	(27,053)	-	(164,543)
	($ 99,870)	($ 30,630)	$ 476	($ 130,024)

	2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Inventory valuation and obsolescence loss	$ 3,960	$ 1,611	$ -	$ 5,571
Pensions	16,070	(280)	620	16,410
Unrealized exchange losses	7,764	2,252	-	10,016
Others	3,902	1,721	-	5,623
	31,696	5,304	620	37,620
Deferred income tax liabilities:				
Differences in investment gains or losses recognized	(155,230)	29,379	-	(125,851)
Liability of land value increment tax	(11,598)	-	-	(11,598)
Others	-	(41)	-	(41)
	(166,828)	29,338	-	(137,490)
	($ 135,132)	$ 34,642	$ 620	($ 99,870)

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

(XXVII) Earnings per share

	2021		
	After-tax amount	Number of weighted average outstanding shares (thousand shares)	Earnings per share ($)
Basic earnings per share			
Net income attributable to shareholders of common shares	$ 1,347,465	134,654	$ 10.01
Diluted earnings per share			
Net income attributable to shareholders of common shares	$ 1,347,465	134,654	
Assumed conversion of all dilutive potential common shares- employees' compensation	-	1,214	
Profit attributable to ordinary shareholders plus effect of potentially dilutive common stocks	$ 1,347,465	135,868	$ 9.92

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

(XXVIII) Additional information regarding cash flows

1. Investing activities with partial cash payments:

	2021	2020
Acquisition of property, plant and equipment	$ 462,785	$ 192,914
Add: Equipment payable, beginning of period (recognized in other payables)	30,487	19,594
Less: Equipment payable, end of period (recognized in other payables)	(34,868)	(30,487)
Amount paid in cash	$ 458,404	$ 182,021

2. Investing activities that do not affect cash flows:

	2021	2020
Equipment prepayments transferred to property, plant and equipment	$ 28,264	$ 127,699
Property, plant and equipment Other non-current assets	$ 1,749	$ 1,292
Reclassification of property, plant and equipment to expense	$ 1,002	$ -

(XXIX) Changes in liabilities from financing activities

	Short-term loans	Lease liabilities	Total liabilities from financing activities
January 1, 2021	$ 77,487	$ 485,624	$ 563,111
Changes in financing cash flows	238,562	(23,934)	214,628
Other non-cash changes	-	8,783	8,783
December 31, 2021	$ 316,049	$ 470,473	$ 786,522

	Short-term loans	Lease liabilities	Total liabilities from financing activities.
January 1, 2020	$ 309,346	$ 6,549	$ 315,895
Changes in financing cash flows	(231,859)	(10,781)	(242,640)
Other non-cash changes	-	489,856	489,856
December 31, 2020	$ 77,487	$ 485,624	$ 563,111

VII. Related-party Transactions

(I) Name and relationship of subsidiaries

Name of related party	Relationship with the Company
Advanced Sporting Goods (Dongguan) Co., Ltd.	Subsidiary of the Company
Advanced International Multitech (VN) Corporation Ltd.	Subsidiary of the Company
Launch Technologies Co., Ltd. (LTC)	Subsidiary of the Company

(II) Significant transactions with related parties

1. Purchases

	2021	2020
Purchase of inventories		
Advanced Sporting Goods (Dongguan) Co., Ltd.	$ 8,571,540	$ 5,725,940
Advanced International Multitech (VN) Corporation Ltd.	2,588,657	2,847,088
Others	1,009	245
	$ 11,161,206	$ 8,573,273

(1) In 2021 and 2020, in preparation of the parent company only financial statements, the sales amount comprises the sales revenue (sales of raw materials and goods) and operating costs (purchase of goods) arising from the Company's sales to its subsidiaries, offset by $1,539,748 and $980,420, respectively.

(2) The price and payment terms of the Company's sales to related parties were agreed by both parties, which were not comparable to normal transactions as there were no similar product transactions.

2. Receivables from related parties

	December 31, 2021	December 31, 2020
Receivables from related parties:		
Others	$ 479	$ 609

Receivables from related parties are primarily incurred in the provision of services, which are due 60 days after the settlement date. There is no mortgage and non-interest bearing on receivables. There is no provision for liability reserve for the receivables from related parties.

3. Payables to related parties

	December 31, 2021	December 31, 2020
Payables to related parties:		
Advanced Sporting Goods (Dongguan) Co., Ltd.	$ 1,477,878	$ 1,351,291
Advanced International Multitech (VN) Corporation Ltd.	264,939	541,136
Others	985	241
	$ 1,743,802	$ 1,892,668

Payables to related parties are primarily incurred in the purchases and transactions, which are due 2 months after the settlement date. There is no interest bearing on the payable items.

(III) Information about Remunerations to the Major Management:

	2021	2020
Salary and other employee benefits	$ 51,009	$ 33,561

VIII. Pledged Assets

The details of the asset pledged as collateral provided by the Company are as follows:

	Carrying amount		
Assets	December 31, 2021	December 31, 2020	Guarantee use
Land	$ 125,648	$ 125,648	Short-term loans
Buildings and structures - net	42,174	50,186	Short-term loans
Pledged time deposits (presented as "other non-current assets")	30,761	41,509	Customs deposits, project security deposits and lease deposits
	$ 198,583	$ 217,343	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingency

None.

(II) Commitments

1. Balance of outstanding letters of credit

	December 31, 2021	December 31, 2020
Raw materials imported	$ 83,910	$ 18,858

2. Capital expenditure committed but yet to incur

	December 31, 2021	December 31, 2020
Property, plant and equipment	$ 232,560	$ 44,051

3. Operating lease agreements

Please refer to Note VI(IX) for details.

X. Significant Losses from Disasters

None.

XI. Significant Subsequent Events

The Company's Board of Directors proposed on February 25, 2022 to distribute cash dividends of NT$5.5 to each common share using the undistributed earnings, and the dividends came to a total of $727,835. Please refer to Note VI(XVII) for details.

XII. Others

(I) Capital Management

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

The Company's strategies employed for 2021 were the same as those for 2020, i.e., striving to strike a balance for the overall capital structure. The Company's debt-to-capital ratios as at December 31, 2021 and 2020 are stated below:

	December 31, 2021	December 31, 2020
Total liabilities	$ 4,021,459	$ 3,664,277
Total assets	$ 9,179,010	$ 8,124,617
Debt-to-capital ratio	44	45

(II) Financial Instruments

1. Types of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ 204
Financial assets at fair value through other comprehensive income		
Election of the designated equity instrument investment	55	55
Financial assets measured at amortized cost		
Cash and cash equivalents	598,209	784,090
Financial assets measured at amortized cost	282,135	509,737
Notes receivable	9,567	7,808
Accounts receivable	3,644,025	2,840,970
Other receivables	7,725	6,341
Refundable deposits	33,568	42,808
	$ 4,575,284	$ 4,192,013

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 316,049	$ 77,487
Notes payable	3,453	3,248
Accounts payable	207,465	204,843
Accounts payable - related parties	1,743,802	1,892,668
Other payables	691,172	498,019
	$ 2,961,941	$ 2,676,265
Lease liabilities (including non-current)	$ 470,473	$ 485,624

2. Risk management policy

(1) The daily operations of the Company are subject to a number of financial risks, including market risks (including exchange rate risks, interest rate risks, and price risks) credit risks, and liquidity risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(2) Risk management is carried out by the Company’s finance department in compliance with relevant policies. Through cooperation with the Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial

risks. With respect to the overall risk management, the Company has established principles in writing, as well as policies in writing concerning specified scope and matters, e.g. exchange risk, credit risk, utilization of derivatives and non-derivatives, and investment of remaining liquidity.

3. The nature and degree of significant financial risks

(1) Market risk

Foreign exchange rate risk

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

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

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

	December 31, 2021		
	Foreign currency (in $ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 149,232	27.68	$ 4,130,742
Non-monetary items			
USD:NTD	19,180	27.68	530,902
RMB:NTD	159,468	4.35	694,421
Financial liabilities			
Monetary items			
USD:NTD	77,590	27.68	2,147,691

	December 31, 2020		
	Foreign currency (in $ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 128,008	28.43	$ 3,639,267
Non-monetary items			
USD:NTD	23,718	28.43	674,299
RMB:NTD	138,434	4.38	605,925
EUR:NTD	1,389	34.82	48,361
Financial liabilities			
Monetary items			
USD:NTD	71,641	28.53	2,043,918

D. In 2021 and 2020, due to the exchange rate volatility, total exchange gains (losses) from the Company's monetary items amounted to $59,316 and $163,353, respectively.

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

	2021		
	Sensitivity analysis		
	Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 41,307	$ -
Non-monetary items			
USD:NTD	1%	-	5,309
RMB:NTD	1%	-	6,944
Financial liabilities			
Monetary items			
USD:NTD	1%	21,477	-

	2020		
	Sensitivity analysis		
	Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 36,393	$ -
Non-monetary items			
USD:NTD	1%	-	6,743
RMB:NTD	1%	-	6,059
EUR:NTD	1%	-	484
Financial liabilities			
Monetary items			
USD:NTD	1%	20,439	-

Price risk

The Company is not exposed to price risks from products.

Cash flow interest rate risk and fair value interest rate risk

The Company's short-term borrowings are all instruments with fixed interest rate, and are consequently not exposed to any significant cash flow interest rate risk.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Company 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 Company to trade only with counterparties having a good credit rating, there hasn't been any default on cash and cash equivalents or financial derivatives.

Accounts receivable

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

B. The Company 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 Company's accounts receivables are due from ordinary enterprises. The Company 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 Company writes off the financial asset to the extent of the recovery amount that can not be reasonably expected; nonetheless, the Company will keep legal recourse to secure its creditor's rights.

E. Expected credit losses on the Company's accounts receivable as of December 31, 2021 and 2020 were as follows:

		Overdue						
	Not overdue	Within 30 days	31~ 60 days	61~ 90 days	91~ 120 days	121~ 150 days	151~ 180 days	180 days and more
December 31, 2021	0.02%	0.23%	1.94%	4.77%	10.32%	34.37%	67.99%	100%
December 31, 2020	0.04%	0.51%	3.39%	7.35%	14.47%	58.06%	93.69%	100%

The Company's balance of accounts overdue for 31 days and more as of December 31, 2021 and 2020 accounted for approximately 0.49% and 0.15% of the total, respectively.

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

	2021	
	Notes receivable	Accounts receivable
January 1	$ -	$ 1,807
Provision of impairment loss	-	353
December 31	$ -	$ 2,160

	2020	
	Notes receivable	Accounts receivable
January 1	$ -	$ 864
Provision of impairment loss	-	943
December 31	$ -	$ 1,807

(3) Liquidity risk

A. Cash flows forecasting is carried out by the Company'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 Company's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase agreement, and marketable securities, all of which are instruments either with appropriate maturity or with sufficient liquidity so as to satisfy the said forecasting and provide sufficient position for dispatching of funds. As of December 31, 2021 and 2020, the Company had a money market position in the amounts equal to $598,018 and $783,878.

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

	December 31, 2021		
	Less than 1 year	1-2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 316,144	$ -	$ -
Notes payable	3,453	-	-
Accounts payable	207,465	-	-
Accounts payable - related parties	1,743,802	-	-
Other payables	691,172	-	-
Lease liabilities (including non-current)	16,797	15,952	504,689

Derivative financial liabilities: None.

	December 31, 2020		
	Less than 1 year	1-2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 77,500	$ -	$ -
Notes payable	3,248	-	-
Accounts payable	204,843	-	-
Accounts payable - related parties	1,892,668		
Other payables	498,019	-	-
Lease liabilities (including non-current)	18,837	16,797	520,640

Derivative financial liabilities: None.

D. The Company 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 values of the Company's investment in derivatives all belong to it.

   Level 3: Unobservable inputs for the asset or liability.

2. Financial instruments not measured at fair value

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

3. Below states the information regarding the Company'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) The Company is classified according to the nature of assets and liabilities. The relevant information is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 55	$ 55

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Forward foreign exchange contracts	$ -	$ 204	$ -	$ 204
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 55	$ 55
	$ -	$ 204	$ 55	$ 259

(2) The methods and assumptions used by the Company to measure fair value are 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 in 2021 and 2020.

5. There were no changes in Level 3 of the fair value hierarchy in 2021 and 2020.

6. Valuation process regarding fair value Level 3 is conducted by the Company's finance department, by which the independence of fair value of financial instruments is verified though use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g. calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.

7. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	Fair value as of 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	$ 1,009	Net asset value method	Not applicable.	Not applicable.	Not applicable.

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

8. The Company 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 Company'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 Company 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 Company's operations and financial performance were not affected by the COVID-19 pandemic.

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

Not applicable.

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to December 31, 2021

Table 1

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Investor	Type and name of securities	Relationship with the issuer	General ledger account	End of the period				Note
				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	$ 1,009	

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to December 31, 2021

Table 2

Unit: In Thousands of New Taiwan Dollars (Unless Otherwise Specified)

			Transaction details				Situation and reason of why trading conditions are different from general trading		Notes or accounts receivable (payable)		
Name of company	Name of the counterparty	Relationship	Purchase (sale)	Amount	Ratio to total purchases (sales) (%)	Loan period	Unit price	Loan period	Balance	Ratio on total notes and accounts receivable (payable)	Note
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchases	$ 8,571,540	76%	Note 1	Note 1	Note 1	($ 1,477,878)	76%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchases	2,588,657	23%	Note 1	Note 1	Note 1	(264,939)	14%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	(8,571,540)	100%	Note 3	Note 3	Note 3	1,477,878	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	(2,588,657)	100%	Note 3	Note 3	Note 3	264,939	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 $1,539,748 for the period between January 1 to December 31, 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 December 31, 2021

Table 3

Unit: In Thousands of New Taiwan Dollars (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 of receivables from related parties received in subsequent period	Allowance for doubtful accounts	Note
					Amount	Action taken			
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	$ 1,477,878	5.31	$ -	-	$ 373,965	$ -	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	264,939	5.86	-	-	86,398	-	

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to December 31, 2021

Table 4

Unit: In Thousands of New Taiwan Dollars
(Unless Otherwise Specified)

No. (Note 1)	Name of the company	Name of the transaction counterparty	Relationship with counterparty (Note 2)	Conditions of transactions: General ledger account	Conditions of transactions: Amount	Conditions of transactions: Transaction terms	Conditions of transactions: Ratio to consolidated total revenue or total assets (%)
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchases	$ 8,571,540	According to the agreement between both parties	51%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Accounts payable	1,477,878	According to the agreement between both parties	11%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchases	2,588,657	According to the agreement between both parties	15%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Accounts payable	264,939	According to the agreement between both parties	2%

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

(1) The parent company is coded 0.

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Three kinds of relationship with counterparty are as follows:

(1) Parent company to its subsidiary.

(2) Subsidiary to its parent company.

(3) Subsidiary to another subsidiary.

Advanced International Multitech Co., Ltd. and Subsidiaries

Name, Location and Information on Investee Companies (Excluding Investee Companies in Mainland China)

January 1 to December 31, 2021

Table 5

Unit: In Thousands of New Taiwan Dollars (Unless Otherwise Specified)

Investor	Name of investee company	Location	Primary business	Original investment amount		Ownership, end of period			Net profit or loss of investee company	Recognized investment gain or loss for the period	Note
				End of this period	End of last year	Number of shares	Ownership (%)	Carrying amount			
Advanced International Multitech Co., Ltd.	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	British Virgin Islands	Investment in other regions	$ 149,434	$ 149,434	4,584,815	100	$ 694,421	$ 179,500	$ 179,994	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	530,902	24,042	25,841	Note 1, 2
Advanced International Multitech Co., Ltd	Launch Technologies Co., Ltd. (LTC)	Taiwan	Engaged in production of sports products, other plastic products and international trade	266,495	266,495	28,518,424	55.93	628,112	236,837	132,461	
Advanced International Multitech Co., Ltd	Munich Composites GmbH	Germany	Engaged in design, research, development and production of carbon fiber bicycle wheels and carbon fiber reinforced polymer product.	49,212	49,212	21,003	27.27	-	(8,579)	(2,340)	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 December 31, 2021

Table 6

Unit: In Thousands of New Taiwan Dollars (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: Remittance	Remittance or recovery of investment amount: Recovery	Ending balance of accumulated outflow of investment from Taiwan	Net profit or loss of investee company	Direct or indirect ownership of the Company (%)	Recognized investment gain or loss for the period	Carrying amount of investment, end	Ending balance of accumulated inward remittance of investment income	Note
Advanced Group International (BVI) Co., Ltd.: Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in production and sale of carbon fiber prepreg materials and sports products	$ 149,446	2	$ 149,434	$ -	$ -	$ 149,434	$ 189,646	100	$ 189,646	$ 698,034	$ 948,328	Note1, 2
Advanced Sporting Goods (Dongguan) Co., Ltd.: Baoji Zatech Material Co., Ltd.	Engaged in production of materials	17,744	3	-	-	-	-	(516)	25	(129)	3,200	-	Note1, 2, 3, 4

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

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

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

Note 3: the amount of paid-in capital is converted based on the RMB4,000 thousand exchange rate of 4.436.

Note 4: Being the subsidiary of the Company, Ming An Sports Equipment (Dong Guan) Co., Ltd. directly invested in the investee company in Mainland China, the Company does not have actual remittance amount.

Name of company	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper limit on investment authorized by the Investment Commission, M.O.E.A.
Advanced International Multitech Co., Ltd. (Note 5, 6, 7)	$ 149,434	$ 126,691	$ 2,260,994

Note 5: 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 6: 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 27.68 at the balance sheet date.

Note 7: 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 December 31, 2021

Table 7

Unit: In Thousands of New Taiwan Dollars
(Unless Otherwise Specified)

	Sales (purchases)		Property transaction		Accounts receivable (payable)		Endorsement/guarantee or collateral provided		Financing				
Investee company	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Maximum balance	Ending balance	Interest rate range	Current interest	Others
Advanced Sporting Goods (Dongguan) Co., Ltd.	($ 8,571,540)	(76%)	$ -	-	($ 1,477,878)	(76%)	$ -	-	$ -	$ -	-	$ -	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 $1,539,748 for the period between January 1 to December 31, 2021.

Advanced International Multitech Co., Ltd. and Subsidiaries

Major Shareholder Information

December 31, 2021

Table 8

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

Note: (1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (incl. treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. 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 base on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and whose shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to the Market Observation Post System.

Advanced International Multitech Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2021

Statement 1 | Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount
Cash on hand and revolving funds		$ 191
Check deposits		280
Demand deposits	Taiwan Dollar demand deposits	92,462
	US Dollar demand deposits (USD15,416 thousand; Exchange rate: 27.68)	426,703
	Japanese Yen demand deposits (JPY14,857 thousand; Exchange rate: 0.2405)	3,573
Cash equivalents		
Time deposits	Interest rate range: 0.35%	75,000
	Maturity date: January 28, 2022	
		$ 598,209

Advanced International Multitech Co., Ltd.
Statement of Financial Assets Measured at Amortized Cost - Current
December 31, 2021

Statement 2 Unit: In Thousands of New Taiwan Dollars

Name of company	Summary	Amount	Note
Taishin International Bank	Use of funds subject to regulatory restrictions	$ 282,135	

Advanced International Multitech Co., Ltd.
Statement of Net Accounts Receivable
December 31, 2021

Statement 3 | Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
General customers:			
10986 Clients	Account receivable from customer	$ 1,906,621	
10008 Clients	Account receivable from customer	346,035	
11273 Clients	Account receivable from customer	284,634	
10001 Clients	Account receivable from customer	190,767	
Other (the balance did not exceed 5% of this account)	Account receivable from customer	917,649	
Subtotal		3,645,706	
Related party:			
Launch Technologies Co., Ltd. (LTC)	Account receivable from customer	479	
Total		3,646,185	
Less: Loss allowance		(2,160)	
		$ 3,644,025	

Advanced International Multitech Co., Ltd.
Statement of Inventories
December 31, 2021

Statement 4 | Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount: Cost	Amount: Net realizable value	Note
Raw materials		$ 298,299	$ 308,259	Note
Other materials		20,963	21,599	Note
Work in process		42,694	67,626	Note
Finished goods		461,884	532,417	Note
		823,840	$ 929,901	
Less: Allowance for valuation and obsolescence loss		(20,956)		
		$ 802,884		

Note: The net realizable value of raw materials refers to its replacement cost. The net realizable value of work in progress and finished goods refers to the estimated selling price in the normal operating course less the estimated cost of completion and applicable variable selling expenses.

Advanced International Multitech Co., Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
January 1 to December 31, 2021

Statement 5

Unit: In Thousands of New Taiwan Dollars

Name of company	Balance in the beginning of the period		Increase amount for period (note)		Decrease amount for period (note)		Ending balance			Market Value/Net Equity Value		Status of providing guarantee or pledge	Note
	Thousand shares	Amount	Thousand shares	Amount	Thousand shares	Amount	Thousand shares	Shareholding ratio	Amount	Unit price (Dollar)	Total		
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	14,000	$ 674,299	-	$ 8,017	-	($ 151,414)	14,000	100%	$ 530,902	38.09	$ 533,246	None	
ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	4,585	605,925	-	176,661	-	(88,165)	4,585	100%	694,421	152.25	698,051	None	
Launch Technologies Co., Ltd. (LTC)	28,518	518,466	-	132,461	-	(22,815)	28,518	55.93%	628,112	39.85	1,136,442	None	
MUNICH COMPOSITES GMBH	21,003	48,361	-	-	-	(48,361)	21,003	27.27%	-	-	-	None	
	68,106	$1,847,051	-	$ 317,139	-	($ 310,755)	68,106		$ 1,853,435		$ 2,367,739		

Note: Including increase in investment, disposal of investments, recognition of investment gains (losses), realized (unrealized) sales gains and losses, cash dividends and exchange differences on translation of financial statements of foreign operations.

Advanced International Multitech Co., Ltd.
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment
January 1 to December 31, 2021

Statement 6 | Unit: In Thousands of New Taiwan Dollars

Item	Balance in the beginning of the period	Increase in the period	Decrease in the period	Ending balance	Note
Housing and structures	$ 155,338	$ 30,660	($ 840)	$ 185,158	
Machinery and equipment	289,406	109,524	(71,703)	327,227	
Utility equipment	8,202	3,941	(3,034)	9,109	
Transportation equipment	-	20	-	20	
Office equipment	8,042	2,493	(4,821)	5,714	
Other equipment	47,070	25,310	(10,604)	61,776	
	$ 508,058	$ 171,948	($ 91,002)	$ 589,004	

Advanced International Multitech Co., Ltd.
Statement of Changes in Impairment Depreciation of Property, Plant and Equipment
January 1 to December 31, 2021

Statement 7

Unit: In Thousands of New Taiwan Dollars

Item	Balance in the beginning of the period	Increase in the period	Decrease in the period	Ending balance	Note
Machinery equipment	$ 806	$ -	($ 707)	$ 99	
Other equipment	294	-	-	294	
	$ 1,100	$ -	($ 707)	$ 393	

Advanced International Multitech Co., Ltd.
Statement of Changes in costs of Right-of-use Assets
January 1 to December 31, 2021

Statement 8 Unit: In Thousands of New Taiwan Dollars

Item	Balance in the beginning of the period	Increase in the period	Decrease in the period	Ending balance	Note
Land	$ 478,622	$ -	$ -	$ 478,622	
Housing and structures	15,643	8,783	(8,783)	15,643	
	$ 494,265	$ 8,783	($ 8,783)	$ 494,265	

Advanced International Multitech Co., Ltd.
Statement of Accumulated Depreciation Changes of Right-of-Use Assets
January 1 to December 31, 2021

Statement 9 Unit: In Thousands of New Taiwan Dollars

Item	Balance in the beginning of the period	Increase in the period	Decrease in the period	Ending balance	Note
Land	$ 7,257	$ 14,010	$ -	$ 21,267	
Housing and structures	3,487	14,420	(8,783)	9,124	
	$ 10,744	$ 28,430	($ 8,783)	$ 30,391	

Advanced International Multitech Co., Ltd.
Statement of Short-term Loans
December 31, 2021

Statement 10

Unit: In Thousands of New Taiwan Dollars

Category of borrowings	Explanation	Ending balance	Agreement term	Interest rate interval	Financing line	Pledge or guarantee	Note
Bank credit loan	Shanghai Commercial Bank Kaohsiung Branch	$ 268,562	2021.07.24~ 2022.07.24	0.42%~0.43%	Note	Unsecured	-
Loans against letter of credit	Shanghai Commercial Bank Kaohsiung Branch	6,025	2021.07.24~ 2022.07.24	0%	Note	Unsecured	-
Loans against letter of credit	Taiwan Bank Kaohsiung Export Processing Zone Branch	41,462	2021.12.21~ 2022.12.21	0%	$ 150,000	Land, buildings and structures	-
		$ 316,049					

Note: The joint credit limit is USD 40,000 thousand.

Advanced International Multitech Co., Ltd.
Statement of Accounts Payable
December 31, 2021

Statement 11 Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
General Suppliers:			
100314 Suppliers	Account payable to customers	$ 18,490	
100621 Suppliers	Account payable to customers	16,183	
103021 Suppliers	Account payable to customers	13,836	
104711 Suppliers	Account payable to customers	12,513	
Other (the balance did not exceed 5% of this account)	Account payable to customers	146,443	
		$ 207,465	

Advanced International Multitech Co., Ltd.
Statement of lease liabilities
December 31, 2021

Statement 12 Unit: In Thousands of New Taiwan Dollars

Item	Summary	Lease term	Discount rate	Ending Balance	Note
Land	Land lease of He Fa Factory	2020.07.01~2055.06.30	0.76%	$ 460,625	
Land	Land lease of Gao Jia I Factory	2009.12.01~2029.11.30	1.26%	3,163	
Land	Land lease of Gao Jia I Factory - public construction fee 1	2002.04.01~2024.05.31	1.26%	54	
Land	Land lease of Gao Jia I Factory - public construction fee 2	2002.12.01~2022.01.31	1.26%	3	
Buildings	Plant lease of Gao Jia II Factory 1F	2020.10.16~2023.12.31	0.76%	5,793	
Buildings	Plant lease of Gao Jia III Factory	2020.01.01~2022.03.31	1.26%	663	
Buildings	Plant lease of Gao Jia II Factory 3F	2020.02.01~2022.12.31	1.26%	172	
				$ 470,473	

Advanced International Multitech Co., Ltd.
Statement of Operating Revenue
2021

Statement 13 | Unit: In Thousands of New Taiwan Dollars

Item	Quantity	Amount	Note
GOLF	13,716thousand PCS	$ 11,313,823	
Comprehensive product	44,923thousand units	3,021,733	
		14,335,556	
Less: Sales return and discount		(34,994)	
		$ 14,300,562	

Advanced International Multitech Co., Ltd.
Statement of Operating Costs
2021

Statement 14

Unit: In Thousands of New Taiwan Dollars

Item	Amount - Subtotal	Amount - Total
Goods at the beginning of the period	$ -	
Add: Purchase of goods	120,140	
Goods at the end of the period	-	
Operating costs - goods		$ 120,140
Raw materials at the beginning of the period	249,294	
Add: Purchase of raw materials	1,525,069	
Less: Loss from retirement of raw materials	(696)	
Others	(24,148)	
Raw materials at the end of the period	(319,262)	
Consumption of raw materials in the period		1,430,257
Direct labour cost		496,353
Manufacturing overheads		755,496
Manufacturing costs		2,682,106
Work in process, beginning of period		38,701
Work-in-process at the end of the period		(42,694)
Cost of finished goods		2,678,113
Finished goods, beginning of period		287,956
Add: Purchase during the period		9,588,265
Less: Loss from retirement of finished goods		(4,209)
Others		(21,285)
Finished goods, end of period		(461,884)
Operating costs - finished goods		12,066,956
Recovery gain		(6,898)
Loss on disposal of inventories		4,905
Other operating costs		(11,011)
Operating costs		$ 12,174,092

Advanced International Multitech Co., Ltd.
Statement of Manufacturing Overheads
2021

Statement 15 | Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
Salary		$ 161,725	
Processing fee		160,779	
Depreciation expenses		129,137	
Utilities expense		72,269	
Miscellaneous purchases		48,780	
Indirect materials		43,796	
Other (the balance did not exceed 5% of this account)		139,010	
		$ 755,496	

Advanced International Multitech Co., Ltd.
Statement of Sales and Marketing Expenses
2021

Statement 16

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
Salary		$ 73,810	
Shipping expense		52,439	
Export expense		31,114	
Other (the balance did not exceed 5% of this account)		29,021	
		$ 186,384	

Advanced International Multitech Co., Ltd.
Statement of Management Expenses
2021

Statement 17 Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
Salary		$ 133,412	
Depreciation expenses		26,332	
Insurance expense		14,092	
Other (the balance did not exceed 5% of this account)		93,021	
		$ 266,857	

Advanced International Multitech Co., Ltd.
Statement of Research and Development Expenses
2021

Statement 18 | Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
Salary		$ 283,958	
Testing raw materials		62,986	
Depreciation		44,445	
Other (the balance did not exceed 5% of this account)		124,758	
		$ 516,147	

Advanced International Multitech Co., Ltd.

Summary Statement of Employee Benefits, Depreciation and Amortization Expenses Incurred During the Current Period (continued)

2021

Statement 19

Unit: In Thousands of New Taiwan Dollars

	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses (Note 1 and 2)						
Salary and wages	$ 473,479	$ 491,180	$ 964,659	$ 312,251	$ 417,003	$ 729,254
Labor and health insurance premiums	38,771	34,892	73,663	26,264	31,332	57,596
Pension expense	17,032	16,892	33,924	12,200	16,885	29,085
Remuneration to directors	-	9,680	9,680	-	7,340	7,340
Other employee benefits and expenses	24,455	17,663	42,118	19,140	17,107	36,247
Total	$ 553,737	$ 570,307	$ 1,124,044	$ 369,855	$ 489,667	$ 859,522
Depreciation expenses	$ 129,137	$ 71,241	$ 200,378	$ 73,161	$ 51,522	$ 124,683
Amortization expenses	$ 6,202	$ 7,470	$ 13,672	$ 4,903	$ 8,136	$ 13,039

Note 1: For this fiscal year and the previous year, the number of employees was 1,081 and 952, respectively, of which the number of directors who were not concurrently employees was 5 and 4, respectively.

Note 2: For companies whose shares are listed on the TWSE/TPEx, the following information should also be disclosed:

(1) For this fiscal year, average employee benefits amounted to $1,036. In 2019, average employee benefits amounted to $899.

(2) For this fiscal year, average employee salary amounted to $897. In 2019, average employee salary amounted to $769.

(3) Average adjustment of employee salary was 17%.

(4) For this fiscal year and the previous year, supervisors' remuneration amounted to $2,520 and $2,140, respectively.

(5) Remuneration policy of the Company (including directors, supervisors, managers, and employees) is as follows:

1. Directors' and supervisors' remuneration distribution policy:
   In addition to the distribution of no more than 5% of the Company's earnings as required by the Company's Articles of Association, the remuneration paid to the directors and supervisors of the Company shall be based on the Company's overall actual operating results, future business risks and

development, and industry standards. The distribution of remuneration is subject to the review by the Remuneration Committee, resolution by the Board of Directors, and report at the shareholders’ meeting.

2. Managers' remuneration policy:
   (1) Remuneration policies, standards, and packages the remuneration paid by the Company to the managers includes salaries, bonuses, and employee remuneration, which are approved in accordance with the relevant regulations of the Company, and is subject to review by the Remuneration Committee and resolution by the Board of Directors. Employee remuneration is payable after it is reported at the shareholders’ meeting.
   (2) Procedures for determining remuneration:
   The remuneration received by the managers is based on their education, experience, working experience, job nature, as well as the actual operating performance and contribution of the Company each year, which shall be implemented in accordance with the Company’s "Remuneration Management Procedures," "Year-End Bonus Distribution Procedures," "Performance Evaluation Procedures," as well as "Employee, Directors, and Supervisors Remuneration Distribution Regulation." The distribution of the remuneration of the Company's managers is subject to review by the Remuneration Committee and approval by the Board of Directors.
   (3) Relevance to business performance and future risks
   The remuneration of the Company's managers is determined with reference to the operation of the Company as a whole, future business risks and development, as well as general standards of the industry or market and its operational management responsibilities, contribution and performance. The management of the Company and the Remuneration Committee will review regularly and make appropriate adjustments, which should be sufficient to reflect their responsibilities and risks.
3. Employee remuneration policy:
   The employee remuneration approval standards are based on employees' education and experience, job responsibilities, skills, job difficulties and environmental hazards, which shall be implemented in accordance with the Company’s "Remuneration Management Procedures," "Year-End Bonus Distribution Procedures," "Performance Evaluation Procedures," as well as "Employee, Directors, and Supervisors Remuneration Distribution Regulation."