

Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Financial Statements and Independent Auditors' Review Report  
For the Three Months Ended March 31, 2022 and 2021  
(Stock Code: 8938)

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Advanced International Multitech Co., Ltd. and Subsidiaries  
Quarterly Consolidated Financial Statements for the Three Months Ended March 31,  
2022 and 2021 and Independent Auditors' Review Report  
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## Independent Auditors' Review Report

To Advanced International Multitech Co., Ltd.

### **Introduction**

Advanced International Multitech Co., Ltd. and Subsidiaries' ("the Group" hereinafter) consolidated balance sheets ended March 31, 2022 and 2021, consolidated statements of comprehensive income, the consolidated statements of changes in equity, consolidated statements of cash flows from January 1 to March 31, 2022 and 2021, and the notes to the consolidated financial statements (including the summary of significant accounting policies) have been reviewed by the auditor. It is the management's responsibility to prepare a set of fairly presented financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As explained in Note IV(III) and Note VI(VIII), the financial statements for the same periods of some subsidiaries that are immaterial and have been included in the consolidated financial statements, the investments accounted for using the equity method, and related information disclosed in Note XIII were not reviewed by independent auditors, which statements reflected total assets (including the investments accounted for using the equity method) of NT\$1,526,054 thousand and NT\$1,154,744 thousand, representing 11% and 10% of total consolidated assets, total liabilities of NT\$1,181,946 thousand and NT\$686,785 thousand, representing 16% and 11% of total consolidated liabilities as of March 31, 2022 and 2021,

respectively; and its total comprehensive income (including the share of the profit or loss of associates and joint ventures accounted for using the equity method and the share of other comprehensive income of associates and joint ventures accounted for using the equity method) of NT\$45,240 thousand and NT\$(25,644) thousand, representing 8% and (8%) of total consolidated comprehensive income for the three-month periods ended March 31, 2022 and 2021.

### **Qualified Conclusion**

Based on our reviews, except for possible effects from financial statements of some subsidiaries that are immaterial and the investments accounted for using the equity method mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of Advanced International Multitech Co., Ltd. and its subsidiaries as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

May 10, 2022

Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet

As of March 31, 2022, and December 31 and March 31, 2021

(The Consolidated Balance Sheets on March 31, 2022 and 2021 Were Reviewed Only, Not Audited in Accordance with Generally Accepted Auditing Standards)

Assets	Notes	March 31, 2022		December 31, 2021		March 31, 2021		
		Amount	%	Amount	%	Amount	%	
Unit: In Thousands of New Taiwan Dollars								
<b>Current assets</b>								
1100	Cash and cash equivalents	VI(I)	\$ 799,626	6	\$ 833,023	7	\$ 938,935	8
1110	Financial assets at FVTPL - current	VI(II)	-	-	139	-	8	-
1136	Financial assets at amortized cost - current	VI(III) and VIII	188,492	2	283,323	2	295,197	3
1150	Notes receivable - net	VI(IV)	13,775	-	9,567	-	6,701	-
1170	Accounts receivable - net	V and VI(IV)	4,214,647	31	4,132,586	32	3,939,006	34
1200	Other receivables		16,555	-	17,169	-	15,090	-
130X	Inventories	V and VI(V)	3,374,663	25	3,178,869	24	2,243,068	19
1410	Prepayments	VI(VII)	317,688	3	319,016	3	211,293	2
1470	Other current assets		37,346	-	29,617	-	14,553	-
11XX	<b>Total current assets</b>		<u>8,962,792</u>	<u>67</u>	<u>8,803,309</u>	<u>68</u>	<u>7,663,851</u>	<u>66</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit or loss – non-current	VI(II)	1,168	-	-	-	-	-
1517	Financial assets at FVTOCI - non-current	VI(VI)	55	-	55	-	55	-
1535	Financial assets at amortized cost - non-current	VI(III) and VIII	3,563	-	3,860	-	-	-
1550	Investments accounted for using the equity method	VI(VIII)	18,044	-	3,200	-	49,064	1
1600	Property, plant and equipment	VI(IX) and VIII	3,320,313	25	3,099,062	24	2,748,719	24
1755	Right-of-use assets	VI(X)	814,838	6	768,513	6	829,346	7
1780	Intangible assets	VI(XI),	16,810	-	12,539	-	9,490	-
1840	Deferred income tax assets		68,505	-	65,354	-	64,074	1
1915	Prepayments for business facilities		89,565	1	128,540	1	48,118	-
1990	Other non-current assets - others	VIII	156,634	1	146,575	1	124,266	1
15XX	<b>Total non-current assets</b>		<u>4,489,495</u>	<u>33</u>	<u>4,227,698</u>	<u>32</u>	<u>3,873,132</u>	<u>34</u>
1XXX	<b>Total assets</b>		<u>\$ 13,452,287</u>	<u>100</u>	<u>\$ 13,031,007</u>	<u>100</u>	<u>\$ 11,536,983</u>	<u>100</u>

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Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet

As of March 31, 2022, and December 31 and March 31, 2021

(The Consolidated Balance Sheets on March 31, 2022 and 2021 Were Reviewed Only, Not Audited in Accordance with Generally Accepted Auditing Standards)

Liabilities and Equity		Notes	Unit: In Thousands of New Taiwan Dollars					
			March 31, 2022		December 31, 2021		March 31, 2021	
			Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>								
2100	Short-term loans	XI(XII) and VIII	\$ 2,007,285	15	\$ 1,901,873	15	\$ 1,933,594	17
2120	Financial liabilities at fair value through profit and loss - current	VI(II)	71	-	-	-	7,733	-
2150	Notes payable		2,667	-	3,821	-	2,436	-
2170	Accounts payable		1,956,211	15	2,088,622	16	1,650,835	14
2200	Other payables	VI(XIII)	1,616,034	12	1,874,926	14	1,253,599	11
2230	Income tax liabilities		434,806	3	348,802	3	258,654	2
2280	Lease liabilities - current		34,000	-	30,639	-	61,839	1
2300	Other current liabilities	VI(XIV) (XV) (XXI) and VIII	205,928	2	224,617	2	235,914	2
21XX	<b>Total current liabilities</b>		<u>6,257,002</u>	<u>47</u>	<u>6,473,300</u>	<u>50</u>	<u>5,404,604</u>	<u>47</u>
<b>Non-current liabilities</b>								
2540	Long-term loans	VI(XV) and VIII	112,731	1	137,536	1	188,705	1
2570	Deferred income tax liabilities		193,383	1	164,860	1	140,898	1
2580	Lease liabilities - non-current		565,830	4	528,689	4	545,818	5
2630	Long-term deferred income		135	-	159	-	-	-
2640	Net defined benefit liabilities - non-current		73,348	1	73,348	1	82,049	1
2670	Other non-current liabilities - Others	VI(XV)	658	-	632	-	543	-
25XX	<b>Total non-current liabilities</b>		<u>946,085</u>	<u>7</u>	<u>905,224</u>	<u>7</u>	<u>958,013</u>	<u>8</u>
2XXX	<b>Total liabilities</b>		<u>7,203,087</u>	<u>54</u>	<u>7,378,524</u>	<u>57</u>	<u>6,362,617</u>	<u>55</u>
<b>Equity</b>								
<b>Equity attributable to shareholders of the parent company</b>								
Share capital								
3110	Capital of common shares	VI(XVIII)	1,353,127	10	1,353,127	10	1,353,127	12
Capital surplus								
3200	Capital surplus	VI(XIX)	781,236	6	781,236	6	781,236	6
Retained earnings								
3310	Legal reserve	VI(XX)	929,358	7	929,358	7	861,536	8
3320	Special reserve		142,996	1	142,996	1	133,828	1
3350	Undistributed earnings		2,858,384	21	2,376,835	18	1,775,461	15
Other equity								
3400	Other equity		( 122,568 )	( 1 )	( 167,766 )	( 1 )	( 148,990 )	( 1 )
3500	Treasury stock	VI(XVII) (XVIII)	( 227,667 )	( 2 )	( 258,235 )	( 2 )	-	-
31XX	<b>Total equity attributable to shareholders of the parent company</b>		<u>5,714,866</u>	<u>42</u>	<u>5,157,551</u>	<u>39</u>	<u>4,756,198</u>	<u>41</u>
36XX	<b>Non-controlling interests</b>		<u>534,334</u>	<u>4</u>	<u>494,932</u>	<u>4</u>	<u>418,168</u>	<u>4</u>
3XXX	<b>Total equity</b>		<u>6,249,200</u>	<u>46</u>	<u>5,652,483</u>	<u>43</u>	<u>5,174,366</u>	<u>45</u>
Significant Contingent Liabilities and Unrecognized Contractual Commitments								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 13,452,287</u>	<u>100</u>	<u>\$ 13,031,007</u>	<u>100</u>	<u>\$ 11,536,983</u>	<u>100</u>

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

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to March 31, 2022 and 2021

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

		Unit: In Thousands of New Taiwan Dollars (Except for Earnings Per Share Presented in New Taiwan Dollars)					
		January 1 to March 31, 2022		January 1 to March 31, 2021			
Item	Notes	Amount	%	Amount	%		
4000	Operating revenue	\$ 4,981,212	100	\$ 4,006,330	100		
5000	Operating costs						
		( 4,066,081 )	( 82 )	( 3,258,602 )	( 81 )		
5900	Gross operating profit	915,131	18	747,728	19		
	Operating expenses						
6100	Selling expenses	( 71,456 )	( 1 )	( 53,491 )	( 1 )		
6200	Administrative expenses	( 142,395 )	( 3 )	( 122,478 )	( 3 )		
6300	Research and development expenses	( 160,158 )	( 3 )	( 144,827 )	( 4 )		
6450	Expected credit impairment gain (loss)	126	-	( 3,499 )	-		
6000	Total operating expenses	( 373,883 )	( 7 )	( 324,295 )	( 8 )		
6500	Other Income and Expenses - net	22,869	-	21,395	-		
6900	Operating income	564,117	11	444,828	11		
	Non-operating income and expenses						
7100	Interest revenue	638	-	579	-		
7010	Other income	1,638	-	6,357	-		
7020	Other gains and losses	109,939	2	( 45,558 )	( 1 )		
7050	Finance costs	( 7,832 )	-	( 8,046 )	-		
7060	Share of the profit (loss) of associates and joint ventures accounted for using the equity method	( 876 )	-	( 347 )	-		
7000	Total non-operating income and expenses	103,507	2	( 47,015 )	( 1 )		
7900	<b>Profit before tax</b>	667,624	13	397,813	10		
7950	Income tax expense	( 146,673 )	( 3 )	( 86,327 )	( 2 )		
8200	<b>Net income</b>	\$ 520,951	10	\$ 311,486	8		
	<b>Other comprehensive income (loss) Items that may be reclassified subsequently to profit or loss</b>						
8361	Exchange differences on translation of foreign financial statements	\$ 45,198	1	( \$ 5,994 )	-		
8500	<b>Total comprehensive income loss</b>	\$ 566,149	11	\$ 305,492	8		
	Net income (loss) attributable to:						
8610	Owners of the parent company	\$ 481,549	9	\$ 301,852	8		
8620	Non-controlling interests	39,402	1	9,634	-		
	Total	\$ 520,951	10	\$ 311,486	8		
	Total comprehensive income (loss) attributable to:						
8710	Owners of the parent company	\$ 526,747	10	\$ 295,858	8		
8720	Non-controlling interests	39,402	1	9,634	-		
	Total	\$ 566,149	11	\$ 305,492	8		
	Earnings per share						
9750	Basic	\$ 3.64		\$ 2.23			
9850	Diluted	\$ 3.62		\$ 2.22			

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

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to March 31, 2022 and 2021

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

Unit: In Thousands of New Taiwan Dollars

Notes	Equity attributable to shareholders of the parent company											Non-controlling interests	Total equity
	Capital surplus				Retained earnings				Exchange differences on arising from translation of foreign financial statements	Treasury stock	Total		
	Capital of common shares	Share premium	Changes in ownership interest in subsidiaries	Others	Legal reserve	Special reserve	Undistributed earnings						
<u>January 1 to March 31, 2021</u>													
Balance as of January 1, 2021	\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 861,536	\$ 133,828	\$ 1,473,609	(\$ 142,996 )	\$ -	\$ 4,460,340	\$ 408,534	\$ 4,868,874	
Net income	-	-	-	-	-	-	301,852	-	-	301,852	9,634	311,486	
Other comprehensive income loss	-	-	-	-	-	-	-	( 5,994 )	-	( 5,994 )	-	( 5,994 )	
Total comprehensive income loss	-	-	-	-	-	-	301,852	( 5,994 )	-	295,858	9,634	305,492	
Balance at March 31, 2021	\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 861,536	\$ 133,828	\$ 1,775,461	(\$ 148,990 )	\$ -	\$ 4,756,198	\$ 418,168	\$ 5,174,366	
<u>January 1 to March 31, 2022</u>													
Balance at January 1, 2022	\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 929,358	\$ 142,996	\$ 2,376,835	(\$ 167,766 )	(\$ 258,235 )	\$ 5,157,551	\$ 494,932	\$ 5,652,483	
Net income	-	-	-	-	-	-	481,549	-	-	481,549	39,402	520,951	
Other comprehensive income loss	-	-	-	-	-	-	-	45,198	-	45,198	-	45,198	
Total comprehensive income loss	-	-	-	-	-	-	481,549	45,198	-	526,747	39,402	566,149	
Treasury stocks transferred to employees	VI(XVII)(XV III)(XXVIII)	-	-	-	-	-	-	-	30,568	30,568	-	30,568	
Balance at March 31, 2022	\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 929,358	\$ 142,996	\$ 2,858,384	(\$ 122,568 )	(\$ 227,667 )	\$ 5,714,866	\$ 534,334	\$ 6,249,200	

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

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo



Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to March 31, 2022 and 2021

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

	Unit: In Thousands of New Taiwan Dollars	
Notes	January 1 to March 31, 2022	January 1 to March 31, 2021
<u>Cash flows from operating activities</u>		
Profit before tax	\$ 667,624	\$ 397,813
Adjustments		
Income and expense item		
Depreciation expenses	VI(IX)(X) (XXVII) 147,502	127,857
Amortization expenses	VI(XXVII) 11,346	4,826
Net losses from financial assets and liabilities at fair value through profit or loss	VI(II)(XXV) 2,934	8,390
Expected credit loss (gain) loss	XII(II) ( 126 )	3,499
Interest expense	VI(XXVI) 7,788	7,980
Interest revenue	VI(XXIII) ( 638 )	( 579 )
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII) 876	347
Gains on disposal and retirement of property, plant and equipment	VI(XXV) -	( 26 )
Reclassification of property, plant and equipment to expense	VI(XXXI) 1,198	-
Gains on lease modification	VI(X) ( 2 )	-
Changes in operating assets and liabilities		
Net changes in operating assets		
Financial assets at FVTPL - current	793	858
Notes receivable	( 4,208 )	1,107
Accounts receivable	( 30,856 )	( 801,189 )
Other receivables	616	2,700
Inventories	( 119,420 )	( 3,601 )
Prepayments	9,220	( 12,199 )
Other current assets	( 7,403 )	( 6,583 )
Net changes in operating liabilities		
Financial liabilities at fair value through profit and loss - current	( 2,349 )	( 1,047 )
Notes payable	( 1,154 )	( 812 )
Accounts payable	( 187,709 )	( 208,445 )
Other payables	( 312,496 )	( 169,063 )
Other current liabilities	( 18,851 )	( 4,481 )
Long-term deferred income	-	( 6,152 )
Net defined benefit liabilities - non-current	-	( 1 )
Cash inflow (outflow) from operations	164,685	( 658,801 )
Income tax paid	( 35,932 )	( 42,229 )
Net cash inflow (outflow) from operating activities	128,753	( 701,030 )

(Continue to next page)

Advanced International Multitech Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to March 31, 2022 and 2021

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

Unit: In Thousands of New Taiwan Dollars

Cash provided by investing activities

Purchase of financial assets at fair value through profit or loss		(\$ 2,336 )	\$ -
Decrease in financial assets at amortized cost - current		94,831	169,891
Decrease in financial assets at amortized cost - non-current		297	44,649
Acquisition of investments accounted for using the equity method		( 15,600 )	-
Acquisition of property, plant and equipment	VI(XXXI)	( 206,750 )	( 279,588 )
Increase in prepayments for business facilities		( 57,235 )	( 25,122 )
Proceeds from disposal of property, plant and equipment		-	70
Acquisition of intangible assets	VI(XI)	( 5,666 )	( 2,900 )
Increase in refundable deposits		( 381 )	( 1,602 )
Decrease in refundable deposits		363	-
Increase in other non-current assets - other		( 16,493 )	( 6,596 )
Interest received		638	579
Net cash used in investing activities		<u>( 208,332 )</u>	<u>( 100,619 )</u>

Cash provided by financing activities

Increase in short-term loans	VI(XXXII)	5,943,968	3,825,602
Decrease in short-term loans	VI(XXXII)	( 5,888,543 )	( 2,902,877 )
Repayment of the principal amount of rentals	VI(XXXII)	( 16,768 )	( 81,121 )
Repayment of long-term loans	VI(XXXII)	( 24,835 )	( 23,350 )
Interest paid		( 6,315 )	( 5,920 )
Treasury stocks transferred to employees	VI(XVII)(XVIII)	30,568	-
Net cash provided by financing activities		<u>38,075</u>	<u>812,334</u>
Effect of exchange rate changes on cash and cash equivalents		8,107	( 2,305 )
Net increase (decrease) in cash and cash equivalents		<u>( 33,397 )</u>	<u>8,380</u>
Cash and cash equivalents, beginning of the period		<u>833,023</u>	<u>930,555</u>
Cash and cash equivalents, end of the period		<u>\$ 799,626</u>	<u>\$ 938,935</u>

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

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries  
Notes to the Consolidated Financial Statements  
For the Three Months Ended March 31, 2022 and 2021  
(Reviewed Only, Not Audited in Accordance with  
the Generally Accepted Auditing Standards in the Republic of China)

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 and subsidiaries ("the Group" hereinafter) are mainly engaged in manufacturing, processing, trading, import and export of carbon fiber prepackaged materials, and carbon fiber products (e.g., baseball bat, billiard stick, arrow target, golf club shaft and head, fishing tools, bicycle and accessories), as well as composite materials, namely carbon fiber fabrics, for the aviation industry.
- (II) The Company's stocks have been traded on the Taipei Exchange ("TPEX" hereinafter) since December 2002.

II. Approval Date and Procedure of Financial Statements

The consolidated financial statements were released on May 10, 2022, after being approved by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

- (I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as 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 2022:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous contract - the cost of fulfilling the contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

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

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

None.

(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:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
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 "First-time Adoption 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 Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

IV. Significant Accounting Policies

Among the significant accounting policies, except for the statement of compliance, basis of preparation, basis of consolidation and additions which are stated below, the rest are the same as Note IV of the consolidated financial statements for the year ended December 31, 2021. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Statement of Compliance

1. The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the IAS 34 "Interim Financial Reporting" endorsed by the FSC.
2. The consolidated financial statements shall be read together with the consolidated financial statements for the year ended December 31, 2021.

(II) Preparation Basis

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

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

### (III) Consolidated Basis

#### 1. Principles for Preparation of Consolidated Financial Statements

The principles followed in preparing the consolidated financial statements are the same as those for the year ended December 31, 2021.

#### 2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
Advanced International Multitech Co., Ltd.	Advanced Group International (BVI) Co., Ltd.	Overseas investment	100	100	100	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Engaged in the production and sales of various golf club shafts and heads, golf sets	100	100	100	Note 1
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd. (LTC)	Engaged in production of sports products, other plastic products and international trade	55.93	55.93	55.93	
Advanced Group International (BVI) Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in the production, import and export of carbon fiber prepreg materials and sports products	100	100	100	

Note 1: This subsidiary has not been reviewed by independent auditors.

3. Subsidiaries that are not included in the consolidated financial statements: None.

4. Different accounting and adjustments adopted by subsidiaries in the accounting period: None.

5. Significant restrictions: None.

6. Subsidiaries with material non-controlling interests to the Group:

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's non-controlling interests totaled \$534,335, \$494,932, and \$418,168, respectively. What stated below is the information in respect of subsidiaries with material non-controlling interests:

Subsidiary name	Principal place of business	Non-controlling interest					
		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
Launch Technologies Co., Ltd. (LTC)	Taiwan	\$534,335	44.07	\$494,932	44.07	\$418,168	44.07

Summary of the financial information of subsidiaries is as follows:

### Balance Sheets

	Launch Technologies Co., Ltd. (LTC)		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 963,650	\$ 1,001,013	\$ 738,644
Non-current assets	1,231,791	1,192,609	1,144,099
Current liabilities	( 797,713)	( 861,103)	( 667,597)
Non-current liabilities	( 185,275)	( 209,474)	( 266,287)
Total net assets	\$ 1,212,453	\$ 1,123,045	\$ 948,859

### Statements of Comprehensive Income

	Launch Technologies Co., Ltd. (LTC)	
	January 1 to March 31, 2022	January 1 to March 31, 2021
Revenue	\$ 717,515	\$ 531,512
Profit before tax	111,760	27,638
Income tax expense	( 22,352)	( 5,779)
Net income	89,408	21,859
Total comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income loss	\$ 89,408	\$ 21,859

## Statements of Cash Flows

	Launch Technologies Co., Ltd. (LTC)	
	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Net cash provided by (used in) operating activities	\$ 158,517	(\$ 7,958)
Net cash used in investing activities	( 49,858)	( 36,564)
Net cash provided by (used in) financing activities	( 160,879)	15,059
Decrease in cash and cash equivalents for the current period	( 52,220)	( 29,463)
Cash and cash equivalents, beginning of the period	131,709	64,687
Cash and cash equivalents, end of the period	<u>\$ 79,489</u>	<u>\$ 35,224</u>

### (IV) Employee share-based payments

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity products granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity products granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

### (V) Income taxes

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

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

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

### (I) Major Judgments in Adopting the Accounting Policies

None.

## (II) Major Accounting Estimates and Assumptions

### 1. Expected credit loss of accounts receivable

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

As of March 31, 2022, the carrying amount of the Group's accounts receivable was \$4,214,647.

### 2. Evaluation of inventories

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

As of March 31, 2022, the carrying amount of the Group's inventory was \$3,374,663.

## VI. Descriptions for Major Accounting Subjects

### (I) Cash and Cash Equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand and revolving funds	\$ 1,183	\$ 895	\$ 1,610
Checking deposits and demand deposits	718,343	757,128	488,875
Cash equivalents - time deposits	80,100	75,000	248,450
Cash equivalents - repo bonds	-	-	200,000
	<u>\$ 799,626</u>	<u>\$ 833,023</u>	<u>\$ 938,935</u>

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



(II) Financial Assets and Liabilities at fair value through profit or loss

Item	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Financial assets mandatorily at fair value through profit or loss			
Non-hedging derivatives	\$ -	\$ 139	\$ 8
Adjustment for valuation	-	-	-
	\$ -	\$ 139	\$ 8
Non-current items:			
Financial assets mandatorily at fair value through profit or loss			
Private equity funds	\$ 2,336	\$ -	\$ -
Adjustment for valuation	( 1,168)	-	-
	\$ 1,168	\$ -	\$ -
Financial liabilities held for trading			
Non-hedging derivatives	\$ 71	\$ -	\$ 7,733
Adjustment for valuation	-	-	-
	\$ 71	\$ -	\$ 7,733

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

	January 1 to March 31, 2022	January 1 to March 31, 2021
Financial assets mandatorily at fair value through profit or loss		
Non-hedging derivatives	\$ 653	\$ 394
Beneficiary certificates	( 1,168)	-
Financial liabilities held for trading		
Non-hedging derivatives	( 2,419)	( 8,784)
	(\$ 2,934)	(\$ 8,390)

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

	March 31, 2022	
Derivative financial assets	Contract amount (nominal principal)	Contract period
Current items: None.		
Derivative financial liabilities		
Current items:		
Forward foreign exchange contracts	USD 1,500 thousand	2022.03.16~2022.04.15

	December 31, 2021	
Derivative financial assets	Contract amount (nominal principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 2,000 thousand	021.12.15~2022.1.21
Derivative financial liabilities		
Current items: None.		

	March 31, 2021	
Derivative financial assets	Contract amount (nominal principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 300 thousand	2021.3.25~2021.4.23
Derivative financial liabilities		
Current items:		
Forward foreign exchange contracts	USD 19,350 thousand	2021.2.9~2021.5.26

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

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

(III) Financial assets at amortized cost

Item	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Restricted bank deposits	<u>\$ 188,492</u>	<u>\$ 283,323</u>	<u>\$ 295,197</u>
Non-current items:			
Restricted bank deposits	<u>\$ 3,563</u>	<u>\$ 3,860</u>	<u>\$ -</u>

1. As of March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost was its carrying amount.
2. The Group's financial assets at amortized cost as collateral is disclosed in Note VIII.
3. For information on the credit risk of financial assets at amortized cost, please refer to Note XII(II). The Group transacts with a variety of financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.

(IV) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	<u>\$ 13,775</u>	<u>\$ 9,567</u>	<u>\$ 6,701</u>
Accounts receivable	<u>\$ 4,216,697</u>	<u>\$ 4,134,762</u>	<u>\$ 3,944,312</u>
Less: Loss allowance	<u>( 2,050)</u>	<u>( 2,176)</u>	<u>( 5,306)</u>
	<u>\$ 4,214,647</u>	<u>\$ 4,132,586</u>	<u>\$ 3,939,006</u>

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

	March 31, 2022		December 31, 2021		March 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	\$ 13,775	\$ 3,778,420	\$ 9,567	\$ 3,962,561	\$ 6,701	\$ 3,060,128
Overdue:						
Within 30 days	-	388,035	-	120,904	-	751,634
31 to 90 days	-	49,168	-	48,787	-	130,900
91 to 180 days	-	1,074	-	2,510	-	1,650
Over 181 days	-	-	-	-	-	-
	<u>\$ 13,775</u>	<u>\$ 4,216,697</u>	<u>\$ 9,567</u>	<u>\$ 4,134,762</u>	<u>\$ 6,701</u>	<u>\$ 3,944,312</u>

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

2. As of March 31, 2022, December 31, 2021, March 31, 2021 and January 1, 2021, the Group's accounts receivable from the customer contracts (including notes receivable) amounted to \$4,230,472, \$4,144,329, \$3,951,013, and \$3,162,361, respectively.
3. No accounts receivable or notes receivable were pledged as collateral by the Group.
4. As of March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable was its carrying amount.
5. For credit risks of accounts receivables and notes receivables, please refer to Note XII(II).

(V) Inventory

	March 31, 2022		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,221,456	(\$ 30,556)	\$ 1,190,900
Work in progress	665,671	( 2,681)	662,990
Finished goods	1,469,513	( 25,182)	1,444,331
Inventory in transit	76,442	-	76,442
	<u>\$ 3,433,082</u>	<u>(\$ 58,419)</u>	<u>\$ 3,374,663</u>
	December 31, 2021		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,037,025	(\$ 28,075)	\$ 1,008,950
Work in progress	651,980	( 2,755)	649,225
Finished goods	1,459,919	( 30,710)	1,429,209
Inventory in transit	91,485	-	91,485
	<u>\$ 3,240,409</u>	<u>(\$ 61,540)</u>	<u>\$ 3,178,869</u>
	March 31, 2021		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 790,230	(\$ 33,995)	\$ 756,235
Work in progress	542,013	( 2,075)	539,938
Finished goods	926,564	( 24,855)	901,709
Inventory in transit	45,186	-	45,186
	<u>\$ 2,303,993</u>	<u>(\$ 60,925)</u>	<u>\$ 2,243,068</u>

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

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Cost of inventories sold	\$ 4,072,796	\$ 3,267,742
Recovery gain	( 4,412)	( 9,465)
Others	<u>( 2,303)</u>	<u>325</u>
	<u>\$ 4,066,081</u>	<u>\$ 3,258,602</u>

For the three months ended March 31, 2022 and 2021, a decrease in 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.

(VI) Financial assets at FVTOCI

<u>Item</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Non-current items:			
Unlisted stocks	\$ 55	\$ 55	\$ 55
Adjustment for valuation	-	-	-
	<u>\$ 55</u>	<u>\$ 55</u>	<u>\$ 55</u>

1. The Group elects to classify its strategic equity investments as financial assets at FVTOCI. The fair value of such investments as of March 31, 2022, December 31, 2021 and March 31, 2021, amounted to \$1,009, \$1,009, and \$1,011, respectively.
2. No financial asset at FVTOCI was pledged by The Group as collateral.

(VII) Prepayments

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Business tax paid	\$ 139,736	\$ 150,979	\$ 111,682
Tax overpaid retained	82,762	81,954	50,070
Prepaid expense	60,235	59,630	42,662
Prepayment for purchases	<u>34,955</u>	<u>26,453</u>	<u>6,879</u>
	<u>\$ 317,688</u>	<u>\$ 319,016</u>	<u>\$ 211,293</u>

(VIII) Investments accounted for using equity method

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Munich Composites GmbH	\$ -	\$ -	\$ 45,570
Baoji Zatech Material Co., Ltd.	3,391	3,200	3,494
Technology On Prototyping Ultimate Co., Ltd.	14,653	-	-
	<u>\$ 18,044</u>	<u>\$ 3,200</u>	<u>\$ 49,064</u>

1. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not have any significant associates.
2. The carrying amount and operating results of the Group's individually insignificant associates are summarized as follows:

As of March 31, 2022, December 31, 2021 and March 31, 2021, the carrying amounts of the Group's individually insignificant associates totaled \$18,044, \$3,200, and \$49,064, respectively.

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Net loss for the period	(\$ 876)	(\$ 347)
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income loss	<u>(\$ 876)</u>	<u>(\$ 347)</u>

3. The Group's investees accounted for using equity method for the three months ended March 31, 2022 and 2021 are obtained from the financial statements not reviewed by independent auditors for the same periods of the investees.
4. The Group holds 27.27% equity interest in Munich Composites GmbH and is the single largest shareholder of the Company. As it only holds one out of four seats of Directors, the Group has no practical ability to direct the relevant activities, and thus it is judged that it has no control but only significant influence over the Company.
5. The Group 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.
6. The Group held 25.66% equity interest in Technology On Prototyping Ultimate Co., Ltd., which is the single largest shareholder of the company, as the other shareholders (non related parties) hold more than the Group's shares and the Group did not obtain the seats of Directors, indicating that the Group has no substantial ability to direct the relevant activities, and hence the judgment is not control over the company and is only significant.

(IX) Property, plant and equipment

	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 162,544	\$ 162,544	\$ 162,544
Housing and structures	980,609	990,817	931,208
Machinery equipment	1,108,013	1,011,340	918,573
Utility equipment	119,692	117,555	134,807
Transportation equipment	1,911	2,047	2,083
Office equipment	24,434	23,845	25,783
Other equipment	198,993	193,482	173,979
Equipment to be inspected and construction in progress	724,117	597,432	399,742
	<u>\$ 3,320,313</u>	<u>\$ 3,099,062</u>	<u>\$ 2,748,719</u>

January 1 to March 31, 2022

Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	March 31
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	1,670,272	3,544	( 2,987)	2,544	23,922	1,697,295
Machinery equipment	2,058,239	66,841	( 8,315)	92,085	29,320	2,238,170
Utility equipment	329,585	2,107	( 142)	5,337	5,996	342,883
Transportation equipment	3,478	-	-	-	36	3,514
Office equipment	74,838	2,741	( 1,568)	-	1,919	77,930
Other equipment	475,612	11,910	( 8,015)	12,001	9,027	500,535
Equipment to be inspected and construction in progress	597,432	137,111	-	( 15,652)	5,226	724,117
	<u>\$ 5,372,000</u>	<u>\$ 224,254</u>	<u>(\$ 21,027)</u>	<u>\$ 96,315</u>	<u>\$ 75,446</u>	<u>\$ 5,746,988</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	March 31
Housing and structures	\$ 679,455	\$ 25,981	(\$ 2,987)	\$ -	\$ 14,237	\$ 716,686
Machinery equipment	1,046,899	72,278	( 8,315)	-	19,295	1,130,157
Utility equipment	212,030	6,641	( 142)	-	4,662	223,191
Transportation equipment	1,431	146	-	-	26	1,603
Office equipment	50,993	2,628	( 1,568)	-	1,443	53,496
Other equipment	282,130	21,307	( 8,015)	-	6,120	301,542
	<u>\$ 2,272,938</u>	<u>\$ 128,981</u>	<u>(\$ 21,027)</u>	<u>\$ -</u>	<u>\$ 45,783</u>	<u>\$ 2,426,675</u>
	<u>\$ 3,099,062</u>					<u>\$ 3,320,313</u>

Cost	January 1 to March 31, 2021					
	January 1	Additions	Disposals	Reclassifications	Net exchange differences	March 31
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	1,637,706	6,443	( 14,710)	3,701	( 2,605)	1,630,535
Machinery equipment	1,937,235	25,625	( 61,776)	11,822	( 2,757)	1,910,149
Utility equipment	331,957	215	( 3,078)	61	( 1,025)	328,130
Transportation equipment	4,005	760	( 1,608)	-	( 7)	3,150
Office equipment	77,617	1,001	( 392)	-	( 282)	77,944
Other equipment	422,610	10,279	( 7,615)	6,761	( 1,093)	430,942
Equipment to be inspected and construction in progress	217,145	184,966	-	( 2,529)	160	399,742
	<u>\$ 4,790,819</u>	<u>\$ 229,289</u>	<u>(\$ 89,179)</u>	<u>\$ 19,816</u>	<u>(\$ 7,609)</u>	<u>\$ 4,943,136</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	March 31
Housing and structures	\$ 692,494	\$ 23,635	(\$ 14,693)	\$ -	(\$ 2,109)	\$ 699,327
Machinery equipment	999,668	56,096	( 61,761)	-	( 2,427)	991,576
Utility equipment	190,553	6,586	( 3,078)	-	( 738)	193,323
Transportation equipment	2,535	144	( 1,608)	-	( 4)	1,067
Office equipment	50,051	2,697	( 392)	-	( 195)	52,161
Other equipment	247,549	17,892	( 7,603)	-	( 875)	256,963
	<u>\$ 2,182,850</u>	<u>\$ 107,050</u>	<u>(\$ 89,135)</u>	<u>\$ -</u>	<u>(\$ 6,348)</u>	<u>\$ 2,194,417</u>
	<u>\$ 2,607,969</u>					<u>\$ 2,748,719</u>

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

	January 1 to March 31, 2022	January 1 to March 31, 2021
Capitalization amounts	\$ 422	\$ 231
Range of capitalized interest rate	0.569%~1.395%	0.467%~1.145%

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



(X) Lease transactions – lessee

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 754,680	\$ 753,337	\$ 780,507
Housing and structures	60,158	15,176	48,839
	<u>\$ 814,838</u>	<u>\$ 768,513</u>	<u>\$ 829,346</u>

  

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
	Depreciation expenses	Depreciation expenses
Land	\$ 6,838	\$ 7,604
Housing and structures	11,683	13,203
	<u>\$ 18,521</u>	<u>\$ 20,807</u>

3. Additions to the Group's right-of-use assets for the three months ended March 31, 2022 and 2021 amounted to \$57,191 and \$8,783, respectively.
4. Profit or loss items in connection with lease contracts are stated as follows:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 1,564	\$ 2,237
Expense on leases of low-value assets	8,478	6,669
Gains on lease modification	2	-

5. The cash flows used in the Group's leases for the three months ended March 31, 2022 and 2021 amounted to \$26,810 and \$90,027, respectively.
6. The option to extend a lease and the option to terminate a lease
  - (1) Contracts of which the underlying assets are types of land, buildings and structures contain a lease extension option exercisable by the Group.
  - (2) The Group determines the lease term by taking into consideration all relevant facts and circumstances that create an economic incentive for the Group to exercise the extension option. The lease term is reassessed if there occur significant events that

affect the assessment as to whether the Company would exercise the option to extend the lease or would not exercise the option to terminate the lease.

(XI) Intangible assets

	<u>Computer software</u>
January 1, 2022	
Cost	\$ 24,198
Accumulated amortization	<u>( 11,659)</u>
	<u>\$ 12,539</u>
<u>2022</u>	
January 1	\$ 12,539
Addition - separately acquired	5,666
Derecognition - cost reduction	( 264)
Amortization expenses	( 1,568)
Derecognition - reduction in accumulated amortization	264
Effect of exchange rate changes	173
March 31	<u>\$ 16,810</u>
March 31, 2022	
Cost	\$ 29,600
Accumulated amortization	<u>( 12,790)</u>
	<u>\$ 16,810</u>
	<u>Computer software</u>
January 1, 2021	
Cost	\$ 19,829
Accumulated amortization	<u>( 12,296)</u>
	<u>\$ 7,533</u>
<u>2021</u>	
January 1	\$ 7,533
Addition - separately acquired	2,900
Derecognition - cost reduction	( 5,376)
Amortization expenses	( 949)
Derecognition - reduction in accumulated amortization	5,376
Effect of exchange rate changes	6
March 31	<u>\$ 9,490</u>
March 31, 2021	
Cost	\$ 17,353
Accumulated amortization	<u>( 7,863)</u>
	<u>\$ 9,490</u>

Amortization of intangible assets is detailed below:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Operating costs	\$ 215	\$ 61
Administrative expenses	852	499
Research and development expenses	501	389
	<u>\$ 1,568</u>	<u>\$ 949</u>

(XII) Short-term loans

Type of loans	March 31, 2022	December 31, 2021	March 31, 2021
Bank credit loan	\$ 1,914,758	\$ 1,822,451	\$ 1,867,414
Loans against letter of credit	92,527	79,422	66,180
	<u>\$ 2,007,285</u>	<u>\$ 1,901,873</u>	<u>\$ 1,933,594</u>
Interest rate range	<u>0%~1.50%</u>	<u>0%~1.35%</u>	<u>0.43%~4.00%</u>

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

(XIII) Other Payables

	March 31, 2022	December 31, 2021	March 31, 2021
Payroll and bonus payable	\$ 542,575	\$ 832,490	\$ 384,608
Expenses payable	437,646	437,826	424,556
Processing fee payable	395,928	410,950	316,583
Employee, directors and supervisors remuneration payable	140,753	113,601	88,274
Equipment expenses payable	80,452	62,948	17,332
Others	18,680	17,111	22,246
	<u>\$ 1,616,034</u>	<u>\$ 1,874,926</u>	<u>\$ 1,253,599</u>

(XIV) Other Current Liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Receipts under custody	\$ 92,660	\$ 102,418	\$ 112,908
Long-term loans due within one year	99,338	99,338	93,400
Contract liabilities – current	4,021	18,887	14,877
Others	9,909	3,974	14,729
	<u>\$ 205,928</u>	<u>\$ 224,617</u>	<u>\$ 235,914</u>

(XV) Long-term Loans

<u>Type of loans</u>	<u>Loan period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2022</u>
Long-term bank loans				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	1.195% ~1.395%	Machinery and other equipment	\$ 76,627
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.395%	Housing and structures	111,930
Secured loan	Duration from March 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in 59 installments on a monthly basis (Note).	0.750%	Demand deposits, buildings and structures	<u>23,512</u>
				212,069
Less: long-term loan due in one year				<u>( 99,338)</u>
				<u>\$ 112,731</u>

<u>Type of loans</u>	<u>Loan period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Long-term bank loans				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	0.945% ~1.145%	Machinery and other equipment	\$ 91,982
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.145%	Housing and structures	119,925
Secured loan	Duration from March 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in 59 installments on a monthly basis (Note).	0.500%	Demand deposits, buildings and structures	<u>24,967</u>
				236,874
Less: long-term loan due in one year				<u>( 99,338)</u>
				<u>\$ 137,536</u>

Type of loans	Loan period and repayment method	Interest rate range	Collateral	March 31, 2021
<b>Long-term bank loans</b>				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	0.945% ~1.145%	Machinery and other equipment	\$ 138,195
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.145%	Housing and structures	143,910
				282,105
Less: long-term loan due in one year				( 93,400)
				\$ 188,705

(Note) On March 15, 2021, the Group obtained a low-interest loan from the Root in Taiwan Enterprise Accelerated Investment Project granted by the Executive Yuan for a term of 5 years with a loan amount of \$27,700 and a deferred government grant gain of \$324 was recognized upon receipt of the loan amount. As of March 31, 2022 and December 31, 2021, the balance of deferred government grants was \$239 and \$269 (separately shown under “Other current liabilities - others” of \$104 and \$111, and “Other non-current liabilities” of \$135 and \$158), and the government grants income of \$30 was recognized for the three month ended March 31, 2022 based on interest amortization over the loan term.

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

#### (XVI) Pensions

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

labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within the next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

- (2) The pension costs recognized by the Group in accordance the aforementioned contribution plans for the three months ended March 31, 2022 and 2021 were \$574 and \$557, respectively.
  - (3) The Company expects to make contributions of \$2,296 to the pension plans within one year.
2. (1) Starting from July 1, 2005, the Company and subsidiaries have set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance.
- (2) Advanced Sporting Goods (Dongguan) Co., Ltd. and Advanced Sporting Goods (Shatian, Dongguan) Co., Ltd. make a pension contribution on a monthly basis in an amount equal to a certain percentage of the employees' monthly salaries and wages in accordance with the requirements as set forth in the pension system of the People's Republic of China. The contribution percentage for the three months ended March 31, 2022 and 2021 were both 13%. The pension for each employee is managed by the government, hence the Group doesn't have further obligations except for making a monthly contribution.
  - (3) As required by the Vietnamese government, Advanced International Multitech (VN) Corporation Ltd. makes a monthly contribution in an amount equal to one month of an employee's minimum wages to the retirement plan, which is managed by the various responsible departments of the Vietnamese government. Other than making a monthly contribution, the Company has no further obligations.
  - (4) The pension costs recognized by the Group in accordance the aforementioned contribution plans for the three months ended March 31, 2022 and 2021 were \$34,162 and \$28,723, respectively.

(XVII) Share-based Payments

1. Share-based payment agreements of the Group for the three months ended March 31, 2022 are as below (thousand shares):

Type of agreement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2022.1.20	400	26 days	Immediately vesting

2. Details of the above share-based payment agreements are as follows (thousand shares):

	2022		2021	
	Subscription Quantity	Weighted average Exercise price (NT\$)	Subscription Quantity	Weighted average Exercise price (NT\$)
Outstanding, beginning of January 1	-	\$ -	-	\$ -
Granted in the period	400	76.42	-	-
Exercised in the period	( 400)	76.42	-	-
Outstanding, end of March 31	-	-	-	-

3. Options exercised in 2022 were priced at the weighted average price of \$73.7 per share on the exercise date.

### (XVIII) Share Capital

As of March 31, 2022, the Company had an authorized capital in the amount of \$1,800,000 for 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. The reconciliation between the beginning and ending balances of the Company's common shares is as follows (thousand shares):

	January 1 to March 31, 2022	January 1 to March 31, 2021
January 1	131,934	135,313
Treasury stocks transferred to employees	400	-
March 31	132,334	135,313

### 2. Treasury stocks

(1) Reasons for and number of shares to be redeemed:

Name of company holding shares	Reason for redeem	March 31, 2022	
		Number of shares (thousand shares)	Carrying amount
The Company	Shares transferred to employees (Note)	2,979	\$ 227,667

Name of company holding shares	Reason for redeem	December 31, 2021	
		Number of shares (thousand shares)	Carrying amount
The Company	Shares transferred to employees (Note)	3,379	\$ 258,235

Note: The Company has resolved to repurchase treasury stocks on September 22, 2021. It is

estimated that a total of 6,700 thousand treasury stocks will be repurchased. The execution period is from September 23, 2021 to November 22, 2021. In consideration of the capital planning and effective use, the Company will buy back the treasury stocks in separate batches according to the changes in share price. Therefore, the treasury stocks were not fully executed this time, and the actual number of treasury stocks repurchased totaled 3,379 thousand shares. The Board of Directors of the Company resolved to transfer 400 thousand shares to employees at an average price of \$76.42 per share as a transfer price on January 20, 2022.

- (2) The Securities and Exchange Act requires that the Company's proportion of the number of repurchased shares issued and outstanding shall not exceed 10% of the total number of issued shares of the Company, and the aggregate amount of the acquired shares shall not exceed the amount of retained earnings plus share premium and capital reserve realized.
- (3) Treasury stocks held by the Company are not allowed to be pledged nor transferred to shareholders' rights pursuant to the Securities and Exchange Act.
- (4) According to the Securities and Exchange Act, for shares bought back to transfer to employees, they shall be transferred within five years from the repurchase date. Shares which are past due but not transferred shall be deemed as unissued shares of the Company and shall be subject to change registration and cancellation of shares.

#### (XIX) 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.

#### (XX) Retained Earnings

1. The Articles of Incorporation requires that earnings after the final account, if any, be used in the first place to pay off the profit-seeking enterprise income tax and to offset the previous deficits according to law; and 10% of the remainder, if any, be set aside as its legal reserve, except in cases when the legal reserve has reached the capital amount. If there is any remaining earnings, a special reserve shall be provided or reversed in accordance with laws or regulations imposed by the competent authority; the remaining amount, if any, shall be added up to the undistributed earnings of the prior periods to serve as the allocable earnings, of which the amount of distribution and retention shall be indicated in the earnings distribution proposal which is made by the Board of Directors before submitting to the Shareholders' Meeting for approval. The cash dividends distributed shall not exceed 10% of the total dividends distributed.
2. The Company's dividend policy is stated as below: The Company adopts a residual



dividend policy in order to operate sustainably and increase profits.

3. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
4. The Company may allocate earnings only after providing 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 earnings distribution plan for the year ended December 31, 2021 was proposed by the Board of Directors on February 25, 2022 and proposed at the shareholders' meeting on July 12, 2021 to approve the earnings distribution plan for the year ended December 31, 2020 as follows:

	2021		2020	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 134,556		\$ 67,822	
Special reserve	24,770		9,168	
Cash dividends	727,835	\$ 5.5	365,344	\$ 2.7

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

As of May 10, 2022, the above earnings distribution plan for the year ended December 31, 2021 has not been approved by the shareholders' meeting.

## (XXI) Operating Revenue

### 1. Detailed contracts with customers

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

Customer by geographical areas	January 1 to March 31, 2022	January 1 to March 31, 2021
Americas	\$ 3,420,984	\$ 2,938,496
Asia	1,325,645	948,316
Others	234,583	119,518
	\$ 4,981,212	\$ 4,006,330

## 2. Contract liabilities

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

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Consumer products	\$ 4,021	\$ 18,887	\$ 14,877	\$ 20,221

- (2) Income Recognized in the Current period for Opening Contract Liabilities

	January 1 to March 31, 2022	January 1 to March 31, 2021
Consumer products	\$ 4,174	\$ 3,553

### (XXII) Other income and expenses - net

	January 1 to March 31, 2022	January 1 to March 31, 2021
Income from molds	\$ 9,374	\$ 4,085
Income from samples	5,496	2,661
Other income	7,999	14,649
	\$ 22,869	\$ 21,395

### (XXIII) Interest Income

	January 1 to March 31, 2022	January 1 to March 31, 2021
Interest from bank deposits	\$ 638	\$ 579

### (XXIV) Other Income

	January 1 to March 31, 2022	January 1 to March 31, 2021
Government Subsidy Income	\$ 818	\$ 6,304
Others	820	53
	\$ 1,638	\$ 6,357

In December 2020, the Group received a government subsidy of \$11,300 from the "Taiwan Industry Innovation Platform Program," which has been transferred to profit or loss upon the incurrence of expenses associated with the implementation of the program, and recognized government subsidy income amounted to \$6,152 for the three months ended March 31, 2021.

(XXV) Other Gains and Losses

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Gains on disposal and retirement of property, plant and equipment	\$ -	\$ 26
Foreign exchange gain (loss) - net	109,992	( 40,190)
Net losses from financial assets and liabilities at fair value through profit or loss	( 2,934)	( 8,390)
Others	<u>2,881</u>	<u>2,996</u>
	<u>\$ 109,939</u>	<u>(\$ 45,558)</u>

(XXVI) Finance Costs

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Interest expense	\$ 7,788	\$ 7,980
Other financing costs	<u>44</u>	<u>66</u>
	<u>\$ 7,832</u>	<u>\$ 8,046</u>

(XXVII) Additional information in nature of expenses

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Employee benefits expense	\$ 929,865	\$ 774,423
Depreciation expenses	147,502	127,857
Amortization expenses	<u>11,346</u>	<u>4,826</u>
	<u>\$ 1,088,713</u>	<u>\$ 907,106</u>

(XXVIII) Employee benefit expenses

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Salary and wages	\$ 799,167	\$ 657,910
Labor and health insurance premiums	55,796	43,827
Pension expense	34,736	29,280
Remuneration to Directors	4,045	2,805
Other personnel cost	<u>36,121</u>	<u>40,601</u>
	<u>\$ 929,865</u>	<u>\$ 774,423</u>

1. The Articles of Incorporation requires that the Company allocate no less than one percent (1%) of its annual earnings as employee compensation, and no greater than five percent (5%) of its annual earnings as remuneration for directors and supervisors. However, that a portion of earnings shall be reserved if the Company still has an accumulated deficit.
2. For the three months ended March 31, 2022 and 2021, the Company recognized compensation to employees in the amounts equal to \$15,715 and \$14,559, respectively, and remuneration to directors and supervisors in the amounts equal to \$2,600 and \$2,500, respectively, all recorded under payroll expense.

The amounts for the three months ended March 31, 2022 were accrued 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 2021 that had been resolved by the Board of Directors are the same as the amounts stated on the 2021 financial statements. The above-mentioned employee compensation was distributed in cash. In addition, compensation to employees and remuneration to directors and supervisors for the previous year has not been distributed.

Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(XXIX) Income Tax

1. Components of income tax expense

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Current income tax:		
Income tax arising from the current period	\$ 120,289	\$ 75,733
Overestimation of prior years' income tax payable	-	250
Total current income tax	<u>120,289</u>	<u>75,983</u>
Deferred income tax:		
Original generating and reversal of temporary differences	26,384	10,344
Income tax expense	<u>\$ 146,673</u>	<u>\$ 86,327</u>

2. The profit-seeking enterprise income tax of the Company is approved by the taxation authority through 2020.

(XXX) Earnings per share

	January 1 to March 31, 2022		
	After-tax amount	Weighted average Number of shares outstanding (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 481,549	132,134	\$ 3.64
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 481,549	132,134	
Effect of dilutive potential common shares			
Employee compensation	-	791	
Net profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 481,549	132,925	\$ 3.62

	January 1 to March 31, 2021		
	After-tax amount	Weighted average Number of shares outstanding (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 301,852	135,313	\$ 2.23
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 301,852	135,313	
Effect of dilutive potential common shares			
Employee compensation	-	833	
Net profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 301,852	136,146	\$ 2.22

(XXXI) Additional information on cash flows

1. Investing and financing activities with partial cash payments:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Acquisition of property, plant and equipment	\$ 224,254	\$ 229,289
Add: Equipment payable, beginning of period (recognized in other payables)	62,948	67,631
Less: Equipment payable, end of period (recognized in other payables)	( 80,452)	( 17,332)
Amount paid in cash	<u>\$ 206,750</u>	<u>\$ 279,588</u>

2. Investing activities that do not affect cash flows:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Equipment prepayments transferred to property, plant and equipment	\$ 98,186	\$ 23,472
Reclassification of property, plant and equipment to other non-current assets	\$ 673	\$ 3,656
Reclassification of property, plant and equipment to expense	<u>\$ 1,198</u>	<u>\$ -</u>

(XXXII) Changes in financing liabilities

	<u>Short-term loans</u>	<u>Long-term loans (including 1-year due)</u>	<u>Lease liabilities</u>	<u>From financing activities Total liabilities</u>
January 1, 2022	\$ 1,901,873	\$ 236,874	\$ 559,328	\$ 2,698,075
Changes in financing cash flows	55,425	( 24,835)	( 16,768)	13,822
Effect of exchange rate changes	49,987	-	221	50,208
Other non-cash changes	-	30	57,049	57,079
March 31, 2022	<u>\$ 2,007,285</u>	<u>\$ 212,069</u>	<u>\$ 599,830</u>	<u>\$ 2,819,184</u>

	Short-term loans	Long-term loans (including 1-year due)	Lease liabilities	From financing activities Total liabilities
January 1, 2021	\$ 1,016,201	\$ 305,455	\$ 680,605	\$ 2,002,261
Changes in financing cash flows	922,725	( 23,350)	( 81,121)	818,254
Effect of exchange rate changes	( 5,332)	-	( 521)	( 5,853)
Other non-cash changes	-	-	8,694	8,694
March 31, 2021	<u>\$ 1,933,594</u>	<u>\$ 282,105</u>	<u>\$ 607,657</u>	<u>\$ 2,823,356</u>

## VII. Related-Party Transactions

### (I) The names and relationships of related parties

Name of related party	Relationship with the Group
Baoji Zatech Material Co., Ltd. ("Zatech" hereinafter)	Associates of the Group
Munich Composites GmbH ("MC" hereinafter)	Associates of the Group
Technology On Prototyping Ultimate Co., Ltd. (hereinafter referred to as "Topu")	Associates of the Group

### (II) Information about key management compensation

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Salary and other employee benefits	<u>\$ 65,655</u>	<u>\$ 29,523</u>

## VIII. Pledged Assets

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

Assets	Carrying amount			Guarantee use
	March 31, 2022	December 31, 2021	March 31, 2021	
Demand deposits (recorded as "Financial assets at amortized cost - current" and "financial assets at amortized cost - non-current")	\$ 4,750	\$ 5,048	\$ -	Long-term loans and credit facility guarantee
Land	125,648	125,648	125,648	Short-term loans
Buildings and structures - net	233,181	235,171	247,836	Short-term and long-term loans and credit facility guarantee
Machinery and equipment - net	162,097	168,813	188,820	Long-term loans and credit facility guarantee
Other equipment - net	3,417	3,796	4,935	Long-term loans and credit facility guarantee
Pledged time deposits (presented as "other non-current assets- other")	31,564	31,563	42,312	Customs deposits, performance security deposits and lease deposits
	<u>\$ 560,657</u>	<u>\$ 570,039</u>	<u>\$ 609,551</u>	

## IX. Important Contingent Liabilities and Unrecognized Contractual Commitments

### (I) Contingency

None.

### (II) Commitments

#### 1. Balance of outstanding letters of credit

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials imported	<u>\$ 135,025</u>	<u>\$ 114,370</u>	<u>\$ 107,071</u>

#### 2. Capital expenditure committed but yet to incur

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment	<u>\$ 1,578,917</u>	<u>\$ 1,077,760</u>	<u>\$ 434,654</u>

#### 3. Operating lease agreements

Please refer to Note VI(X) for details.



4. On August 31, 2021, the Group entered into a contract with Taishin Health Investment Ltd., to establish Taishin Health Limited Partnership for the purpose of investing in domestic and foreign biotech and pharmaceutical industries with development potential and committed to contribute \$55,000. As of March 31, 2022, the Group had invested \$2,336.

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital management

There is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2021.

(II) Financial instruments

1. Types of Financial instruments

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit and loss	\$ 1,168	\$ 139	\$ 8
Financial assets at fair value through other comprehensive profit or loss			
Election of the designated equity instrument investment	55	55	55
Financial assets at amortized cost			
Cash and cash equivalents	799,626	833,023	938,935
Financial assets at amortized cost	192,055	287,183	295,197
Notes receivable	13,775	9,567	6,701
Accounts receivable	4,214,647	4,132,586	3,939,006
Other receivables	16,555	17,169	15,090
Refundable deposits	52,211	51,574	65,526
	<u>\$ 5,290,092</u>	<u>\$ 5,331,296</u>	<u>\$ 5,260,518</u>

	March 31, 2022	December 31, 2021	March 31, 2021
<b><u>Financial liabilities</u></b>			
Financial liabilities at amortized costs			
Financial liabilities held for trading	\$ 71	\$ -	\$ 7,733
Short-term loans	2,007,285	1,901,873	1,933,594
Notes payable	2,667	3,821	2,436
Accounts payable	1,956,211	2,088,622	1,650,835
Other payables	1,616,034	1,874,926	1,253,599
Long-term loans (including 1-year due)	212,069	236,874	282,105
Deposits received	655	632	543
	<u>\$ 5,794,992</u>	<u>\$ 6,106,748</u>	<u>\$ 5,130,845</u>
Lease liabilities (including non-current)	<u>\$ 599,830</u>	<u>\$ 559,328</u>	<u>\$ 607,657</u>

## 2. Risk management policy

There is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2021.

## 3. The nature and degree of significant financial risks

Except for matters stated below, there is no significant change in the current period. Please refer to Note XII to the consolidated financial statements for the year ended December 31, 2021.

### (1) Market risk

#### Foreign exchange rate risk

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

	March 31, 2022		
	Foreign currency (in \$ thousands)	Exchange rate	Carrying amount (NTD)
<b>(Foreign currency: Functional currency)</b>			
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD:NTD	\$ 157,704	28.625	\$ 4,514,277
USD:RMB	33,695	6.3400	964,519
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
USD:NTD	67,322	28.625	1,927,092
USD:RMB	36,263	6.3400	1,038,028

December 31, 2021				
	Foreign currency (in \$ thousands)		Exchange rate	Carrying amount (NTD)
<b>(Foreign currency: Functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 170,550		27.68	\$ 4,720,816
USD:RMB	54,289		6.3565	1,502,726
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	83,215		27.68	2,303,391
USD:RMB	45,878		6.3565	1,269,903
March 31, 2021				
	Foreign currency (in \$ thousands)		Exchange rate	Carrying amount (NTD)
<b>(Foreign currency: Functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 147,843		28.485	\$ 4,211,308
USD:RMB	54,079		6.5713	1,540,440
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	92,240		28.585	2,636,680
USD:RMB	40,160		6.5713	1,147,974

D. Due to the exchange rate volatility, total exchange losses from the Group's monetary items amounted to \$109,992 and (\$40,190) for the three-month periods ended March 31, 2022 and 2021, respectively.

E. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

		January 1 to March 31, 2022		
		Sensitivity analysis		
		Range of change	Effects on profit or loss	Effects on other comprehensive income
<b>(Foreign currency: Functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	45,143	\$ -
USD:RMB	1%		9,645	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		19,271	-
USD:RMB	1%		10,380	-

		January 1 to March 31, 2021		
		Sensitivity analysis		
		Range of change	Effects on profit or loss	Effects on other comprehensive income
<b>(Foreign currency: Functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	42,113	\$ -
USD:RMB	1%		15,404	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		26,367	-
USD:RMB	1%		11,480	-

Price risk

The Group is not exposed to price risks from products.

Cash flow interest rate risk and fair value interest rate risk

A. The Group's interest rate risk mainly comes from its issuance of short- and long-term loans with floating interest rates that have resulted in the Group exposing to cash flow interest rate risks. The Group's policy aims to maintain at least 1.145% of the loans as fixed interests and, if necessary, achieves the target by means of interest rates swaps. For the three months ended March 31, 2022

and 2021, the Group's issuance of short-term and long-term loans with floating interest rates was mainly denominated in New Taiwan Dollars.

- B. If the borrowing interest rate of NTD increases or decreases by 0.25%, held other variables constant, the net income after tax for the three months ended March 31, 2022 and 2021 will decrease or increase by \$495 and \$543, respectively, primarily due to changes in interest expense incurred by loans with floating interest rates.

## (2) Credit risk

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

### Cash and cash equivalents and financial derivatives

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

### Accounts receivable

- A. The Group has established a specific internal credit policy, which requires entities within the Group to manage and conduct credit analysis on every new customer before stipulating the terms and conditions for payments and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.
- B. The Group adopts the presumption that the credit risk of a financial asset is deemed significantly increased since initial recognition when contractual payments are more than 90 days past due, and that a default is deemed to have occurred when the contractual payments are more than 180 days past due.
- C. The Group's accounts receivables are due from ordinary enterprises. The Group assesses the credit quality of an individual customer by type by taking into account such customer's financial position, historical transaction records, and current economic status, and estimates the expected credit losses on the basis of the provision matrix using the simplified approach.
- D. After the recourse process, the Group writes off the financial asset to the extent of the recovery amount that can not be reasonably expected; nonetheless, the Group will keep legal recourse to secure its creditor's rights.
- E. Expected credit losses on the Group's accounts receivable from customers as of March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

	Not overdue	Overdue						180 days Above
		Within 30 days	31~ 60 days	61~90 days	91~ 120 days	121~ 150 days	151~ 180 days	
<u>March 31, 2022</u>	0.00%~ 0.01%	0.01%~ 0.22%	0.22%~ 1.49%	1.49%~ 3.56%	3.56%~ 7.03%	7.03%~ 26.01%	26.01%~ 51.78%	100%
<u>December 31, 2021</u>	0.00%~ 0.02%	0.02%~ 0.23%	0.02%~ 1.94%	0.04%~ 4.77%	0.19%~ 10.32%	1.86%~ 34.37%	22.31%~ 67.99%	100%
<u>March 31, 2021</u>	0.00%~ 0.02%	0.02%~ 0.23%	0.02%~ 1.94%	0.04%~ 4.77%	0.19%~ 10.32%	1.86%~ 34.37%	22.31%~ 67.99%	100%

The Group's balance of accounts overdue for 31 days and more as of March 31, 2022, December 31, 2021 and March 31, 2021 accounted for approximately 1.19%, 1.24% and 3.36% of the total, respectively.

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

	2022	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 2,176
Reversal of impairment loss	-	( 126)
March 31	<u>\$ -</u>	<u>\$ 2,050</u>
	2021	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 1,807
Provision of impairment loss	-	3,499
March 31	<u>\$ -</u>	<u>\$ 5,306</u>

### (3) Liquidity risk

- A. Cash flows forecasting is carried out by the Group's Office of Finance and Accounting in order to ensure that sufficient funds are readily available, both for the operating needs and for the unused loan commitments.
- B. The Group's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase agreements, and marketable securities, all of which are instruments either with appropriate maturity or with sufficient liquidity so as to satisfy the said forecasting and provide sufficient position for dispatching of funds. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had a money market position in the amounts equal to \$798,443, \$832,128 and \$937,325, respectively.

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

	March 31, 2022		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 2,012,875	\$ -	\$ -
Notes payable	2,667	-	-
Accounts payable	1,956,211	-	-
Other payables	1,616,034	-	-
Lease liabilities (including non-current)	39,114	36,227	603,120
Long-term loans	101,494	54,160	60,412
<u>Derivative financial liabilities:</u>			
Forward foreign exchange contracts	\$ 71	\$ -	\$ -

  

	December 31, 2021		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,907,718	\$ -	\$ -
Notes payable	3,821	-	-
Accounts payable	2,088,622	-	-
Other payables	1,874,926	-	-
Lease liabilities (including non-current)	35,619	24,759	577,775
Long-term loans	101,332	69,489	69,937
<u>Derivative financial liabilities: None.</u>			

  

	March 31, 2021		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,936,938	\$ -	\$ -
Notes payable	2,436	-	-
Accounts payable	1,650,835	-	-
Other payables	1,253,599	-	-
Lease liabilities (including non-current)	68,420	26,567	596,343
Long-term loans	96,030	95,034	96,451
<u>Derivative financial liabilities:</u>			
Forward foreign exchange contracts	\$ 7,733	\$ -	\$ -

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

(III) Fair Value Information

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

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

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

Level 3: Unobservable inputs for the asset or liability. Private equity funds and equity instrument investments with no active market invested by the Group are all Level 3 inputs.

2. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments, including cash and cash equivalents, financial assets at amortized cost, notes receivables, accounts receivable, other receivables, refundable deposits, short-term loans, notes payable, accounts payable, other payables, lease liabilities, long-term loans (including those due within one year), and guarantee deposits, are reasonable approximation of fair value.

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

(1) Classified by nature of assets or liabilities:

March 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Private equity funds	\$ -	\$ -	\$ 1,168	\$ 1,168
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,223</u>	<u>\$ 1,223</u>
<b>Liabilities</b>				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
Forward foreign exchange contracts	\$ -	\$ 71	\$ -	\$ 71



December 31, 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Forward foreign exchange contracts	\$ -	\$ 139	\$ -	\$ 139
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ 139</u>	<u>\$ 55</u>	<u>\$ 194</u>
March 31, 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Forward foreign exchange contracts	\$ -	\$ 8	\$ -	\$ 8
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 55</u>	<u>\$ 63</u>
<b>Liabilities</b>				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit and loss				
Forward foreign exchange contracts	\$ -	\$ 7,733	\$ -	\$ 7,733

(2) Methods and assumptions adopted by the Group for measurement of fair value are stated as follows:

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

4. There was no transfer between Level 1 and Level 2 of the fair value hierarchy for the three months ended March 31, 2022 and 2021.
5. There were no changes in Level 3 of the fair value hierarchy for the three months ended March 31, 2022 and 2021.
6. Valuation process regarding fair value Level 3 is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified through the use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g.,

calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.

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

	March 31, 2022	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relationship of inputs to fair value
None-derivative equity instruments:					
Shares of venture capital company	\$ 1,009	Net asset value method	Not applicable.	Not applicable.	Not applicable.
Private fund investments	1,168	Net asset value method	Not applicable.	Not applicable.	Not applicable.
	December 31, 2021	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relationship of inputs to fair value
None-derivative equity instruments:					
Shares of venture capital company	\$ 1,009	Net asset value method	Not applicable.	Not applicable.	Not applicable.
	March 31, 2021	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relationship of inputs to fair value
None-derivative equity instruments:					
Shares of venture capital company	\$ 1,011	Net asset value method	Not applicable.	Not applicable.	Not applicable.

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

#### (IV) Other Matters

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

### 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) Information on reinvestments

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

(III) Information on investments in mainland China

1. Investee Information: Please refer to Table 6.
2. Significant Transactions between the Company and Investees in Mainland China Directly or Indirectly through Entities in a Third Area: Please refer to Table 7.

(IV) Major Shareholder Information

Please refer to Table 8.

XIV. Segment Information

(I) General information

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

(II) Measurement of Segment Information

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

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

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

Advanced International Multitech Co., Ltd. and Subsidiaries  
Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates and Joint Ventures)  
January 1 to March 31, 2022

Table 1

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	10.60%	\$ 1,009	
Advanced International Multitech Co., Ltd.	Taishin Health Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	1,168	8.46%	1,168	

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

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 March 31, 2022

Table 2

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

Name of company	Name of the counterparty	Relationship	Transaction details			Situation and reason of why trading conditions are different from general trading			Notes or accounts receivable (payable)		
			Purchase (sale)	Amount	Ratio to total purchases (sales) (%)	Loan period	Unit price	Loan period	Balance	Ratio to total notes or accounts receivable (payable) (%)	Note
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchases	\$ 2,311,635	67%	Note 1	Note 1	Note 1	(\$ 930,293)	65%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchases	815,229	24%	Note 1	Note 1	Note 1	( 253,212)	18%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	( 2,311,635)	-100%	Note 3	Note 3	Note 3	930,293	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	( 815,229)	-100%	Note 3	Note 3	Note 3	253,212	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 goods) 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 \$425,080 for the three months ended March 31, 2022.

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 March 31, 2022

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	\$ 930,293	6.60	\$ -	-	\$ 290,689	\$ -	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	253,212	11.59	-	-	62,910	-	

Advanced International Multitech Co., Ltd. and Subsidiaries  
Parent-subsidiary and Subsidiary-subsidiary Business Relations and Significant Transactions and Amounts Thereof  
January 1 to March 31, 2022

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)	General ledger account	Amount	Conditions of transactions	
						Transaction terms	Ratio to consolidated total revenue or total assets (%)
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchases	\$2,311,635	According to the agreement between both parties	46%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Accounts payable	930,293	According to the agreement between both parties	7%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchases	815,229	According to the agreement between both parties	16%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Accounts payable	253,212	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 March 31, 2022

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 income (loss) of the investee	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	\$ 743,897	\$ 26,948	\$ 23,103	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, and golf sets.	447,331	447,331	14,000,000	100	577,017	27,719	27,291	Note 1
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	678,118	89,408	50,005	
Advanced International Multitech Co., Ltd.	Munich Composites GmbH	Germany	Engaged in design, research, development and production of carbon fiber bicycle wheels and Carbon Fiber Reinforced Polymer products.	49,212	49,212	21,003	27.27	-	-	-	Note 2
Advanced International Multitech Co., Ltd.	Technology On Prototyping Ultimate Co., Ltd.	Taiwan	Engaged in systems integration engineering services such as aerospace, vehicle, defense, machinery, energy, electronics, medical, materials and process equipment	15,600	-	1,200,000	25.66	14,653	( 1,253)	( 947)	Note 3

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: According to "IAS 36", the recoverable amount of Munich Composites GmbH continuing operations is estimated to be 0.

Note 3: 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 March 31, 2022

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		Ending balance of accumulated outflow of investment from Taiwan	Net profit or loss of investee company	Direct or indirect ownership of the Company (%)	Investment gain or loss recognized for the period	Carrying amount of investment end period	Investment income repatriated as of the end of current period	Note
					Remittance	Recovery							
Advanced Group International (BVI) Co., Ltd.: Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in production and sale of carbon fiber prepreg materials and sports products	\$ 149,446	2	\$ 149,434	\$ -	\$ -	\$ 149,434	\$ 26,948	100	\$ 26,948	\$ 751,356	\$ 948,328	Note 1 and Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.: Baoji Zatech Material Co., Ltd.	Engaged in production of materials	17,744	3	-	-	-	-	283	25	71	3,391	-	Note 1, Note 2, Note 3, Note 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 an 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 at exchange rate of 4.436.

Note 4: Being the sub-subsidiary of the Company, Advanced Sporting Goods (Dongguan) Co., Ltd. directly invested in the investee company in mainland China, the Company does not have 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, Note 6, Note 7)	\$ 149,434	\$ 131,017	\$ 2,499,681

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 28.625 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 March 31, 2022

Table 7

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

Investee company	Sales (purchases)		Property transaction		Accounts receivable (payable)		Endorsement/guarantee or collateral provided		Financing				Others
	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Maximum balance	Ending balance	Interest rate range	Current interest	
Advanced Sporting Goods (Dongguan) Co., Ltd.	(\$ 2,311,635)	(67%)	\$ -	-	(\$ 930,293)	(65%)	\$ -	-	\$ -	\$ -	-	\$ -	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 \$425,080 for the three months ended March 31, 2022 .

Advanced International Multitech Co., Ltd. and Subsidiaries  
Major Shareholder Information  
March 31, 2022

Table 8

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

Note: (1) The major shareholders information 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 stocks) 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 based on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and whose shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to the Market Observation Post System.