

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

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditors' Review Report
For the Six Months Ended June 30, 2022 and 2021
(Stock Code: 8938)

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

Tel: (07) 872-1410

Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

Advanced International Multitech Co., Ltd. and Subsidiaries
Quarterly Consolidated Financial Statements for the Six Months Ended June 30,
2022 and 2021 and Independent Auditors' Review Report
Table of Contents

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditors' Review Report	3 ~ 4
IV. Consolidated Balance Sheets	5 ~ 6
V. Consolidated Statements of Comprehensive Income	7
VI. Consolidated Statements of Changes in Equity	8
VII. Consolidated Statements of Cash Flows	9 ~ 10
VIII. Notes to the Consolidated Financial Statements	11 ~ 53
(I) Company Profile	11
(II) Approval Date and Procedure of Financial Statements	11
(III) Application of New and Amended Standards and Interpretations	11 ~ 12
(IV) Summary of Significant Accounting Policies	12 ~ 15
(V) The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions	15 ~ 16
(VI) Descriptions of Major Accounting Subjects	16 ~ 41
(VII) Related-party Transactions	41
(VIII) Pledged Assets	41
(IX) Significant Contingent Liabilities and Unrecognized Contractual Commitments	42
(X) Significant Losses from Disasters	42
(XI) Significant Subsequent Events	42
(XII) Others	43 ~ 52
(XIII) Additional Disclosures	52 ~ 53
(XIV) Segment Information	53

Independent Auditors' Review Report

To Advanced International Multitech Co., Ltd.

Introduction

Advanced International Multitech Co., Ltd. and Subsidiaries' ("the Group" hereinafter) consolidated balance sheets ended June 30, 2022 and 2021, consolidated statements of comprehensive income from April 1 to June 30, 2022 and 2021 and from January 1 to June 30, 2022 and 2021, the consolidated statements of changes in equity, consolidated statements of cash flows from January 1 to June 30, 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 of certain non-material subsidiaries included in the above consolidated financial statements for the same period, the investments accounted for using the equity method, and related information disclosed in Note XIII have not been audited by the independent auditors. The total assets (including the investments accounted for using the equity method) as of June 30, 2022 and 2021 were NT\$1,543,945 thousand and NT\$1,291,001 thousand, respectively, representing 11% of the total consolidated assets; the total liabilities of NT\$1,079,025 thousand and NT\$771,049 thousand, represented 14% and 12% of the total consolidated liabilities as of June 30, 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\$19,327 thousand, NT\$26,071 thousand, NT\$64,567 thousand and NT\$427 thousand, representing 3%, 7%, 5% and 0.06% of total consolidated comprehensive income for the three-month periods ended June 30, 2022 and 2021 and for the six-month periods ended June 30, 2022 and 2021, respectively.

Qualified Conclusion

Based on our reviews, except for possible effects from financial statements of the non-material subsidiaries, the investments accounted for using the equity method and related information disclosed in Note XIII mentioned in the paragraph titled “Basis for Qualified Conclusion” if they were reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of Advanced International Multitech Co., Ltd. and its subsidiaries as of June 30, 2022 and 2021, its consolidated financial performance for the three-month periods ended June 30, 2022 and 2021 and for the six-month periods ended June 30, 2022 and 2021, and its consolidated cash flows for the six-month periods ended June 30, 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.

PwC Taiwan

Chun-Kai Wang

CPA:

Chien-Chih Wu

Financial Supervisory Commission

Approval No.: Jin Guan Zheng Shen Zi No. 1110349013

Jin Guan Zheng Shen Zi No. 1030027246

August 4, 2022

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

June 30, 2022, December 31 and June 30, 2021

(The Consolidated Balance Sheets on June 30, 2022 and 2021 Were Reviewed Only, Not Audited in Accordance with Generally Accepted Auditing Standards)

Unit: In Thousands of New Taiwan Dollars

Assets	Notes	June 30, 2022		December 31, 2021		June 30, 2021		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	VI(I)	\$ 1,644,165	12	\$ 833,023	7	\$ 1,348,505	12
1110	Financial assets at fair value through profit or loss - current	VI(II)	7,396	-	139	-	272	-
1136	Financial assets at amortized cost - current	VI(III) and VIII	112,385	1	283,323	2	236,228	2
1150	Notes receivable - net	VI(IV)	4,207	-	9,567	-	7,203	-
1170	Accounts receivable- net	V and VI(IV)	3,996,017	28	4,132,586	32	3,563,617	30
1200	Other receivables		24,563	-	17,169	-	17,054	-
130X	Inventories	V and VI(V)	3,156,655	23	3,178,869	24	2,487,486	21
1410	Prepayments	VI(VII)	273,518	2	319,016	3	273,891	2
1470	Other current assets		29,628	-	29,617	-	21,016	-
11XX	Total current assets		<u>9,248,534</u>	<u>66</u>	<u>8,803,309</u>	<u>68</u>	<u>7,955,272</u>	<u>67</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss – non-current	VI(II)	20,116	-	-	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	VI(VI)	55	-	55	-	55	-
1535	Financial assets at amortized cost - non-current	VI(III) and VIII	6,881	-	3,860	-	-	-
1550	Investments accounted for using the equity method	VI(VIII)	41,024	-	3,200	-	48,783	-
1600	Property, plant and equipment	VI(IX) and VIII	3,492,110	25	3,099,062	24	2,854,489	24
1755	Right-of-use assets	VI(X)	895,776	6	768,513	6	805,225	7
1780	Intangible assets	VI(XI)	21,543	-	12,539	-	13,251	-
1840	Deferred income tax assets		69,326	1	65,354	-	59,113	-
1915	Prepayments for business facilities		102,774	1	128,540	1	74,377	1
1990	Other non-current assets - others	VIII	162,318	1	146,575	1	120,039	1
15XX	Total non-current assets		<u>4,811,923</u>	<u>34</u>	<u>4,227,698</u>	<u>32</u>	<u>3,975,332</u>	<u>33</u>
1XXX	Total assets		<u>\$ 14,060,457</u>	<u>100</u>	<u>\$ 13,031,007</u>	<u>100</u>	<u>\$ 11,930,604</u>	<u>100</u>

(Continue on the next page)

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

June 30, 2022, December 31 and June 30, 2021

(The Consolidated Balance Sheets on June 30, 2022 and 2021 Were Reviewed Only, Not Audited in Accordance with Generally Accepted Auditing Standards)

Unit: In Thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	June 30, 2022		December 31, 2021		June 30, 2021	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	VI(XII) and VIII	\$ 1,955,050	14	\$ 1,901,873	15	\$ 1,772,628	15
2120	Financial liabilities at fair value through profit and loss - current	VI(II)	-	-	-	-	803	-
2150	Notes payable		3,907	-	3,821	-	3,907	-
2170	Accounts payable		1,798,657	13	2,088,622	16	1,685,138	14
2200	Other payables	VI(XIII)	2,480,740	18	1,874,926	14	1,449,687	12
2230	Income tax liabilities		343,123	2	348,802	3	252,122	2
2280	Lease liabilities - current		68,800	1	30,639	-	52,151	1
2300	Other current liabilities	VI(XIV) (XV) (XXI) and VIII	202,595	1	224,617	2	233,499	2
21XX	Total current liabilities		<u>6,852,872</u>	<u>49</u>	<u>6,473,300</u>	<u>50</u>	<u>5,449,935</u>	<u>46</u>
	Non-current liabilities							
2540	Long-term loans	VI(XV) and VIII	167,489	1	137,536	1	176,248	1
2570	Deferred income tax liabilities		212,313	1	164,860	1	156,461	1
2580	Lease liabilities - non-current		606,977	4	528,689	4	539,019	5
2630	Long-term deferred income		676	-	159	-	104	-
2640	Net defined benefit liabilities - non-current		73,359	1	73,348	1	72,873	1
2670	Other non-current liabilities - others	VI(XV)	776	-	632	-	539	-
25XX	Total non-current liabilities		<u>1,061,590</u>	<u>7</u>	<u>905,224</u>	<u>7</u>	<u>945,244</u>	<u>8</u>
2XXX	Total liabilities		<u>7,914,462</u>	<u>56</u>	<u>7,378,524</u>	<u>57</u>	<u>6,395,179</u>	<u>54</u>
	Equity							
	Equity attributable to shareholders of the parent company							
	Share capital	VI(XVIII)						
3110	Capital of common shares		1,353,127	10	1,353,127	10	1,353,127	12
	Capital surplus	VI(XIX)						
3200	Capital surplus		781,236	5	781,236	6	781,236	6
	Retained earnings	VI(XX)						
3310	Legal reserve		1,063,914	8	929,358	7	861,536	7
3320	Special reserve		167,766	1	142,996	1	133,828	1
3350	Undistributed earnings		2,578,250	18	2,376,835	18	2,150,407	18
	Other equity							
3400	Other equity		(114,686)	(1)	(167,766)	(1)	(170,945)	(1)
3500	Treasury stock	VI(XVIII)	(227,667)	(1)	(258,235)	(2)	-	-
31XX	Total equity attributable to shareholders of the parent company		<u>5,601,940</u>	<u>40</u>	<u>5,157,551</u>	<u>39</u>	<u>5,109,189</u>	<u>43</u>
36XX	Non-controlling interests	IV(III)	<u>544,055</u>	<u>4</u>	<u>494,932</u>	<u>4</u>	<u>426,236</u>	<u>3</u>
3XXX	Total equity		<u>6,145,995</u>	<u>44</u>	<u>5,652,483</u>	<u>43</u>	<u>5,535,425</u>	<u>46</u>
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	IX						
	Significant Subsequent Events	XI						
3X2X	Total liabilities and equity		<u>\$ 14,060,457</u>	<u>100</u>	<u>\$ 13,031,007</u>	<u>100</u>	<u>\$ 11,930,604</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 June 30, 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)

	Item	Notes	April 1 to June 30, 2022		April 1 to June 30, 2021		January 1 to June 30, 2022		January 1 to June 30, 2021	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	VI(XXI)	\$ 5,520,290	100	\$ 4,357,719	100	\$ 10,501,502	100	\$ 8,364,049	100
5000	Operating costs	VI(V)(XI) (XXVII) (XXVIII)								
			(4,472,746)	(81)	(3,483,736)	(80)	(8,538,827)	(81)	(6,742,338)	(81)
5900	Gross operating profit		<u>1,047,544</u>	<u>19</u>	<u>873,983</u>	<u>20</u>	<u>1,962,675</u>	<u>19</u>	<u>1,621,711</u>	<u>19</u>
	Operating expenses	VI(XI) (XXVII) (XXVIII)								
6100	Selling expenses		(73,853)	(1)	(65,104)	(1)	(145,309)	(2)	(118,595)	(1)
6200	Administrative expenses		(145,454)	(3)	(123,905)	(3)	(287,849)	(3)	(246,383)	(3)
6300	Research and development expenses		(187,205)	(4)	(171,832)	(4)	(347,363)	(3)	(316,659)	(4)
6450	Expected credit impairment gain (loss)		1,296	-	1,373	-	1,422	-	2,126	-
6000	Total operating expenses		(405,216)	(8)	(359,468)	(8)	(779,099)	(8)	(683,763)	(8)
6500	Other income and expenses - net	VI(XXII)	44,816	1	47,252	1	67,685	1	68,647	1
6900	Operating income		<u>687,144</u>	<u>12</u>	<u>561,767</u>	<u>13</u>	<u>1,251,261</u>	<u>12</u>	<u>1,006,595</u>	<u>12</u>
	Non-operating income and expenses									
7100	Interest income	VI(XXIII)	1,244	-	1,494	-	1,882	-	2,073	-
7010	Other income	VI(XXIV)	1,551	-	11,631	-	3,189	-	17,988	-
7020	Other gains and losses	VI(II)(XXV)	196,717	4	38,359	(1)	306,656	3	83,917	(1)
7050	Finance costs	VI(IX)(X)(XXVI)	(9,313)	-	(7,609)	-	(17,145)	-	(15,655)	-
7060	Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	750	-	206	-	(126)	-	(141)	-
7000	Total non-operating income and expenses		<u>190,949</u>	<u>4</u>	<u>(32,637)</u>	<u>(1)</u>	<u>294,456</u>	<u>3</u>	<u>(79,652)</u>	<u>(1)</u>
7900	Profit before tax		<u>878,093</u>	<u>16</u>	<u>529,130</u>	<u>12</u>	<u>1,545,717</u>	<u>15</u>	<u>926,943</u>	<u>11</u>
7950	Income tax expense	VI(XXIX)	(205,166)	(4)	(128,139)	(3)	(351,839)	(4)	(214,466)	(3)
8200	Net income		<u>\$ 672,927</u>	<u>12</u>	<u>\$ 400,991</u>	<u>9</u>	<u>\$ 1,193,878</u>	<u>11</u>	<u>\$ 712,477</u>	<u>8</u>
	Other comprehensive income (loss)									
	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign financial statements		\$ 7,882	-	(\$ 21,955)	-	\$ 53,080	1	(\$ 27,949)	-
8300	Other comprehensive income loss - net		<u>\$ 7,882</u>	<u>-</u>	<u>(\$ 21,955)</u>	<u>-</u>	<u>\$ 53,080</u>	<u>1</u>	<u>(\$ 27,949)</u>	<u>-</u>
8500	Total comprehensive income (loss)		<u>\$ 680,809</u>	<u>12</u>	<u>\$ 379,036</u>	<u>9</u>	<u>\$ 1,246,958</u>	<u>12</u>	<u>\$ 684,528</u>	<u>8</u>
	Net income (loss) attributable to:									
8610	Owners of the parent company		\$ 607,027	11	\$ 374,946	8	\$ 1,088,576	10	\$ 676,798	7
8620	Non-controlling interests		65,900	1	26,045	1	105,302	1	35,679	1
	Total		<u>\$ 672,927</u>	<u>12</u>	<u>\$ 400,991</u>	<u>9</u>	<u>\$ 1,193,878</u>	<u>11</u>	<u>\$ 712,477</u>	<u>8</u>
	Total comprehensive income (loss) attributable to:									
8710	Owners of the parent company		\$ 614,909	11	\$ 352,991	8	\$ 1,141,656	11	\$ 648,849	8
8720	Non-controlling interests		65,900	1	26,045	1	105,302	1	35,679	-
	Total		<u>\$ 680,809</u>	<u>12</u>	<u>\$ 379,036</u>	<u>9</u>	<u>\$ 1,246,958</u>	<u>12</u>	<u>\$ 684,528</u>	<u>8</u>
	Earnings per share	VI(XXX)								
9750	Basic		\$ 4.59		\$ 2.77		\$ 8.23		\$ 5.00	
9850	Diluted		\$ 4.58		\$ 2.76		\$ 8.18		\$ 4.97	

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 June 30, 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 of common shares	Share premium	Capital surplus Recognized value of changes in ownership of subsidiaries	Others	Retained earnings Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Treasury stock	Total			
<u>January 1, 2021 to June 30, 2021</u>													
Balance as of January 1, 2021	\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 861,536	\$ 133,828	\$ 1,473,609	(\$ 142,996)	\$ -	\$ 4,460,340	\$ 408,534	\$ 4,868,874	
Net income	-	-	-	-	-	-	676,798	-	-	676,798	35,679	712,477	
Other comprehensive income (loss)	-	-	-	-	-	-	-	(27,949)	-	(27,949)	-	(27,949)	
Total comprehensive income (loss)	-	-	-	-	-	-	676,798	(27,949)	-	648,849	35,679	684,528	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(17,977)	(17,977)	
Balance as of June 30, 2021	\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 861,536	\$ 133,828	\$ 2,150,407	(\$ 170,945)	\$ -	\$ 5,109,189	\$ 426,236	\$ 5,535,425	
<u>January 1 to June 30, 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	-	-	-	-	-	-	1,088,576	-	-	1,088,576	105,302	1,193,878	
Other comprehensive income (loss)	-	-	-	-	-	-	-	53,080	-	53,080	-	53,080	
Total comprehensive income (loss)	-	-	-	-	-	-	1,088,576	53,080	-	1,141,656	105,302	1,246,958	
Earnings appropriation and allocation for 2021:	VI(XX)												
Provision of legal reserve	-	-	-	-	134,556	-	(134,556)	-	-	-	-	-	
Provision of special reserve	-	-	-	-	-	24,770	(24,770)	-	-	-	-	-	
Cash dividends for common shares	-	-	-	-	-	-	(727,835)	-	-	(727,835)	-	(727,835)	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(56,179)	(56,179)	
Treasury stock transferred to employees	VI(XVII)(XV III)	-	-	-	-	-	-	-	30,568	30,568	-	30,568	
Balance as of June 30, 2022	\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 1,063,914	\$ 167,766	\$ 2,578,250	(\$ 114,686)	(\$ 227,667)	\$ 5,601,940	\$ 544,055	\$ 6,145,995	

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

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to June 30, 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 June 30, 2022		January 1 to June 30, 2021
<u>Cash flows from operating activities</u>				
Net profit before tax		\$ 1,545,717		\$ 926,943
Adjustments				
Income and expense item				
Depreciation expenses	VI(IX)(X) (XXVII)	303,201		256,800
Amortization expenses	VI(XXVII)	25,132		10,807
Expected credit loss (gain) loss		(1,422)		2,126
Net losses from financial assets and liabilities at fair value through profit or loss	VI(II)(XXV)	6,313		332
Interest expense	VI(XXVI)	17,062		15,550
Interest income	VI(XXIII)	(1,882 )	(	2,073)
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	126		141
Loss on disposal and retirement of property, plant and equipment	VI(XXXV)	113		33
Reclassification of property, plant and equipment to expense	VI(XXXI)	-		1,002
Gains on lease modification	VI(X)	(2)		-
Changes in operating assets and liabilities				
Net changes in operating assets				
Financial assets at fair value through profit or loss - current		1,086		5,636
Notes receivable		5,360		605
Accounts receivable		184,564	(	443,435)
Other receivables		(7,372)		710
Inventories		88,290	(	266,799)
Prepayments		49,564	(	76,279)
Other current assets		195	(	13,059)
Net changes in operating liabilities				
Financial liabilities at fair value through profit or loss - current		(5,790 )	(	4,979)
Notes payable		86		659
Accounts payable		(336,124 )	(	156,072)
Other payables		(229,694 )	(	4,824)
Other current liabilities		(34,684 )	(	9,882)
Long-term deferred income		517	(	6,152)
Net defined benefit liabilities - non-current		-	(	9,177)
Other non-current liabilities - others		11		-
Cash provided by operating activities		1,610,367		228,613
Income tax paid		(314,693 )	(	156,060)
Net cash provided by operating activities		1,295,674		72,553

(Continue on the next page)

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to June 30, 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

	<u>Notes</u>	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
<u>Cash provided by investing activities</u>			
Purchase of financial assets at fair value through profit or loss		(\$ 28,982)	\$ -
Decrease in financial assets at amortized cost - current		170,938	228,860
(Increase) Financial assets at amortized cost - non-current		(3,021)	44,649
Acquisition of investments accounted for using the equity method		(37,890)	-
Acquisition of property, plant and equipment	VI(XXXI)	(417,500)	(464,006)
Increase in prepayments for business facilities		(141,247)	(73,643)
Proceeds from disposal of property, plant and equipment		2,092	3,033
Acquisition of intangible assets	VI(XI)	(11,879)	(8,110)
Increase in refundable deposits		(362)	-
Decrease in refundable deposits		29	13,491
Increase in other non-current assets - others		(38,595)	(25,021)
Interest received		1,882	2,073
Net cash used in investing activities		<u>(504,535)</u>	<u>(278,674)</u>
<u>Cash provided by financing activities</u>			
Increase in short-term loans	VI(XXXII)	10,074,074	9,730,330
Decrease in short-term loans	VI(XXXII)	(10,082,871)	(8,958,818)
Repayment of the principal amount of rentals	VI(XXXII)	(33,662)	(96,820)
Increase in long-term loans	VI(XXXII)	93,200	14,500
Repayment of long-term loans	VI(XXXII)	(50,217)	(47,192)
Increase in deposits received		133	-
Interest paid		(13,235)	(11,966)
Treasury stock transferred to employees	VI(XVII)(XVIII)	30,568	-
Net cash provided by financing activities		<u>17,990</u>	<u>630,034</u>
Effect of exchange rate changes on cash and cash equivalents		<u>2,013</u>	<u>(5,963)</u>
Increase in cash and cash equivalents for the current period		811,142	417,950
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>\$ 1,644,165</u>	<u>\$ 1,348,505</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 Six Months Ended June 30, 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 August 4, 2022, after being approved by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

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

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

The following table summarizes the new, revised and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2023:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
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.

(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

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

IV. Summary of Significant Accounting Policies

Among the significant accounting policies, except for the statement of compliance, basis of preparation, basis of consolidation and additions which are stated below, the rest are the same as Note IV of the consolidated financial statements for the year ended December 31, 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) Basis of Preparation

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

(III) Basis of Consolidation

1. Principles for Preparation of Consolidated Financial Statements

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

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)			Note
			June 30, 2022	December 31, 2021	June 30, 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
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd. (LTC)	Engaged in the production of sports products, other plastic products and international trade	55.93	55.93	55.93	
Advanced 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: The financial statements ended June 30, 2022 and 2021 of the subsidiaries have not been reviewed by a CPA as they do not meet the definition of a significant subsidiary.

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's non-controlling interests totaled \$544,055, \$494,932, and \$426,236, respectively. What stated below is the information in respect of subsidiaries with material non-controlling interests:

Subsidiary name	Principal place of business	Non-controlling interests					
		June 30, 2022		December 31, 2021		June 30, 2021	
		Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
Launch Technologies Co., Ltd. (LTC)	Taiwan	\$544,055	44.07	\$494,932	44.07	\$426,236	44.07

Summary of the financial information of subsidiaries is as follows:

Balance Sheets

	Launch Technologies Co., Ltd. (LTC)		
	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 1,414,160	\$ 1,001,013	\$ 813,048
Non-current assets	1,245,828	1,192,609	1,139,994
Current liabilities	(1,187,590)	(861,103)	(733,876)
Non-current liabilities	(237,889)	(209,474)	(251,999)
Total net assets	\$ 1,234,509	\$ 1,123,045	\$ 967,167

Statements of Comprehensive Income

	Launch Technologies Co., Ltd. (LTC)	
	April 1 to June 30, 2022	April 1 to June 30, 2021
Revenue	\$ 903,087	\$ 628,164
Profit before tax	184,139	73,891
Income tax expense	(34,608)	(14,791)
Net income	149,531	59,100
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	\$ 149,531	\$ 59,100

	Launch Technologies Co., Ltd. (LTC)	
	January 1 to June 30, 2022	January 1 to June 30, 2021
Revenue	\$ 1,620,602	\$ 1,159,676
Profit before tax	295,899	101,529
Income tax expense	(56,960)	(20,570)
Net income	238,939	80,959
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	\$ 238,939	\$ 80,959

Statements of Cash Flows

	Launch Technologies Co., Ltd. (LTC)	
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Net cash provided by operating activities	\$ 278,014	\$ 129,792
Net cash used in investing activities (	125,588)	(65,804)
Net cash provided by (used in) financing activities	<u>110,776</u>	<u>(32,786)</u>
Increase in cash and cash equivalents for the current period	<u>263,202</u>	<u>31,202</u>
Cash and cash equivalents, beginning of the period	<u>131,709</u>	<u>64,687</u>
Cash and cash equivalents, end of the period	<u><u>394,911</u></u>	<u><u>\$95,889</u></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 June 30, 2022, the carrying amount of the Group's accounts receivable was \$3,996,017.

2. Evaluation of inventories

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

As of June 30, 2022, the carrying amount of the Group's inventory was \$3,156,655.

VI. Descriptions for Major Accounting Subjects

(I) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand and revolving funds	\$ 788	\$ 895	\$ 1,035
Checking deposits and demand deposits	1,298,937	757,128	692,570
Cash equivalents - time deposits	344,440	75,000	404,900
Cash equivalents - repo bonds	-	-	250,000
	<u>\$ 1,644,165</u>	<u>\$ 833,023</u>	<u>\$ 1,348,505</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. The use of the Group's demand deposits restricted by pledging as collateral or returning of overseas funds to Taiwan for deposit in a special bank account was transferred to “financial assets at amortized cost - current” and “financial assets at amortized cost - non-current”. Please refer to Note VI(III) for details.
3. The period for the above time deposits were within three months and were not pledged as collateral. The deposits were classified as cash equivalents by nature.
4. No cash or its equivalents were pledged as collateral by the Group.

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

<u>Item</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current items:			
Financial assets mandatorily at fair value through profit or loss			
Non-hedging derivatives	\$ -	\$ 139	\$ 272
Hybrid instrument	7,396	-	-
	<u>\$ 7,396</u>	<u>\$ 139</u>	<u>\$ 272</u>
Non-current items:			
Financial assets mandatorily at fair value through profit or loss	\$ 21,586	\$ -	\$ -
Private equity funds	(1,470)	-	-
Adjustment for valuation	<u>\$ 20,116</u>	<u>\$ -</u>	<u>\$ -</u>
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803</u>

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

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Financial assets mandatorily at fair value through profit or loss		
Non-hedging derivatives	\$295	\$7,643
Private equity funds	(302)	-
Financial liabilities held for trading		
Non-hedging derivatives	(3,372)	415
	<u>(\$ 3,379)</u>	<u>\$8,058</u>
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Financial assets mandatorily at fair value through profit or loss		
Non-hedging derivatives	\$ 948	\$8,037
Private equity funds	(1,470)	-
Financial liabilities held for trading		
Non-hedging derivatives	(5,791)	(8,369)
	<u>(\$ 6,313)</u>	<u>(\$ 332)</u>

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

June 30, 2022: None.

	<u>December 31, 2021</u>	
	<u>Contract amount (nominal principal)</u>	<u>Contract period</u>
<u>Derivative financial assets</u>		
Current items:		
Forward foreign exchange contracts	<u>USD 2,000 thousand</u>	2021.12.15~2022.1.21

Derivative financial liabilities

Current items: None.

	June 30, 2021	
	Contract amount (nominal principal)	Contract period
<u>Derivative financial assets</u>		
Current items:		
Forward foreign exchange contracts	USD 2,300 thousand	2021.6.23~2021.7.23
<u>Derivative financial liabilities</u>		
Current items:		
Forward foreign exchange contracts	USD 2,600 thousand	2021.6.09~2021.8.30

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

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

(III) Financial assets at amortized cost

Item	June 30, 2022	December 31, 2021	June 30, 2021
Current items:			
Demand deposits - foreign funds special account	\$ 109,883	\$ 282,135	\$ 236,228
Pledged bank deposits	2,502	1,188	-
	<u>\$ 112,385</u>	<u>\$ 283,323</u>	<u>\$ 236,228</u>
Non-current items:			
Pledged bank deposits	<u>\$ 6,881</u>	<u>\$ 3,860</u>	<u>\$ -</u>

1. As of June 30, 2022, December 31, 2021 and June 30, 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. Demand deposits - foreign funds special account is a special bank account held by the Group under the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, and the use of the funds is restricted to the approved plan.
4. For information on the credit risk of financial assets measured by 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 receivable and accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 4,207	\$ 9,567	\$ 7,203
Accounts receivable	\$ 3,996,771	\$ 4,134,762	\$ 3,567,550
Less: Loss allowance	(754)	(2,176)	(3,933)
	<u>\$ 3,996,017</u>	<u>\$ 4,132,586</u>	<u>\$ 3,563,617</u>

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

	June 30, 2022		December 31, 2021		June 30, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	\$ 4,207	\$ 3,820,950	\$ 9,567	\$ 3,962,561	\$ 7,203	\$ 3,305,641
Overdue:						
Within 30 days	-	152,611	-	120,904	-	244,491
31 to 90 days	-	21,681	-	48,787	-	8,277
91 to 180 days	-	1,529	-	2,510	-	9,141
Over 181 days	-	-	-	-	-	-
	<u>\$ 4,207</u>	<u>\$ 3,996,771</u>	<u>\$ 9,567</u>	<u>\$ 4,134,762</u>	<u>\$ 7,203</u>	<u>\$ 3,567,550</u>

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

- As of June 30, 2022, December 31 and 2021, June 30, 2021 and January 1, 2021, the Group's accounts receivable from the customer contracts (including notes receivable) amounted to \$4,000,978, \$4,144,329, \$3,574,753, and \$3,162,361, respectively.
- No accounts receivable or notes receivable were pledged as collateral by the Group.
- As of June 30, 2022, December 31, 2021 and June 30, 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.
- For credit risks of accounts receivables and notes receivables, please refer to Note XII(II).

(V) Inventories

	June 30, 2022		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,251,573	(\$ 31,299)	\$ 1,220,274
Work in progress	635,951	(3,385)	632,566
Finished goods	1,273,985	(20,586)	1,253,399
Inventory in transit	50,416	-	50,416
	<u>\$ 3,211,925</u>	<u>(\$ 55,270)</u>	<u>\$ 3,156,655</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>

	June 30, 2021		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 909,310	(\$ 29,116)	\$ 880,194
Work in progress	511,806	(3,391)	508,415
Finished goods	1,051,407	(26,190)	1,025,217
Inventory in transit	73,660	-	73,660
	<u>\$ 2,546,183</u>	<u>(\$ 58,697)</u>	<u>\$ 2,487,486</u>

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

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Cost of inventories sold	\$ 4,473,113	\$ 3,480,529
(Recovery gain) from price decline	3,366	(1,833)
Retirement loss	-	864
Others	(3,733)	4,176
	<u>\$ 4,472,746</u>	<u>\$ 3,483,736</u>
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Cost of inventories sold	\$ 8,545,909	\$ 6,748,271
Recovery gain	(1,046)	(11,298)
Retirement loss	-	864
Others	(6,036)	4,501
	<u>\$ 8,538,827</u>	<u>\$ 6,742,338</u>

For the three months ended June 30, 2021 and for the six months ended June 30, 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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 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 June 30, 2022, December 31, 2021 and June 30, 2021, amounted to \$1,011, \$1,009, and \$1,011, respectively.

2. No financial asset at FVTOCI was pledged by The Group as collateral.

(VII) Prepayments

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Business tax paid	\$ 43,944	\$ 150,979	\$ 114,895
Tax overpaid retain for offsetting the future tax payable	84,709	81,954	54,695
Prepaid expense	56,301	59,630	57,360
Prepayment for purchases	88,564	26,453	46,941
	<u>\$ 273,518</u>	<u>\$ 319,016</u>	<u>\$ 273,891</u>

(VIII) Investments accounted for using the equity method

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Maya Metal Technology Company Limited.	\$ 22,290	\$ -	-
Technology On Prototyping Ultimate Co., Ltd.	15,041	-	-
Baoji Zatech Material Co., Ltd.	3,693	3,200	3,341
Munich Composites GmbH	-	-	45,442
	<u>\$ 41,024</u>	<u>\$ 3,200</u>	<u>\$ 48,783</u>

1. As of June 30, 2022, December 31, 2021 and June 30, 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 June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amounts of the Group's individually insignificant associates totaled \$41,024, \$3,200, and \$48,783, respectively.

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Net income	\$ 750	\$ 206
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>\$ 750</u>	<u>\$ 206</u>
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Net income	(\$ 126)	(\$ 141)
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>(\$ 126)</u>	<u>(\$ 141)</u>

3. The Group's investees accounted for using equity method for the six months ended June 30, 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. As of June 30, 2022, there were no significant changes in the Group's valuation.
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

	June 30, 2022	December 31, 2021	June 30, 2021
Land	\$ 162,544	\$ 162,544	\$ 162,544
Housing and structures	965,489	990,817	1,008,144
Machinery equipment	1,121,508	1,011,340	932,823
Utility equipment	115,345	117,555	128,150
Transportation equipment	2,116	2,047	2,336
Office equipment	23,110	23,845	24,627
Other equipment	201,969	193,482	171,387
Equipment to be inspected and construction in progress	900,029	597,432	424,478
	<u>\$ 3,492,110</u>	<u>\$ 3,099,062</u>	<u>\$ 2,854,489</u>

January 1 to June 30, 2022						
Cost						
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	June 30
Land	\$ 162,544	-	-	-	-	\$ 162,544
Housing and structures	1,670,272	5,756	(11,683)	6,158	27,989	1,698,492
Machinery equipment	2,058,239	125,508	(19,217)	123,626	34,097	2,322,253
Utility equipment	329,585	3,354	(4,235)	6,957	4,286	339,947
Transportation equipment	3,478	350	-	-	18	3,846
Office equipment	74,838	4,440	(2,423)	-	1,508	78,363
Other equipment	475,612	24,677	(21,462)	25,550	7,133	511,510
Equipment to be inspected and construction in progress	597,432	277,937	-	11,468	13,192	900,029
	<u>\$ 5,372,000</u>	<u>\$ 442,022</u>	<u>(\$ 59,020)</u>	<u>\$ 173,759</u>	<u>\$ 88,223</u>	<u>\$ 6,016,984</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	June 30
Housing and structures	\$ 679,455	\$ 52,249	(\$ 11,653)	-	\$ 12,952	\$ 733,003
Machinery equipment	1,046,899	149,518	(17,068)	-	21,396	1,200,745
Utility equipment	212,030	13,385	(4,209)	-	3,396	224,602
Transportation equipment	1,431	286	-	-	13	1,730
Office equipment	50,993	5,450	(2,423)	-	1,233	55,253
Other equipment	282,130	43,737	(21,462)	-	5,136	309,541
	<u>\$ 2,272,938</u>	<u>\$ 264,625</u>	<u>(\$ 56,815)</u>	<u>\$ -</u>	<u>\$ 44,126</u>	<u>\$ 2,524,874</u>
	<u>\$ 3,099,062</u>					<u>\$ 3,492,110</u>

Name of assets	January 1 to June 30, 2021						
	Cost	January 1	Additions	Disposals	Reclassifications	Net exchange differences	June 30
Land	\$	162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures		1,637,706	27,066 (	93,783)	90,406 (	12,327)	1,649,068
Machinery equipment		1,937,235	69,584 (	140,226)	46,538 (	13,292)	1,899,839
Utility equipment		331,957	214 (	3,347)	433 (	2,707)	326,550
Transportation equipment		4,005	1,168 (	1,607)	- (	16)	3,550
Office equipment		77,617	2,554 (	6,478)	- (	856)	72,837
Other equipment		422,610	25,680 (	16,711)	7,275 (	3,433)	435,421
Equipment to be inspected and construction in progress		217,145	310,584	-	(102,069)	(1,182)	424,478
	\$	<u>4,790,819</u>	<u>436,850</u>	<u>(262,152)</u>	<u>42,583</u>	<u>(33,813)</u>	<u>\$4,974,287</u>

Accumulated depreciation and impairment

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

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

	January 1 to June 30, 2022	January 1 to June 30, 2021
Capitalization amounts	\$ 800	\$ 480
Range of capitalized interest rate	0.569%~1.520%	0.4487%~1.145%

2. Significant components of the Group's housing 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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 755,904	\$ 753,337	\$ 768,279
Housing and structures	139,872	15,176	36,946
	<u>\$ 895,776</u>	<u>\$ 768,513</u>	<u>\$ 805,225</u>

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 6,926	\$ 6,833
Housing and structures	13,129	11,673
	<u>\$ 20,055</u>	<u>\$ 18,506</u>

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 13,764	\$ 14,437
Housing and structures	24,812	24,876
	<u>\$ 38,576</u>	<u>\$ 39,313</u>

3. Additions to the Group's right-of-use assets for the six months ended June 30, 2022 and 2021 amounted to \$149,962 and \$8,783, respectively.
4. Profit or loss items in connection with lease contracts are stated as follows:

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 2,264	\$ 1,525
Expense on leases of low-value assets	9,951	5,213
Gains on lease modification	-	-
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 3,828	\$ 3,762
Expense on leases of low-value assets	18,429	11,882
Gains on lease modification	2	-

5. The cash flows used in the Group's leases for the six months ended June 30, 2022 and 2021 amounted to \$55,919 and \$112,464, 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, housing 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	(11,659)
	<u>\$ 12,539</u>
<u>2022</u>	
January 1	\$ 12,539
Addition - separately acquired	11,879
Derecognition - cost reduction	(264)
Reclassifications	150
Amortization expenses	(3,387)
Derecognition - reduction in accumulated amortization	264
Effect of exchange rate changes	362
June 30	<u>\$ 21,543</u>
June 30, 2022	
Cost	\$ 35,963
Accumulated amortization	(14,420)
	<u>\$ 21,543</u>
	<u>Computer software</u>
January 1, 2021	
Cost	\$ 19,829
Accumulated amortization	(12,296)
	<u>\$ 7,533</u>
<u>2021</u>	
January 1	\$ 7,533
Addition - separately acquired	8,110
Derecognition - cost reduction	(5,941)
Amortization expenses	(2,285)
Derecognition - reduction in accumulated amortization	5,941
Effect of exchange rate changes	(107)
June 30	<u>\$ 13,251</u>
June 30, 2021	
Cost	\$ 21,998
Accumulated amortization	(8,747)
	<u>\$ 13,251</u>

Amortization of intangible assets is detailed as below:

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Operating costs	\$ 279	\$ 60
Administrative expenses	883	732
Research and development expenses	657	544
	<u>\$ 1,819</u>	<u>\$ 1,336</u>
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Operating costs	\$ 494	\$ 121
Administrative expenses	1,735	1,231
Research and development expenses	1,158	933
	<u>\$ 3,387</u>	<u>\$ 2,285</u>

(XII) Short-term loans

<u>Type of loans</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Bank credit loan	\$ 1,884,599	\$ 1,822,451	\$ 1,663,313
Loans against letter of credit	70,451	79,422	109,315
	<u>\$ 1,955,050</u>	<u>\$ 1,901,873</u>	<u>\$ 1,772,628</u>
Interest rate range	<u>0.90%~3.10%</u>	<u>0.42%~1.35%</u>	<u>0.41%~3.90%</u>

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

(XIII) Other payables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Dividends payable	\$ 784,014	\$ -	\$ 17,977
Payroll and bonus payable	678,847	832,490	487,568
Processing fee payable	363,881	410,950	332,195
Employee, directors and supervisors remuneration payable	181,212	113,601	119,525
Equipment expenses payable	87,470	62,948	40,475
Others	385,316	454,937	451,947
	<u>\$ 2,480,740</u>	<u>\$ 1,874,926</u>	<u>\$ 1,449,687</u>

(XIV) Other current liabilities

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Receipts under custody	\$ 76,629	\$ 102,418	\$ 107,803
Long-term loans due within one year	111,430	99,338	96,349
Contract liabilities – current	8,518	18,887	17,245
Others	6,018	3,974	12,102
	<u>\$ 202,595</u>	<u>\$ 224,617</u>	<u>\$ 233,499</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>June 30, 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.	1.32%~1.52%	Machinery and other equipment	\$ 61,272
Secured loans	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.52%	Housing and structures	103,935
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).	0.875%	Demand deposits, housing and structures	46,477
Secured loan	Duration from June 2022 to March 2026 and interest paid on a monthly basis. In addition, from April 2023 onwards, the remaining amounts are paid back in 36 installments on a monthly basis (Note).	0.875%	Housing and structures, machinery and other equipment	67,235
				<u>278,919</u>
Less: long-term loan due in one year				(<u>111,430</u>)
				<u>\$ 167,489</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, housing and structures	24,967
				<u>236,874</u>
Less: long-term loan due in one year				<u>(99,338)</u>
				<u>\$ 137,536</u>

<u>Type of loans</u>	<u>Loan period and repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 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 equipment	\$ 122,840
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.145%	Housing and structures	135,915
Secured loan	Duration from 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%	Housing and structures	13,842
				<u>272,597</u>
Less: long-term loan due in one year				(96,349)
				<u>\$ 176,248</u>

(Note) From March 15, 2021 to June 15, 2022, 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 \$120,900 and a deferred government grant gain of \$1,331 was recognized upon receipt of the loan amount. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balance of deferred government grants was \$1,207, \$269 and \$166 respectively (separately shown under “Other current liabilities - others” of \$531, \$111 and \$62, and “Other non-current liabilities” of \$676, \$158 and \$104), and the government grants income of \$69 and \$12 were respectively recognized for the six month ended June 30, 2022 and 2021 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 with the aforementioned contribution plans for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 were \$575, \$585 \$1,149, and \$1,142, 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 June 30, 2022 and 2021 and for the six months ended June 30, 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 with the aforementioned contribution plans for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 were \$36,253, \$27,779, \$70,415, and \$56,502, respectively.

(XVII) Share-based Payments

1. Share-based payment agreements of the Group for the six months ended June 30, 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 June 30	-	-	-	-

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 June 30, 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):

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
January 1	131,934	135,313
Treasury stock transferred to employees	400	-
June 30	<u>132,334</u>	<u>135,313</u>

2. Treasury stocks

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

		<u>June 30, 2022</u>	
<u>Name of company holding shares</u>	<u>Reasons for recovery</u>	<u>Number of shares (in thousand shares)</u>	<u>Carrying amount</u>
The Company	Available for transfer of shares to employees (Note)	<u>2,979</u>	<u>\$ 227,667</u>
		<u>December 31, 2021</u>	
<u>Name of company holding shares</u>	<u>Reasons for recovery</u>	<u>Number of shares (in thousand shares)</u>	<u>Carrying amount</u>
The Company	Available for transfer of shares to employees (Note)	<u>3,379</u>	<u>\$ 258,235</u>

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.

In accordance with the Company Act, the Board of Directors is authorized to distribute dividends and bonuses, capital surplus or legal reserve, in whole or in part, in cash by a resolution of a majority of the directors present, with the presence of at least two-thirds of the directors, and to report such distribution to the shareholders' meeting, without applying the preceding requirement that a resolution of the shareholders' meeting be required.

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 of 2021 and 2020 was approved at the shareholders' meeting on May 31, 2022 and July 12, 2021, respectively 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

Please refer to the Market Observation Post System for the above-mentioned resolution on the earnings distribution.

(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:

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
<u>Customer by geographical areas</u>		
Americas	\$ 3,849,530	\$ 3,088,810
Asia	1,432,441	1,130,942
Others	238,319	137,967
	<u>\$ 5,520,290</u>	<u>\$ 4,357,719</u>

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
<u>Customer by geographical areas</u>		
Americas	\$ 7,270,514	\$ 6,027,306
Asia	2,758,086	2,079,258
Others	472,902	257,485
	<u>\$ 10,501,502</u>	<u>\$ 8,364,049</u>

2. Contract liabilities

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>	<u>January 1, 2021</u>
Consumer products	\$ <u>8,518</u>	\$ <u>18,887</u>	\$ <u>17,245</u>	\$ <u>20,221</u>

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

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Consumer products	\$ <u>9</u>	\$ <u>16,488</u>
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Consumer products	\$ <u>4,183</u>	\$ <u>20,041</u>

(XXII) Other income and expenses – net

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Income from molds	\$ 14,806	\$ 6,783
Income from samples	11,422	3,284
Other income	18,588	37,185
	<u>\$ 44,816</u>	<u>\$ 47,252</u>

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Income from molds	\$ 24,180	\$ 10,868
Income from samples	16,918	5,945
Other income	26,587	51,834
	<u>\$ 67,685</u>	<u>\$ 68,647</u>

(XXIII) Interest income

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Interest from bank deposits	\$ 1,244	\$ 1,494
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Interest from bank deposits	\$ 1,882	\$ 2,073

(XXIV) Other income

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Government Subsidy Income	\$ 660	\$ 11,255
Others	891	376
	<u>\$ 1,551</u>	<u>\$ 11,631</u>
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Government Subsidy Income	\$ 1,478	\$ 17,559
Others	1,711	429
	<u>\$ 3,189</u>	<u>\$ 17,988</u>

1. In June 2021, the Group received government subsidies for traditional industry innovation and R&D as well as the construction plan of the golf smart manufacturing and supply chain integration platform. For the six months ended June 30, 2021, as the Group is reasonably assured that it will comply with the conditions attached in the government subsidies, the government subsidy income recognized was \$11,197.
2. In December 2020, the Group received a government subsidy of \$11,300 from the “Taiwan Industry Innovation Platform Program,” which has been transferred to profit or loss upon the incurrence of expenses associated with the implementation of the program, and recognized government subsidy income amounted to \$0 and \$6,152 for the three months ended June 30, 2021 and for the six months ended June 30, 2021.

(XXV) Other gains and losses

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Loss on disposal and retirement of property, plant and equipment	(\$ 113)	(\$ 59)
Gain (loss) on foreign exchange, net	196,282	(57,751)
Net gains (losses) from financial assets and liabilities at fair value through profit or loss	(3,379)	8,058
Others	3,927	11,393
	<u>\$ 196,717</u>	<u>(\$ 38,359)</u>
	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Loss on disposal and retirement of property, plant and equipment	(\$ 113)	(\$ 33)
Gain (loss) on foreign exchange, net	306,274	(97,941)
Net losses from financial assets and liabilities at fair value through profit or loss	(6,313)	(332)
Others	6,808	14,389
	<u>\$ 306,656</u>	<u>(\$ 83,917)</u>

(XXVI) Finance costs

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Interest expense	\$ 9,274	\$ 7,570
Other financing costs	39	39
	<u>\$ 9,313</u>	<u>\$ 7,609</u>

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Interest expense	\$ 17,062	\$ 15,550
Other financing costs	83	105
	<u>\$ 17,145</u>	<u>\$ 15,655</u>

(XXVII) Additional information regarding the nature of expense

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Employee benefits expense	\$ 997,313	\$ 843,694
Depreciation expenses	155,699	128,943
Amortization expenses	13,786	5,981
	<u>\$ 1,166,798</u>	<u>\$ 978,618</u>

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Employee benefits expense	\$ 1,927,178	\$ 1,618,117
Depreciation expenses	303,201	256,800
Amortization expenses	25,132	10,807
	<u>\$ 2,255,511</u>	<u>\$ 1,885,724</u>

(XXVIII) Employee benefits expense

	<u>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Salary and wages	\$ 867,206	\$ 721,535
Labor and health insurance premiums	52,305	50,360
Pension expense	36,828	28,364
Remuneration to directors	3,725	2,665
Other personnel cost	37,249	40,770
	<u>\$ 997,313</u>	<u>\$ 843,694</u>

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Salary and wages	\$ 1,666,373	\$ 1,379,445
Labor and health insurance premiums	108,101	94,187
Pension expense	71,564	57,644
Remuneration to directors	7,770	5,470
Other personnel cost	73,370	81,371
	<u>\$ 1,927,178</u>	<u>\$ 1,618,117</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 three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the Company recognized compensation to employees in the amounts equal to \$21,357, \$25,435, \$37,071, and \$39,994, respectively; remuneration to directors and supervisors in the amounts equal to \$2,600, \$2,500, \$5,200, and \$5,000, respectively, and the above mentioned amounted were presented under payroll expense.

The amounts for the six months ended June 30, 2022 were accrued at certain percentages based on the profits earned by the end of the period.

The amounts of compensation to employees and remuneration to directors and supervisors for 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>April 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>
Current income tax:		
Income tax arising from the current period	\$ 189,285	\$ 101,745
(Overestimation) underestimation of prior year's income taxes	(1,713)	5,398
Total current income tax	187,572	107,143
Deferred income tax:		
Originating and reversed temporary differences	17,594	20,996
Income tax expense	<u>\$ 205,166</u>	<u>\$ 128,139</u>

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Current income tax:		
Income tax arising from the current period	\$ 309,574	\$ 177,478
(Overestimation) underestimation of prior year's income taxes	(1,713)	5,648
Total current income tax	307,861	183,126
Deferred income tax:		
Originating and reversed temporary differences	43,978	31,340
Income tax expense	<u>\$ 351,839</u>	<u>\$ 214,466</u>

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

(XXX) Earnings per share

	<u>April 1 to June 30, 2022</u>		
	<u>After-tax amount</u>	<u>Weighted average Number of shares outstanding (thousand shares)</u>	<u>Earnings per share (\$)</u>
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ <u>607,027</u>	<u>132,334</u>	\$ <u>4.59</u>
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 607,027	132,334	
Effect of dilutive potential common shares			
Employee compensation	<u>-</u>	<u>276</u>	
Net profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ <u>607,027</u>	<u>132,610</u>	\$ <u>4.58</u>

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

	January 1 to June 30, 2022		
	<u>After-tax amount</u>	<u>Weighted average Number of shares outstanding (thousand shares)</u>	<u>Earnings per share (\$)</u>
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 1,088,576	132,234	\$ 8.23
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 1,088,576	132,234	
Effect of dilutive potential common shares			
Employee compensation	-	772	
Net profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 1,088,576	133,006	\$ 8.18

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

(XXXI) Additional information regarding cash flows

1. Investing activities with partial cash payments:

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Acquisition of property, plant and equipment	\$ 442,022	\$ 436,850
Add: Equipment payable, beginning of period (recognized in other payables)	62,948	67,631
Less: Equipment payable, end of period (recognized in other payables)	(87,470)	(40,475)
Amount paid in cash	<u>\$ 417,500</u>	<u>\$ 464,006</u>

2. Investing and financing activities that do not affect cash flows:

	<u>January 1 to June 30, 2022</u>	<u>January 1 to June 30, 2021</u>
Equipment prepayments transferred to property, plant and equipment	\$ <u>175,427</u>	\$ <u>45,334</u>
Reclassification of property, plant and equipment to other non-current assets	\$ <u>1,518</u>	\$ <u>1,749</u>
Reclassification of property, plant and equipment to expense	\$ <u>-</u>	\$ <u>1,002</u>
Reclassification of property, plant and equipment to intangible assets	\$ <u>150</u>	\$ <u>-</u>
Reclassification of long-term loans to long-term liabilities due within one year or one business cycle	\$ <u>111,430</u>	\$ <u>96,349</u>
Cash dividends announced but yet to be distributed	<u>\$ 784,014</u>	<u>\$ 17,977</u>

(XXXII) Changes in liabilities from financing activities

	<u>Short-term loans</u>	<u>Long-term loans (including 1-year due)</u>	<u>Lease liabilities</u>	<u>From financing activities Total liabilities</u>
January 1, 2022	\$ 1,901,873	\$ 236,874	\$ 559,328	\$ 2,698,075
Changes in financing cash flows	(8,797)	42,983	(33,662)	524
Effect of exchange rate changes	61,974	-	292	62,266
Other non-cash changes	-	(938)	149,819	148,881
June 30, 2022	<u>\$ 1,955,050</u>	<u>\$ 278,919</u>	<u>\$ 675,777</u>	<u>\$ 2,909,746</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	771,512	(32,692)	(96,820)	642,000
Effect of exchange rate changes	(15,085)	-	(1,219)	(16,304)
Other non-cash changes	-	(166)	8,604	8,438
June 30, 2021	<u>\$ 1,772,628</u>	<u>\$ 272,597</u>	<u>\$ 591,170</u>	<u>\$ 2,636,395</u>

VII. Related-Party Transactions

(I) Name and Relationship 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

Salary and other employee benefits	<u>April 1 to June 30, 2022</u> \$ <u>12,927</u>	<u>April 1 to June 30, 2021</u> \$ <u>9,971</u>
Salary and other employee benefits	<u>January 1 to June 30, 2022</u> \$ <u>59,040</u>	<u>January 1 to June 30, 2021</u> \$ <u>39,494</u>

VIII. Pledged Assets

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

Assets	Carrying amount			Guarantee use
	June 30, 2022	December 31, 2021	June 30, 2021	
Demand deposits (recorded as "Financial assets at amortized cost")	\$ 9,383	\$ 5,048	\$ -	Long-term loans and credit facility guarantee
Land	125,648	125,648	125,648	Short-term loans
Housing and structures - net	228,772	235,171	242,571	Short-term and long- term loans and credit facility guarantee
Machinery and equipment - net	240,124	168,813	182,109	Long-term loans and credit facility guarantee
Other equipment - net	4,906	3,796	4,556	Long-term loans and credit facility guarantee
Pledged time deposits (presented as "Other non- current assets - others")	31,564	31,563	31,012	Customs deposits, performance security deposits and lease deposits
	<u>\$ 640,397</u>	<u>\$ 570,039</u>	<u>\$ 585,896</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingency

None.

(II) Commitments

1. Balance of outstanding letters of credit

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Raw materials imported	\$ <u>87,621</u>	\$ <u>114,370</u>	\$ <u>69,481</u>

2. Capital expenditure committed but yet to incur

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Property, plant and equipment	\$ <u>497,375</u>	\$ <u>1,077,760</u>	\$ <u>791,509</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 June 30, 2022, the Group had invested \$21,586.

X. Significant Losses from Disasters

None.

XI. Significant Subsequent Events

- (I) In order to increase the working capital of the Company, on April 18, 2022, the Board of Directors resolved the resolution regarding the raise and issue of the third domestic unsecured convertible corporate bonds. It is expected to issue 10,000 domestic unsecured corporate convertible bonds with a face value of NT\$100,000 each, for a total face value of \$1,000,000. The issue date is July 20, 2022, with a maturity of three years and a coupon rate of 0%, based on the par value of 102%. As of the date of the review report, all receivables have been collected by the debt collection bank and remitted to the depository bank, totaling \$1,026,225.
- (II) On August 4, 2022, the Board of Directors of Launch Technologies Co., Ltd. (LTC), a subsidiary of the Company, resolved to issue 5,000 first domestic unsecured convertible corporate bonds with a face value of NT\$100,000 each for a total issue amount of \$500,000 to repay bank loans and to increase working capital.

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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 27,512	\$ 139	\$ 272
Financial assets at fair value through other comprehensive income			
Election of the designated equity instrument investment	55	55	55
Financial assets measured at amortized cost			
Cash and cash equivalents	1,644,165	833,023	1,348,505
Financial assets measured at amortized cost	119,266	287,183	236,228
Notes receivable	4,207	9,567	7,203
Accounts receivable	3,996,017	4,132,586	3,563,617
Other receivables	24,563	17,169	17,054
Refundable deposits	52,364	51,574	50,261
	<u>\$ 5,868,149</u>	<u>\$ 5,331,296</u>	<u>\$ 5,223,195</u>
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized costs			
Financial liabilities held for trading	\$ -	\$ -	\$ 803
Short-term loans	1,955,050	1,901,873	1,772,628
Notes payable	3,907	3,821	3,907
Accounts payable	1,798,657	2,088,622	1,685,138
Other payables	2,480,740	1,874,926	1,449,687
Long-term loans (including 1-year due)	278,919	236,874	272,597
Deposits received	776	632	539
	<u>\$ 6,518,049</u>	<u>\$ 6,106,748</u>	<u>\$ 5,185,299</u>
Lease liabilities (including non-current)	<u>\$ 675,777</u>	<u>\$ 559,328</u>	<u>\$ 591,170</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:

	June 30, 2022		
	Foreign currency (in \$ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 161,336	29.72	\$ 4,794,906
USD:RMB	48,211	6.7031	1,432,831
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	63,421	29.72	1,884,872
USD:RMB	37,574	6.7031	1,116,699
	December 31, 2021		
	Foreign currency (in \$ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<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

		June 30, 2021		
		Foreign currency (in \$ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	\$ 145,633	27.81	\$ 4,050,054
	USD:RMB	50,247	6.4601	1,397,369
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	78,013	27.91	2,177,343
	USD:RMB	36,912	6.4601	1,030,214

- B. Due to significant influence from exchange rate volatility, total exchange (profits) losses of the Group's monetary items amounted to \$196,282, (\$57,751), \$306,274 and (\$97,941) for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021.
- C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

		January 1 to June 30, 2022		
		Sensitivity analysis		
		Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 47,949	-
	USD:RMB	1%	14,328	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	18,849	-
	USD:RMB	1%	11,167	-

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

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 six months ended June 30, 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 six months ended June 30, 2022 and 2021 will decrease or increase by \$1,043 and \$1,069, 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 counterparties 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 June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

	Overdue							
	Not overdue	Within 30 days	31~60 days	61~90 days	91~120 days	121~150 days	151~180 days	Above 180 days
<u>June 30, 2022</u>	0.00%~0.01%	0.04%~0.22%	0.04%~1.49%	0.08%~3.56%	0.38%~7.03%	3.72%~26.01%	22.31%~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>June 30, 2021</u>	0.00%~0.02%	0.02%~0.23%	0.02%~1.94%	0.04%~4.77%	0.19%~10.32%	1.86%~34.37%	22.31%~67.99%	100%

The Group's balance of accounts overdue for 31 days and more as of June 30, 2022, December 31, 2021, and June 30, 2021 accounted for approximately 0.58%, 1.24% and 0.49% 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	-	(1,422)
June 30	\$ -	\$ 754

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

(3) Liquidity risk

- A. Cash flows forecasting is carried out by the Group's Office of Finance and Accounting in order to ensure that sufficient funds are readily available, both for the operating needs and for the unused loan commitments.
- B. The Group's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase agreements, and marketable securities, all of which are instruments either with appropriate maturity or with sufficient liquidity so as to satisfy the said forecasting and provide

sufficient position for dispatching of funds. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had a money market position in the amounts equal to \$1,643,377, \$832,128 and \$1,347,470, respectively.

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

	June 30, 2022		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,964,168	\$ -	\$ -
Notes payable	3,907	-	-
Accounts payable	1,798,657	-	-
Other payables	2,480,740	-	-
Lease liabilities (including non-current)	77,217	86,089	595,255
Long-term loans	114,229	68,694	102,385
<u>Derivative financial liabilities:</u>			
None.			

	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:</u>			
None.			

	June 30, 2021		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,775,046	\$ -	\$ -
Notes payable	3,907	-	-
Accounts payable	1,685,138	-	-
Other payables	1,449,687	-	-
Lease liabilities (including non-current)	58,155	24,995	590,154
Long-term loans	98,794	97,783	81,015
<u>Derivative financial liabilities:</u>			
None.			
Forward foreign exchange contracts	\$ 803	\$ -	\$ -

- 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, hybrid instruments and equity instrument investments with no active market invested by the Group.

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:

June 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Private equity funds	\$ -	\$ -	\$ 20,116	\$ 20,116
Hybrid instruments			7,396	7,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,567</u>	<u>\$ 27,567</u>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or 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>
June 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 272	\$ -	\$ 272
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ 55</u>	<u>\$ 327</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 803</u>	<u>\$ -</u>	<u>\$ 803</u>

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

- A. The fair value of equity instruments that are not actively traded (e.g., shares of companies that are not publicly traded) is estimated by the market approach, which uses prices and other relevant information (e.g., lack of inputs such as liquidity discount factors, PE ratio of shares of similar companies, or net share price ratios) generated from market transactions of equity instruments of the same or comparable companies. In addition, the Group uses the net asset value method to value equity instruments that lack sufficient or appropriate observable market information and comparable to approximate the current profitability of the underlying investments.
 - B. 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.
 - C. The impact of non-market observable parameters on the valuation of financial instruments is described in Note XII(III)7.
4. There was no transfer between Level 1 and Level 2 of the fair value hierarchy for the six months ended June 30, 2022 and 2021.
 5. The following table shows the changes in Level 3 of the fair value hierarchy for the six months ended June 30, 2022.

	2022		
	Private equity fund	Hybrid instruments	Total
January 1	\$ -	\$ -	\$ -
Purchase during the period	21,586	7,396	28,982
Losses recognized in profit or loss			
Recorded in non-operating income and expenses	(1,470)	-	(1,470)
June 30	<u>\$ 20,116</u>	<u>\$ 7,396</u>	<u>\$ 27,512</u>

January 1 to June 30, 2021 None.

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:

	Fair value as of June 30, 2022	Valuation technique(s)	Significant unobservable inputs	Interval (weighted- average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Shares of venture capital company	\$ 1,011	Net asset value method	Not applicable.	Not applicable.	Not applicable.
Private fund investments	20,116	Net asset value method	Not applicable.	Not applicable.	Not applicable.
Hybrid instruments:					
Convertible bond contracts	7,396	Net asset value method	Not applicable.	Not applicable.	Not applicable.
	Fair value as of December 31, 2021	Valuation technique(s)	Significant unobservable inputs	Interval (weighted- average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Shares of venture capital company	\$ 1,009	Net asset value method	Not applicable.	Not applicable.	Not applicable.
	Fair value as of June 30, 2021	Valuation technique(s)	Significant unobservable inputs	Interval (weighted- average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Shares of venture capital company	\$ 1,011	Net asset value method	Not applicable.	Not applicable.	Not applicable.

8. The 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) **Reinvestment Information**

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

(III) Investments in Mainland China

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

(IV) Major Shareholder Information

Please refer to Table 8.

XIV. Segment Information

(I) General Information

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

(II) Measurement of Segment Information

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

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

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

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to June 30, 2022

Table 1

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Investor	Type and name of securities	Relationship with the issuer	General ledger account	End of the period				Note
				Number of shares	Carrying amount	Shareholding ratio	Fair value	
Advanced International Multitech Co., Ltd.	Hua Nan Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	57,438	\$ 55	10.60%	\$ 1,011	
Advanced International Multitech Co., Ltd.	Taishin Health Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	20,116	8.46%	20,116	

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to June 30, 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)		Note
			Purchase (sale)	Amount	Ratio to total purchases (sales) (%)	Loan period	Unit price	Loan period	Balance	Ratio to total notes or accounts receivable (payable) (%)		
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchases	\$ 5,047,405	70%	Note 1	Note 1	Note 1	(\$ 1,394,175)	77%	Note 2	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchases	1,677,930	23%	Note 1	Note 1	Note 1	(173,895)	10%	Note 2	
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	(5,047,405)	-100%	Note 3	Note 3	Note 3	1,394,175	100%		
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	(1,677,930)	-100%	Note 3	Note 3	Note 3	173,895	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 \$775,588 for the six months ended June 30, 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 June 30, 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	\$ 1,394,175	6.08	\$ -	-	\$ 382,088	\$ -	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	173,895	14.48	-	-	64,600	-	

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to June 30, 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)	Conditions of transactions			Ratio to consolidated total revenue or total assets (%)
				General ledger account	Amount	Transaction terms	
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchases	\$ 5,047,405	According to the agreement between both parties	48%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Accounts payable	1,394,175	According to the agreement between both parties	10%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchases	1,677,930	According to the agreement between both parties	16%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Accounts payable	173,895	According to the agreement between both parties	1%

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

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

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

- (1) Parent company to its subsidiary.
- (2) Subsidiary to its parent company.
- (3) Subsidiary to another subsidiary.

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to June 30, 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			Income (loss) of the investee	Recognized investment gain or loss for the period	Note
				End of the 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	852,069	\$ 146,829	\$ 144,709	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	595,593	24,405	24,551	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	690,454	238,939	133,637	
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	15,041	(598)	(559)	
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Maya Metal Technology Company Limited	Vietnam	Engaged in the OEM production of various golf club shafts and heads, and golf sets.	22,290	-	750,000	30	22,290	-	-	

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.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investments in Mainland China - General Information

January 1 to June 30, 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	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. :	Engaged in production and sale of carbon fiber prepreg materials and sports products	\$ 149,446	2	\$ 149,434	\$ -	\$ -	\$ 149,434	\$ 146,828	100	\$ 146,828	\$ 857,801	\$ 948,328	Note 1 and Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in production of materials	17,752	3	-	-	-	-	1,734	25	433	3,693	-	Note 1, Note 2, Note 3, Note 4
Baoji Zatech Material Co., Ltd.													

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

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

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

Note 3: the amount of paid-in capital is converted based on the RMB4,000 thousand at exchange rate of 4.438.

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	Upper limit	
		Investment Amounts Authorized by Commission, MOEA	Investment on investment authorized by the Commission, M.O.E.A.
Advanced International Multitech Co., Ltd. (Note 5, Note 6, Note 7)	\$ 149,434	\$ 136,028	\$ 3,687,597

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 29.72 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 June 30, 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.	(\$ 5,047,405)	(70%)	\$ -	-	(\$ 1,394,175)	(77%)	\$ -	-	\$ -	\$ -	-	\$ -	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 \$685,956 for the six months ended June 30, 2022.

Advanced International Multitech Co., Ltd. and Subsidiaries

Major Shareholder Information

June 30, 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 in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (incl. treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

(2) For the above are shares entrusted by the shareholders, the information thereto shall 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.