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Advanced International Multitech Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors’ Review Report

For the Years Ended December 31, 2022 and 2021
(Stock Code: 8938)

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

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Advanced International Multitech Co., Ltd

Parent Company Only Financial Statements and Independent Auditors' Review Report

For the Years Ended December 31, 2022 and 2021

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Independent Auditor’s Report

To Advanced International Multitech Co., Ltd.

Auditor’s Opinions

Advanced International Multitech Co., Ltd.’s parent company only balance sheets ended December 31, 2022 and 2021, parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows from January 1 to December 31, 2022 and 2021, and the notes to the parent company only financial statements (including the summary of significant accounting policies) have been reviewed by the auditor.

In our opinion, based on our audits and the reports from other auditors(please refer Other Matters item), the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial position of Advanced International Multitech Co., Ltd. as of December 31, 2022 and 2021, and its parent company only financial performance and parent company only cash flows from January 1 to December 31, 2022 and 2021 are presented in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Audit Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 parent company only financial statements of Advanced International Multitech Co., Ltd. Such matters have been dealt with in the course of auditing and compiling the parent company only financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually.

Key Audit Matters for the parent company only financial statements of Advanced International Multitech Co., Ltd. for 2022 are stated as follows:

Assessment of Impairment of Accounts Receivable

Descriptions

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

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

Audit Procedures

The procedures we have performed on the aforementioned key audit matter are summarized as follows:

1. Based on our understanding of Advanced International Multitech Co., Ltd. operation and its sales counter-party, we have determined the reasonableness of the policy and procedures regarding provision of loss allowance for accounts receivables, including the objective evidence that determine the loss rate, e.g. characters of customers, assessment of past payment collection experience, and future economic conditions. We have also compared whether the policy for provision of loss allowance for accounts receivables is consistent throughout the reporting period.
2. We have assessed the reasonableness of the supporting documents based on the expected loss rates for different days past due as provided by the management.
3. We have also verified the correctness of the aging of accounts receivables in order to ensure the agreement of the financial information with its policy.
4. We have also tested the recovery of accounts receivables after the audit period so as to evaluate the possibility of recovery.

Inventory Valuation

Descriptions

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

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

Audit Procedures

The procedures we have performed on the aforementioned key audit matter are summarized as follows:

1. We have compared whether the policy for provision of allowance of inventory valuation loss is consistent throughout the reporting period and assessed the reasonableness of its provision policy.
2. We have examined the inventory management process, reviewed the annual inventory plan and participated in annual inventory counts in order to assess the effectiveness of management's judgment and control of obsolete inventory.
3. We have sampled and tested the net realizable value of individual inventory item to assess the reasonableness of the allowance to reduce inventory to market.

Other Matters – reference to other accountants' audits

We did not audit the financial statements of certain investee companies accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The total investment amount of those aforementioned companies accounted for under equity method amounted to NT$15,568 thousand, representing 0.13% of total assets as of 31 December 2022. The total operating revenues(losses) of those aforementioned companies accounted for under equity method amounted to NT$(32) thousand, representing 0% of total comprehensive profit or loss for the period from January 1 to December 31, 2022.

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

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

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

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

The Accountants' Responsibility in Auditing the Parent Company Only Financial Statements

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

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Advanced International Multitech Co., Ltd.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of Advanced International Multitech Co., Ltd. to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the parent company only financial statements in our audit report of the relevant disclosures therein, or to amend our audit opinion in the event that any inappropriate disclosure was found. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Advanced International Multitech Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant Notes), and whether the parent company only financial statements fairly present relevant transactions and items.
6. Acquired sufficient and appropriate audit evidence regarding the financial information of entities within Advanced International Multitech Co., Ltd. in order to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and execution of auditing the Company, and for formation of an audit opinion.

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the 2022 parent company only financial statements of Advanced International Multitech Co., Ltd. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

PwC Taiwan

CPA: Chun-Kai Wang
Chien-Chih Wu

Financial Supervisory Commission, R.O.C. (Taiwan)
Approval No.: Jin Guan Zheng Shen Zi No. 1110349013
Jin Guan Zheng Shen Zi No. 1030027246

February 23, 2023

Advanced International Multitech Co., Ltd. and Subsidiaries
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Assets	Notes	1 December 31, 2022			December 31, 2021		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	VI (I)	$	1,461,327	12	$	598,209	6
1110	Financial assets at fair value through profit or loss – current	VI(II)		8,837	-		-	-
1136	Financial assets at amortized cost – current	VI (III)		21,286	-		282,135	3
1150	Notes receivable – net	VI(IV)		4,863	-		9,567	-
1170	Account receivable – net	V, VI(IV), and VII		4,542,352	38		3,644,025	40
130X	Inventories	V and VI(V)		944,922	8		802,884	9
1410	Prepayments			88,451	1		93,193	1
1470	Other current assets			53,256	1		30,104	-
11XX	**Total current assets**			7,125,294	60		5,460,117	59
	Non-current assets							
1510	Financial assets at fair value through profit or loss – non-current	VI(II)		19,448	-		-	-
1517	Financial assets at fair value through other comprehensive income – non-current	VI(VI)		55	-		55	-
1550	Investment accounted for using the equity method	VI(VII)		2,598,284	22		1,853,435	20
1600	Property, plant and equipment	VI(XIII)and VIII		1,437,913	12		1,241,819	14
1755	Right-of-use assets	VI(IX)		477,419	4		463,874	5
1780	Intangible assets	VI(X)		12,714	-		6,162	-
1840	Deferred income tax assets	VI(XXVIII)		43,986	1		34,519	1
1900	Other non-current assets	VIII		113,518	1		119,029	1
15XX	**Total non-current assets**			4,703,337	40		3,718,893	41
1XXX	**Total assets**		$	11,828,631	100	$	9,179,010	100

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Advanced International Multitech Co., Ltd. and Subsidiaries
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Liabilities and equities	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term loans	VI(XI) and VIII	$ 11,393	-	$ 316,049	3
2120	Financial liabilities at fair value through profit or loss - current	VI(II)	417	-	-	-
2150	Notes payable		893	-	3,453	-
2170	Accounts payable		115,390	1	207,465	2
2180	Account payable - related party	VII	1,673,075	14	1,743,802	19
2200	Other payable	VI(XII)	893,601	7	691,172	8
2230	Income tax liabilities		440,827	4	241,335	3
2280	Lease liabilities -current		18,359	-	13,246	-
2300	Other current liabilities	VI(XIII) and XX	79,866	1	109,819	1
21XX	**Total current liabilities**		3,233,821	27	3,326,341	36
	Non-current liabilities					
2530	Convertible bonds payable	VI(XIV)	816,573	7	-	-
2570	Deferred income tax liabilities	VI(XXVIII)	243,179	2	164,543	2
2580	Lease liabilities – non-current		474,064	4	457,227	5
2640	Net defined benefit liabilities – non-current	VI(XV)	64,719	1	73,348	1
25XX	**Total non-current liabilities**		1,598,535	14	695,118	8
2XXX	**Total liabilities**		4,832,356	41	4,021,459	44
	Equities					
	Share capital	VI(XVII)				
3110	Capital of common shares		1,371,929	12	1,353,127	15
	Capital surplus	VI(XVIII)				
3200	Capital surplus		973,927	8	781,236	8
	Retained earnings	VI(XIX)				
3310	Legal reserve		1,063,914	9	929,358	10
3320	Special reserve		167,767	1	142,996	2
3350	Undistributed earnings		3,736,047	32	2,376,835	26
	Other equities					
3400	Other equities		(89,642)	(1)	(167,766)	(2)
3500	Treasury stock	VI(XVII)	(227,667)	(2)	(258,235)	(3)
3XXX	**Total equities**		6,996,275	59	5,157,551	56
	Significant contingent liabilities and unrecognized contractual commitments	IX				
	Significant subsequent event	XI				
3X2X	**Total liabilities and equities**		$ 11,828,631	100	$ 9,179,010	100

The accompanying notes to Parent Company Only financial statements are an integral part of the parent company only financial. Please refer to them as well.

Chairman：His-Chien Cheng　　Manager：I-Nan Chou　　Accounting Manager：Yi-Miao Kuo

Advanced International Multitech Co., Ltd. And Subsidiaries
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

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

	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Sales revenue	VI(XX)	$ 17,824,766	100	$ 14,300,562	100
5000	Cost of goods sold	VI(V)(X)(XXVI)(XXVII) and VII	(15,185,387)	(85)	(12,174,092)	(85)
5900	Gross Profits		2,639,379	15	2,126,470	15
	Operating expenses	VI(X)(XXVI)(XXVII) and VII				
6100	Sales and marketing expenses		(206,294)	(1)	(186,384)	(1)
6200	Administrative expenses		(319,604)	(2)	(266,857)	(2)
6300	Research and development expenses		(561,756)	(3)	(516,147)	(4)
6450	Expected credit impairment loss	XII(II)	(1,397)	-	(353)	-
6000	Total operating expenses		(1,089,051)	(6)	(969,741)	(7)
6500	Other income and expenses – net	VI(XXI)	123,245	-	175,463	1
6900	Operating income		1,693,573	9	1,332,192	9
	Non-operating income and expenses					
7100	Interest income	VI(XXII)	12,448	-	2,798	-
7010	Other income	VI(XXIII)	5,948	-	10,456	-
7020	Other gain and losses	VI(II)(XXIV)	318,225	2	(99,512)	(1)
7050	Finance costs	VI(XXV)	(12,252)	-	(5,019)	-
7070	Share of the profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method		722,421	4	335,956	3
7000	Total non-operating income and expenses		1,046,790	6	244,769	2
7900	**Net income before tax**		2,720,363	15	1,576,961	11
7950	Income tax expenses	VI(XXVIII)	(479,583)	(2)	(229,496)	(2)
8200	**Net income**		$ 2,240,780	13	$ 1,347,465	9

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Advanced International Multitech Co., Ltd. And Subsidiaries
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

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

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income					
	Items that will not be re-classified to profit or loss					
8311	Defined benefit plan re-measurements	VI(XV)	$ 6,993	-	($ 2,381)	-
8349	Income tax related items that are not reclassified subsequently to profit or loss	VI(XXVIII)	(1,399)	-	476	-
8310	Total of items that will not be re-classified to profit or loss		5,594	-	(1,905)	-
	Items that may be re-classified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements		78,124	-	(24,770)	-
8300	**Other comprehensive income - net**		$ 83,718	-	($ 26,675)	-
8500	**Total comprehensive income**		$ 2,324,498	13	$ 1,320,790	9
	Earnings per Share	VI(XXIX)				
9750	Basic			$ 16.92		$ 10.01
9850	Diluted			$ 16.20		$ 9.92

The accompanying notes to the parent company only financial statements are an integral part of the parent company only financial statements. Please refer to them as well.

Chairman：His-Chien Cheng　　Manager：I-Nan Chou　　Accounting Manager：Yi-Miao Kuo

Advanced International Multitech Co., Ltd. And Subsidiaries
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit：In Thousands of New Taiwan Dollars

			Capital Surplus				Retained Earnings					
	Note	Capital of common stock	Share premium	Recognized value of changes in equity of ownership of subsidiaries	Stock option	Others	Legal reserve	Special reserve	Un-distributed earnings	Exchange differences on translation of foreign financial statements	Treasury stock	Total
2021												
Balance as of January 1, 2021		$ 1,353,127	$ 739,866	$ 16,480	$ -	$ 24,890	$ 861,536	$ 133,828	$ 1,473,609	($ 142,996)	$ -	$ 4,460,340
Net income		-	-	-	-	-	-	-	1,347,465	-	-	1,347,465
Other comprehensive income		-	-	-	-	-	-	-	(1,905)	(24,770)	-	(26,675)
Total comprehensive income		-	-	-	-	-	-	-	1,345,560	(24,770)	-	1,320,790
Earnings appropriation and allocation for 2020:	VI(XIX)											
Provision of legal reserve		-	-	-	-	-	67,822	-	(67,822)	-	-	-
Provision of special reserve		-	-	-	-	-	-	9,168	(9,168)	-	-	-
Cash dividends from common shares		-	-	-	-	-	-	-	(365,344)	-	-	(365,344)
Treasury stock buyback	VI(XVII)	-	-	-	-	-	-	-	-	-	(258,235)	(258,235)
Balance as of December 31, 2021		$ 1,353,127	$ 739,866	$ 16,480	$ -	$ 24,890	$ 929,358	$ 142,996	$ 2,376,835	($ 167,766)	($ 258,235)	$ 5,157,551
2022												
Balance as of 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
Net income		-	-	-	-	-	-	-	2,240,780	-	-	2,240,780
Other comprehensive income		-	-	-	-	-	-	-	5,594	78,124	-	83,718
Total comprehensive income		-	-	-	-	-	-	-	2,246,374	78,124	-	2,324,498
Earnings appropriation and allocation for 2021:	VI(XIX)											
Provision of legal reserve		-	-	-	-	-	134,556	-	(134,556)	-	-	-
Provision of special reserve		-	-	-	-	-	-	24,771	(24,771)	-	-	-
Cash dividends from common shares		-	-	-	-	-	-	-	(727,835)	-	-	(727,835)
Recognized equity items due to the issuance of convertible bond- from stock options	VI(XIV)	-	-	-	65,084	-	-	-	-	-	-	65,084
Conversion of convertible bonds	VI(XIV)	18,802	137,519	-	(9,912)	-	-	-	-	-	-	146,409
Treasury stock transfer to employees	VI(XVI)(XVII)	-	-	-	-	-	-	-	-	-	30,568	30,568
Balance as of December 31, 2022		$ 1,371,929	$ 877,385	$ 16,480	$ 55,172	$ 24,890	$ 1,063,914	$ 167,767	$ 3,736,047	($ 89,642)	($ 227,667)	$ 6,996,275

The accompanying notes to the parent company only financial statements are an integral part of the parent company only financial statements. Please refer to them as well.

Chairman：His-Chien Cheng　　Manager：I-Nan Chou　　Accounting Manager：Yi-Miao Kuo

Advanced International Multitech Co., Ltd. And Subsidiaries
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit：In Thousands of New Taiwan Dollars

	Note	2022	2021
Cash flows from operating activities			
Net income before tax		$ 2,720,363	$ 1,576,961
Adjustments			
Income and expenses items			
Depreciation expenses	VI(VIII)(IX)(XXVI)	235,616	200,378
Amortization expenses	VI(XXVI)	24,553	13,672
Expected credit impairment loss	XII(II)	1,397	353
Net loss (gain) from financial assets and liabilities at fair value through profit or loss	VI(II)(XXIV)	3,611	264
Interest expenses	VI(XXV)	12,252	5,019
Interest income	VI(XXII)	(12,448)	(2,798)
Share of the profit (loss) of subsidiaries, associates, and joint ventures accounted for using equity method		(722,421)	(335,956)
Loss on non-financial asset impairment	VI(VII)(XXIV)	-	42,407
Loss (gain) on disposal and retirement of property, plant and equipment	VI(XXIV)	(275)	7,014
Reclassification of property, plant and equipment to expense	VI(XXX)	1,377	1,002
Gains on lease modification	VI(XXIV)	(1,596)	-
Changes in operating assets and liabilities			
Net change in operating assets			
Financial asset at fair value through profit or loss - current		(7,396)	(60)
Notes receivables		4,704	(1,759)
Account receivables		(899,724)	(803,408)
Inventories		(142,038)	(254,787)
Prepayments		4,742	(51,219)
Other current assets		(23,152)	(17,503)
Net change in operating liabilities			
Financial liabilities at fair value through profit or loss - current		(1,670)	-
Notes payable		(2,560)	205
Account payable		(92,075)	2,622
Account payable - related party		(70,727)	(148,866)
Other payable		168,222	185,056
Other current liabilities		(29,953)	(26,026)
Long-term deferred income		-	(6,152)
Net defined benefit liabilities - non-current		(1,636)	(11,083)
Cash provided by operating activities		1,169,166	375,336
Income tax paid		(212,321)	(98,382)
Net cash provided by operating activities		956,845	276,954

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Advanced International Multitech Co., Ltd. And Subsidiaries
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit：In Thousands of New Taiwan Dollars

	Note	2022	2021
Cash provided by investing activities			
Financial assets at fair value through profit or loss- increase in non-current		($ 21,586)	$ -
Financial assets at amortized cost - decrease in current		260,849	182,953
Financial assets at amortized cost - decrease in non-current		-	44,649
Acquisition of investments accounted for using equity method		(15,600)	-
Cash dividends from investments accounted for using equity method		71,296	262,395
Acquisition of property, plant, and equipment	VI(XXX)	(12,521)	(458,404)
Increase in prepayments for business facilities		(332,390)	(68,191)
Proceeds from disposal of property, plant, and equipment		976	3,566
Acquisition of intangible assets	VI(X)	(11,985)	(6,920)
Increase in refundable deposits		-	(2,284)
Decrease in refundable deposits		22,441	11,524
Increase in other non-current assets		(60,032)	(24,667)
Interest received		12,448	2,798
Net cash outflows from investing activities		(86,104)	(52,581)
Cash flows from financing activities			
Increase in short-term loans	VI(XXXI)	8,399,795	9,438,297
Decrease in short-term loans	VI(XXXI)	(8,704,451)	(9,199,735)
Repayment of the principal amount of rentals	VI(XXXI)	(20,687)	(23,934)
Interest paid		(6,036)	(1,303)
Cash dividend distributed	VI(XIX)	(727,835)	(365,344)
Issuance of corporate bond	VI(XXXI)	1,021,023	-
Treasury stock buyback cost	VI(XVII)	-	(258,235)
Transfer of treasury stock to employees	VI(XVII)	30,568	-
Net cash outflows from financing activities		(7,623)	(410,254)
Increase (Decrease) in cash and cash equivalents for the current period		863,118	(185,881)
Cash and cash equivalents, beginning of the period		598,209	784,090
Cash and cash equivalents, end of the period		$ 1,461,327	$ 598,209

The accompanying notes to the parent company only financial statements are an integral part of the parent company only financial statement. Please refer to them as well.

Chairman：His-Chien Cheng　　Manager：I-Nan Chou　　Accounting Manager：Yi-Miao Kuo

Advanced International Multitech Co., Ltd. And Subsidiaries
Notes to the Parent Company Only Financial Statements
For the Year of 2022 and 2021

Unit：NT$1,000
(Unless otherwise specified)

I. Company History

(I) Advanced International Multitech Co., Ltd. ("the Company" hereinafter) , originally known as Advanced Composite Design Co., Ltd., obtained its establishment approval on July 20, 1987 and started operation in January 1988. The Company merged with its subsidiaries, Da-an Precision Casting Co., Ltd. and Advanced International Co. Ltd., on July 1, 1998. The Company is mainly engaged in the 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 parent company only financial statements were released on February 23, 2023, after being approved by the Board of Directors.

III. Application of New and Amended Standards and the Interpretations

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

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2022:

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

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

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

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

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023

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

(III) Effects of IFRSs Issued by IASB but Not Yet Endorsed by the FSA

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between Its Associate/Joint Venture"	Yet to be determined by the IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 relating to “Transition Requirement for Issuers Applying IFRS 17 and IFRS 9 for the First Time – Comparative Information	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024

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

IV. Summary of Significant Accounting Policies

Significant accounting policies adopted to compile this parent company only financial statement are stated as below. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Statement of Compliance

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

(II) Basis of Preparation

1. Except for the following significant items, these parent company only financial statements have been prepared under the historical cost convention:
   (1) Financial assets 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 IFRSs. Management judgments are also required in the process of applying the Company's accounting policies. For items that are highly judgmental, complex, or related to significant assumptions and estimates of the parent company only financial statements, please refer to Note V.

(III) Foreign Currency Translation

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

1. Foreign Currency Transaction and Balance
   (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.
   (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
   (3) Balances of non-monetary assets and liabilities denominated in foreign currency, if they are measured at fair value through profit or loss, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising from there are recognized as profit or loss; if such are measured at fair value through other comprehensive income, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising from there are recognized as other comprehensive income or loss; and if such are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.
   (4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income.

2. Translation from Foreign Operations

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

(1) Assets and liabilities presented on each balance sheet are translated using the closing exchange rate prevailing at the balance sheet date;

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

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

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

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

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

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

(2) Assets held primarily for trading purposes.

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

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

Otherwise, they are classified as non-current assets.

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

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

(2) Is held primarily for trading purposes.

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

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

Otherwise, they are classified as non-current liabilities.

(V) Cash Equivalents

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

(VI) Financial Assets Measured at Fair Value through Profit or Loss

1. Financial assets that are neither measured at amortized cost nor measured at fair value through other comprehensive income.

2. For financial assets measured at fair value through profit or loss in transactions that meet regular purchase or sale rules, the Company adopts settlement date accounting to recognize such financial assets.

3. Financial assets at value value through profit or loss are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.
4. The Company recognizes dividends income when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Company and the amount of such benefits can be reliably measured.

(VII) Financial Assets measured at Fair Value through Other Comprehensive Income

1. Refers to the irrevocable election made at initial recognition that allows the Company to present fair value changes of equity investment not held for trading in other comprehensive income; or debt investment that meets all the criteria simultaneously:
   (1) Financial assets held within a business model of which the objective of holding is to collect the contractual cash flows and to sell.
   (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. For financial assets measured at fair value through other comprehensive income in transactions that meet regular purchase or sale rules, the Company adopts settlement date accounting to recognize such financial assets.
3. Financial assets measured at fair value through other comprehensive income are initially measured at fair value plus transaction costs, and subsequently such are measured at fair value with fair value changes in equity instruments recognized in other comprehensive income. Upon de-recognition, the cumulative gains or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss, but to be transferred to retained earnings. the Company recognizes dividends income when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Company and the amount of such benefits can be reliably measured.

(VIII) Financial Assets Measured at Amortized Cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
   (1) The objective of the Company's business model is achieved by collecting contractual cash flows of the financial assets;
   (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. For financial assets measured at amortized cost in transactions that meet regular purchase or sale rules, the Company adopts settlement date accounting to recognize such financial assets.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. In subsequent periods, interest income and impairment loss is recognized using the effective interest method based on amortization procedures during the circulation period. Upon de-recognition, the gain or loss is recognized in profit or loss.

(IX) Account Receivables and Notes Receivables

1. Accounts receivables and notes receivables are receivables and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.
2. However, short-term accounts/notes receivables without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(X) Impairment of Financial Assets

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

(XI) De-Recognizition of Financial Assets

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

(XII) Inventories

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

(XIII) Investments accounted for using the Equity Method

1. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Company’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company’s share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. Any changes in equity of associates are recognized as “capital surplus” by the Company in proportion to its shareholding ratio, provided that such changes are not attributable to profit or loss, or to other comprehensive income, or affect the Company’s shareholding percentage.
4. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Company.

5. When the Company disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Company loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
6. Subsidiaries refer to entities controlled by the Company (including structural entities). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
7. Unrealized gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Company.
8. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.
9. A change in the ownership interest of a subsidiary without a loss of control (transactions with non-controlling interests) is accounted for as an equity transaction, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
10. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

(XIV) Property, Plant and Equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognized. All other repairs and maintenance are recognized in profit or loss when incurred.
3. Except for land which is not depreciated, other property, plant, and equipment are subsequently measured using the cost model and are depreciated using the straight-line

method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.

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

Housing and structures	1 year to 56 years
Machinery and equipment	1 year to 15 years
Utility equipment	2 year to 41 years
Transportation equipment	10 years
Office equipment	2 year to 10 years
Other equipment	2 year to 21 years

(XV) <u>Lease Transaction in a Capacity of a Lease - Right-of-Use Assets/Lease Liabilities</u>

1. A right-of-use asset and a lease liability are recognized for a leased asset on the date when it becomes readily available for the Company's use. When a lease contract is a short-term lease or when it is a lease of which the underlying asset is of low value, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. A lease liability is recognized at the commencement date of the lease in the amount equal to the present value of the remaining lease payments (i.e. the remaining lease payments discounted at the Company's incremental borrowing rate.) Lease payments include:
   (1) Fixed payments, less any lease incentives receivables;
   (2) Variable lease payments that based on the current value of an index or a rate;
   (3) Lease payments expected to be payable by the Company under the residual value guarantee; and
   (4) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

   Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is allocated over the lease term. When a change in the lease term or lease payments occurs due to reasons other than lease modifications, lease liabilities are reassessed and the re-measurements are adjusted to the right-of-use assets.
3. At the commencement date, the right-of-use asset should be measured at cost. Cost comprises:
   (1) The amount of the initial measurement of the lease liability;
   (2) Any lease payments made at or before the commencement date;
   (3) Any initial direct costs incurred; and
   (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(XVI) Intangible Assets

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

(XVII) Impairment of Non-Financial Assets

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

(XVIII) Borrowings

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

(XIX) Account Payable and Notes Payable

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

(XX) Financial Liabilities at Fair Value through Profit or Loss

1. Financial liabilities at fair value through profit or loss refer to financial liabilities designated upon initial recognition to be measured at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated to be measured at fair value through profit or loss on initial recognition:
   (1) Hybrid (combined) contracts; or
   (2) Can be eliminated or has a significant reduction in measurement or being recognition inconsistency; or
   (3) Such are managed and their performance are evaluated on a fair value basis in accordance with a documented risk management policy.
2. Financial assets at value through profit or loss are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.

(XXI) Convertible Bond Payable

The convertible bond issued by the Company was embedded with conversion right (meaning the bondholders can exercise the right to convert the bond into common shares of the Company and the conversion was preset to convert a fixed amount for a fixed number of shares) and call option. At the time of initial issuance, the issue price is classified into financial assets or equity according to the issuance terms and conditions, and the accounting treatment is as follows:

1. Embedded Call Option: At the time of initial recognition, the net amount of the fair value is recorded as "financial assets measured at fair value through profit and loss"; then on the balance sheet date, it is evaluated at the current fair value, and the amount difference is recognized as "gains or losses of financial assets measured at fair value through profit or loss".
2. Host Contract of the Corporate Bond: It is measured at fair value at the time of initial recognition, and the difference between the redemption value, and a premium or discount of corporate bonds payable is recognized when there is a difference between the fair value and the redemption value. The effective interest method is subsequently used to recognize gain or loss within the bond circulation period according to the amortization procedure and is deemed as adjustment to "financial costs".
3. Embedded Conversion Right (meet the definition of equity): At the time of initial recognition, the residual value after deducting the above mentioned "financial assets measured at fair value through profit and loss" and "corporate bond payable" from the issuance amount is recorded as "capital reserve-stock option" and will not re-evaluate thereafter.
4. Any directly-linked transaction costs of the issuance are allocated in proportion to the elements of each liability and equity based on the above-mentioned element's initial book value.
5. When bondholders convert, the elements of liability on the book (including "corporate bond payable" and "financial assets measured at fair value through profit and loss") are treated in accordance with the subsequent measurement of the associated classification, and the book value of the aforementioned liability elements is added with the book value of "capital reserve-stock option" to be the issuance cost of the common stock conversion.

(XXII) The De-Recognition of Financial Liabilities

The Company de-recognizes liabilities, when the Company fulfills, cancels or expires the obligations specified in the contract.

(XXIII) The Offsetting of Financial Assets and Financial Liabilities

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

(XXIV) Non-Hedging Derivatives

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

(XXV) Employee Benefits

1. Short-term employee benefits

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

2. Pensions

   (1) Defined contribution plan

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

   (2) Defined benefit plans

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

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

3. Termination benefits

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

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

(XXVI) Employee Share-Based Payment

The equity-settled, share-based payment agreement is based on the fair value of the equity instrument given on the grant date to measure the employee services obtained, which are recognized as remuneration costs during the vesting period, and the equity is adjusted accordingly. The fair value of such equity instruments should reflect the impact of market price under vested conditions and non-vested conditions. The recognized remuneration cost is adjusted according to the amount of rewards that are expected to meet the service conditions and non-market vested conditions, until the final recognized amount is recognized based on the vested amount on the date of grant.

(XXVI) Income Tax

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

(XXVIII) Share Capital

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

(XXIX) Dividend Distribution

Dividends to be distributed in cash to shareholders of the Company are recognized as liabilities in the financial statements when the dividend plan is resolved in Board of Directors' Meeting; dividends to be distributed in stocks to shareholders of the Company, after the dividend plan being resolved in the shareholders' Meeting, are recognized as stock dividends to be distributed, which is transferred to common share on the date when new shares are issued.

(XXX) Revenue Recognition

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

(XXXI) Government Grants

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

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

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

(I) Major Judgement 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 Company must use its judgment to identify the factors that affect the future recoverability of the accounts receivable (e.g., customers' operation condition and historical transaction records that may affect customers' ability to pay), and consider the time value of money, and the information that is reasonable and available to prove the forecast of future economic conditions. The said judgments and factors may significantly affect the measurement of the expected credit losses.

As of December 31, 2022, the carrying amount of the Company's accounts receivable was $4,542,352.

2. Evaluation of inventories

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

As of December 31, 2022, the carrying amount of the Company's inventories was $944,922.

VI. Description of Major Accounting Subjects

(I) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 249	$ 191
Checking deposit and demand deposit	846,766	523,018
Cash equivalents - time deposit	434,312	75,000
Cash equivalents - Repo bonds	180,000	-
	$ 1,461,327	$ 598,209

1. The Company work with financial institutions having high credit quality. the Company also deals with various financial institutions for credit risk diversification. Therefore, the expected risk of default is pretty low.
2. The Company’s demand deposits of which being restricted for specific use due to the provision of overseas fund returned to Taiwan and deposited in special bank accounts have been transferred to “financial assets at amortized cost - current. Please refer to Note VI (III) for more detailed information.
3. No cash or cash equivalents were pledged as collateral by the Company.

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

Item	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bond redemption right	$ 1,441	$ -
Convertible bond contract	7,396	-
	$ 8,837	$ -
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	$ 21,586	$ -
Valuation adjustments	(2,138)	-
	$ 19,448	$ -

Item	December 31, 2022	December 31, 2021
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	$ 417	$ -

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

	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	$ -	$ 5,861
Private funds	(2,138)	-
Convertible bond redemption right	614	-
Financial liabilities held for trading		
Non-hedging derivatives	(2,087)	(6,125)
	($ 3,611)	($ 264)

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

	December 31, 2022	
Derivative Financial Assets	Contract Amount (Nominal Principal)	Contract Period
Current item: None		
Derivative Financial Liabilities		
Current item:		
Forward foreign exchange contract	USD 5,000 thousand	December 8, 2022~January 18, 2023

December 31, 2021: None.

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

3. For information on the credit risks of financial assets at fair value through profit or loss, please refer to Note XII(II).

(III) Financial Assets Measured at Amortized Cost

Item	December 31, 2022	December 31, 2021
Current item:		
Demand deposit - special account of overseas fund	$ 21,286	$ 282,135

1. As of December 31, 2022 and 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 Company does not have financial assets at amortized cost pledged as collateral to others.
3. Demand deposit - special account of overseas fund is the amount deposited in the bank's special account by the Company in accordance with the Regulations Governing the Management, Utilization and Taxation of Overseas Fund Repatriation, and the use of funds is limited to the amount approved for the plan.
4. For information on the credit risk of financial assets measured by amortized cost, please refer to Note XII(II). The Company work with financial institutions having high credit quality. Therefore, the expected risk of default is pretty low.

(IV) Notes Receivables and Account Receivables

Item	December 31, 2022	December 31, 2021
Notes Receivables	$ 4,863	$ 9,567
Account Receivables	$ 4,545,909	$ 3,645,706
Account Receivable - Related Party	-	479
	4,545,909	3,646,185
Less: loss allowance	(3,557)	(2,160)
	$ 4,542,352	$ 3,644,025

1. Aging analysis of account receivables and note receivables is stated as follows:

	December 31, 2022		December 31, 2021	
	Notes Receivables	Account Receivables	Notes Receivables	Account Receivables
Not overdue	$ 4,863	$ 4,471,563	$ 9,567	$ 3,554,616
Overdue:				
Within 30 days	-	61,982	-	73,571
31-90 days	-	6,979	-	15,488
91-180 days	-	5,385	-	2,510
More than 181 days	-	-	-	-
	$ 4,863	$ 4,545,909	$ 9,567	$ 3,646,185

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

2. As of December 31, 2022, December 31, 2021, and January 1, 2021, the Company's account receivables and contract receivables (including notes receivable) amounted to $4,550,772, $3,655,752, and $2,850,585 respectively.
3. Neither account receivables nor notes receivables were pledged as collateral by the Company.
4. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable was its carrying amount.
5. For information on the credit risks of notes receivables and accounts receivables, please refer to Note XII(II).

(V) Inventories

	December 31, 2022		
	Cost	Allowance for price decline	Carry amount
Raw materials	$ 563,698	($ 14,945)	$ 548,753
Work in progress	36,814	(1,155)	35,659
Finished goods	367,408	(6,898)	360,510
	$ 967,920	($ 22,998)	$ 944,922

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

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

	2022	2021
Cost of inventories sold	$ 15,190,007	$ 12,187,096
Valuation Loss (Recovery gain)	2,042	(6,898)
Disposition Loss	3,236	4,905
Others	(9,898)	(11,011)
	$ 15,185,387	$ 12,174,092

In 2022 and 2021, a decrease in the cost of sales was recognized due to the recovery of the net realizable value of inventories contributed by the well-performed liquidation of excess stocks and retirement of some inventories.

(VI) Financial Assets at Fair Value through Other Comprehensive Income

Item	December 31, 2022	December 31, 2021
Non-current items:		
Unlisted stocks	$ 55	$ 55
Valuation adjustments	-	-
	$ 55	$ 55

1. The Company elects to classify strategic equity investments as financial assets at fair value through other comprehensive income (FVTOCI). The fair value of such investments as of December 31, 2022 and 2021 both totaled $1,009.
2. No financial asset measured at fair value through other comprehensive income was pledged by the Company as collateral.

(VII) Investments accounted for using Equity Method

	December 31, 2022	December 31, 2021
Subsidiaries:		
Advanced International Multitech (VN) Corporation Ltd.	$ 683,108	$ 530, 902
Advanced Group International (BVI) Co., Ltd.	1,013,517	694,421
Launch Technologies Co., Ltd. (LTC)	886,091	628,112
Associates:		
Technology on Prototyping Ultimate Co., Ltd.	15,568	-
Munich Composites GmbH	-	-
	$ 2,598,284	$ 1,853,435

1. For information on the Company's subsidiaries, please refer to Note IV(III) in the consolidated financial statements for the year ended December 31, 2022.
2. Associates
   (1) As at December 31, 2022 and 2021, the Company did not have any significant associates.
   (2) The carrying amount and operating results of the Company's individually insignificant associates are summarized as follows:
   As of December 31, 2022 and 2021, the carrying amounts of the Company's individually insignificant associates totaled $15,568 and $0 respectively.

	2022	2021
Net loss for the Period	($ 32)	($ 2,340)
Other comprehensive income or loss (net of tax)	-	-
Total comprehensive income or loss	($ 32)	($ 2,340)

   (3) The Company holds 27.27% equity interest in Munich Composites GmbH and is the single largest shareholder of the company. As it only holds one out of four seats of directors, the Company has no practical ability to direct the relevant activities, and thus it is judged that the Company has no control but only significant influence over the company.
   (4) The Company assessed the recoverable value of Munich Composites GmbH's continued operations in accordance with the "IAS 36" with the discount rate of 11%. As a result of the assessment, the recoverable amount was less than the carrying amount, so an impairment loss of $42,407 was recognized in 2021 and listed under "other gains and losses". Up until December 31, 2022, the Company assesses there wasn't significant changes.
   (5) The Company holds 25.66% equity interest in Technology on Prototyping Ultimate Co., Ltd. and is the single largest shareholder of the Company. As there is other shareholder (no a related party) holding more of the company's shares than the Company, and the Company

does not obtain any of the director seats, showing that the Company has no practical ability to direct the relevant activities, and thus it is judged that the Company has no control but only significant influence over the company.

(6) The Company's investment in Technology on Prototyping Ultimate Co., Ltd. is based on the evaluation of the financial report audited by the accountant appointed by the Company. In 2022, the profit (loss) of its subsidiaries, affiliated enterprises and joint venture recognized by the equity method was ($32). The balance of the investments using the equity method on December 31, 2022 was $15,568.

(VIII) Property, Plant and Equipment

	December 31, 2022	December 31, 2021
Land	$ 162,544	$ 162,544
Housing and structures	743,962	306,720
Machinery equipment	373,478	343,881
Utility equipment	42,697	20,717
Transportation equipment	346	387
Office equipment	11,220	7,803
Other equipment	88,646	65,189
Construction in progress	15,020	334,578
	$ 1,437,913	$ 1,241,819

Cost	2022				
Name of Assets	January 1	Addition	Disposal	Reclassification	December 31
Land	$ 162,544	$ -	$ -	$ -	$ 162,544
Housing and structures	491,878	178,021	(90)	298,565	968,374
Machinery equipment	671,207	113,467	(29,214)	48,451	803,911
Utility equipment	29,826	23,291	(643)	3,474	55,948
Transportation equipment	407	-	-	-	407
Office equipment	13,517	6,300	(713)	130	19,234
Other equipment	127,259	33,199	(9,275)	16,383	167,566
Construction in progress	334,578	(307,551)	-	(12,007)	15,020
	1,831,216	$ 46,727	($ 39,935)	$ 354,996	2,193,004

Accumulated Depreciation & Impairments					
Name of Assets	January 1	Depreciation expenses and mpairment loss	Disposal	Reclassification	December 31
Housing and structures	$ 185,158	$ 39,344	($ 90)	$ -	$ 224,412
Machinery equipment	327,326	131,620	(28,513)	-	430,433
Utility equipment	9,109	4,785	(643)	-	13,251
Transportation equipment	20	41	-	-	61
Office equipment	5,714	3,013	(713)	-	8,014
Other equipment	62,070	26,125	(9,275)	-	78,920
	589,397	$ 204,928	($ 39,234)	$ -	755,091
	$ 1,241,819				$ 1,437,913

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

Accumulated Depreciation & Impairments

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

1. The Company has no capitalization of borrowing costs in 2022 and 2021:
2. Significant components of the Company's buildings and structures include buildings and air conditioning engineering works, which are respectively depreciated over the periods of 36~ 56 years and 3~21 years.
3. For the information about property, plant and equipment pledged as collateral, please refer to Note VIII for details.

(IX) Lease Transaction - Lessee

1. The Company's leased underlying assets comprise lands and buildings, of which the lease term is usually between 2 years to 40 years. Lease contracts are individually negotiated and include various terms and conditions that impose no other restrictions except that the leased assets shall not be collateralized against any borrowings, nor shall they be subleased, co-leased, lent out for others' use, nor the right of lease be transferred to others.

2. Below is the carrying amounts of right-of-use assets and their recognized depreciation expenses:

	December 31, 2022 Carrying amount	December 31, 2021 Carrying amount
Land	$ 425,757	$ 457,355
Housing and structures	50,590	6,519
Machinery equipment	1,072	-
	$ 477,419	$ 463,874

	2022 Depreciation expense	2021 Depreciation expense
Land	$ 13,046	$ 14,010
Housing and structures	17,284	14,420
Machinery equipment	358	-
	$ 30,688	$ 28,430

3. Additions to the Company's right-of-use assets for the years ended December 31, 2022 and 2021 amounted to $75,252 and $8,783 respectively.
4. Profit or loss items in connection with lease contracts are stated as follows:

	2022	2021
Items that affect current profit or loss		
Interest expense on lease liabilities	$ 3,990	$ 3,716
Expenses on lease of low-value asses	12,385	9,147
Gain on lease modification	1,596	-

5. The cash outflow used in the Company's leases for the years ended December 31, 2022 and 2021 totaled $37,062 and $36,797 respectively.
6. The option to extend a lease and the option to terminate a lease
   (1) Contracts of which the underlying assets are types of land, buildings and structures contain a lease extension option exercisable by the Company.
   (2) the Company determines the lease term by taking into consideration all relevant facts and circumstances that create an economic incentive for the Company to exercise the extension option. The lease term is reassessed if there occur significant events that affect the assessment as to whether the Company would exercise the option to extend the lease or would not exercise the option to terminate the lease.

(X) Intangible Assets

	Computer Software 2022	Computer Software 2021
January 1		
Cost	$ 12,687	$ 11,808
Accumulated amortization	(6,525)	(9,316)
	$ 6,162	$ 2,492
January 1	$ 6,162	$ 2,492
Addition - separately acquired	11,985	6,920
De-recognition - reduce in cost	(1,258)	(6,041)
Amortization expenses	(5,583)	(3,250)
De-recognition - reduce in accumulated amortization	1,258	6,041
Reclassification	150	-
December 31	$ 12,714	$ 6,162
December 31		
Cost	$ 23,564	$ 12,687
Accumulated amortization	(10,850)	(6,525)
	$ 12,714	$ 6,162

Amortization of intangible assets are detailed as below:

	2022	2021
Operating costs	$ 1,400	$ 355
Administration expenses	1,164	923
R&D expenses	3,019	1,972
	$ 5,583	$ 3,250

(XI) Short-Term Borrowings

Type of Loans	December 31, 2022	December 31, 2021
Bank credit loan	$ -	$ 268,562
Loans against letter of credit	11,393	47,487
	$ 11,393	$ 316,049
Range of interest rates	0%	0% ~ 0.43%

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

(XII) Other Payable

	December 31, 2022	December 31, 2021
Payroll and bonus payable	$ 489,165	$ 395,812
Employee, director and supervisors remuneration payable	139,083	91,925
Processing fee payable	28,722	29,780
Equipment expense payable	69,074	34,868
Other payable	167,557	138,787
	$ 893,601	$ 691,172

(XIII) Other Current Liabilities

	December 31, 2022	December 31, 2021
Receipt under custody	$ 56,544	$ 95,665
Contract liabilities - current	21,353	12,847
Others	1,969	1,307
	$ 79,866	$ 109,819

(XIV) Corporate Bond Payable

	December 31, 2022
Bonds payable	$ 847,700
Less: Discount on bonds payable	(31,127)
	816,573
Less: Bonds mature within 1 year or 1 operation cycle	-
	$ 816,573

On December 31, 2021: None.

1. The Company issued the 3rd domestic unsecured convertible bond

(1) Terms and Conditions:

A. Upon competent authority's approval, the Company raised and issued the third domestic unsecured convertible corporate bond, which was issued at 102% of the face value of $1,000,000. The total amount raised was $1,026,225 with 0% coupon rate. The circulation period is 3 years, starting from July 20, 2022 to July 20, 2025. When the convertible corporate bonds mature, bondholders will be repaid in cash in one lump sum according to the face value of the bonds. The convertible corporate bonds were listed and traded on July 20, 2022 at the Taipei Exchange.

B. Except for the periods specified in the prospectus or the temporary suspension periods required by regulations, starting from the following day (October 21, 2022) of three full months after the bond issuance date till the date of mature, the bondholders can exercise the right to convert into the Company's common stocks, which have the same rights and obligations with the generally issued common stock.

C. The conversion price of this convertible corporate bond is determined according to the pricing model stipulated in the conversion method. The conversion price at the time of issuance was NT$81 per share, which may be adjusted following the pricing model stipulated in the conversion method if there is circumstance of anti-dilution; subsequently, on the base date stated on the conversion method, the company will re-adjust the conversion price based on the pricing model stipulated in the conversion method. If the adjusted price is higher than the initially set conversion price, then the conversion price will not be adjusted. Up until December 31, 2022, the conversion price has not been adjusted.

D. Within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (October 21, 2022) to 40 days before the expiration of the issuance period (June 10, 2025), if the closing price of the Company's common stock exceeds 30% of the initially set conversion price for consecutive 30 transaction days, the Company is able to notify bondholders and buyback all the bonds in cash with the face value stated on the bond within 30 business days. Or within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (October 21, 2022) to 40 days before the expiration of the issuance period (June 10, 2025), if the amount of the remaining outstanding bonds is lower than 10% of the total issuance amount, the Company may buy back all the remaining outstanding bonds in cash with the face value stated on the bonds at any time.

E. According to the conversion method, all the converted corporate bonds that the Company has collected (including repurchased from the TPEx), repaid or converted will be canceled, and all the rights and obligations attached to the bonds will also be extinguished, and will no longer be issued.

(2) Up until December 31, 2022, the convertible corporate bonds with a face value of $152,300 had been converted into 1,880 thousand common shares, and is recorded as common stock share capital of $18,802 and in the account of capital reserve-converted bond conversion premium of $137,519.

(3) Up until December 31, 2022, the convertible bonds have not been bought back from the Taipei Exchange.

(4) When issuing convertible bonds, the Company separated equity type conversion right from all the liabilities components and recorded $65,084 in the account of "Capital Reserve-Stock Option" according to IAS 32 "Financial Instrument - Presentation". Up until

December 31, 2022, the balance of the account “Capital Reserve - Stock Option” was $55,172 due to the conversion of bonds into common stock. Besides, according to IFRS 9 “Financial Instruments”, the embedded call right is treated separately when the liability product’s financial character and risk is not closely linked, and the net value is recorded as “financial assets or liabilities measured at fair value through profit and loss”. After the separation, the effective interest rate of the liability on the main contract is 1.4745%.

(XV) Pension Fund

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 base points are given for each full year of service over (including) the first 15 years, and one base point is given for every additional year of service thereafter, provided that the ceiling of the total base points is 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) Balance sheet amount are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 104,993	$ 111,955
Fair value of planned assets	(40,274)	(38,607)
Net defined benefit liabilities	$ 64,719	$ 73,348

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

2022	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
Balance on January 1	$ 111,955	($ 38,607)	$ 73,348
Service cost in the current period	143	-	143
Interest expenses (income)	784	(270)	514
	112,882	(38,877)	74,005
Re-measurement:			
Return of planned asset (exclude interest income or expense)			
Effect of changes in financial assumptions	(4,846)	-	(4,846)
Experience adjustment	319	(2,466)	(2,147)
	(4,527)	(2,466)	(6,993)
Provision of pension fund	-	(2,293)	(2,293)
Pension paid	(3,362)	3,362	-
Balance on December 31	$ 104,993	($ 40,274)	$ 64,719

2021	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
Balance on January 1	$ 108,696	($ 26,646)	$ 82,050
Service cost in the current period	146	-	146
Interest expenses (income)	326	(80)	246
	109,168	(26,726	82,442
Re-measurement:			
Return of planned asset (exclude interest income or expense)			
Effect of change in population assumption	102	-	102
Effect of changes in financial assumptions	(4,567)	-	(4,567)
Experience adjustment	7,252	(406)	6,846
	2,787	(406)	2,381
Provision of pension fund	-	(11,475)	(11,475)
Pension paid	-	-	-
Balance on December 31	$ 111,955	($ 38,607)	$ 73,348

(4) The fund asset of the Company's defined benefit pension plan (the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19 paragraph 142. For the fair value of the total retirement fund as at December 31, 2022 and 2021, please refer to the Labor Retirement Fund Utilization Report published by the government each year.

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

	2022	2021
Discount rate	1.20%	0.70%
Future salary increase rate	2.50%	2.50%

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

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

	Discount rate		Future salary rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on the present value of defined benefit obligation	($ 2,309)	$ 2,384	$ 2,086	($ 2,035)

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

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

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

(6) The Company expects to make contributions of $2,231 to the pension plans within one year.

(7) As of December 31, 2022, the weighted average duration of the retirement plan is 9 years.

2. (1) Starting from July 1, 2005, the Company has 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 makes a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) For the years ended December 31, 2022 and 2021, the Company's net pension costs recognized under the defined contribution plan were $37,632 and $33,532 respectively.

(XVI) Share-Basis Contribution

1. In the year of 2022, the Company's share-based payment agreement (show in 1000 shares) is as follows:

Type of agreement	Grant Date	Amount Given	Contract Period	Vesting Condition
Treasury stock transfer to employees	January 20, 2022	400	26 days	Immediate

2. Details of the above share-based payment agreement are as follows:

	2022		2021	
	Quantity subscribed	Weighted average exercise price ($1)	Quantity subscribed	Weighted average exercise price ($1)
Outstanding shares at beginning of the period on January 1	-	$ -	-	$ -
Total grant during the period	400	76.42	-	-
Exercised during the period	(400)	76.42	-	-
Outstanding shares at the end of the period on December 31	-	-	-	-

3. The weighted average stock price of the stock options executed in 2022 was $73.7 on the date of execution.

(XVII) Share Capital

As of December 31, 2022, the Company had an authorized capital in the amount of $1,800,000, comprising 180,000 thousand shares (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible corporate bonds), and a paid-in capital in the amount of $1,371,929 with each share priced at NT$10. Share payments for the Company's issued stocks have been collected in full.

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

	2022	2021
January 1	131,934	135,313
Corporate bonds conversions (Note)	1,880	-
Treasury stock transfer to employees	400	-
Treasury stock buyback	-	(3,379)
December 31	134,214	131,934

Note: In the year of 2022, the company's convertible corporate bonds were converted into 1,880 thousand common shares. As of the audit report date, upon the resolution during the board of directors' meeting on February 23, 2022, it was resolved to use this date as the base date for conversion and issuance of new shares, and the relevant change registration procedures are now in progress.

2. Treasury stock:

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

		December 31, 2022	
Name of investor company	Reasons for recovery	Number of shares (in thousand shares)	Carrying amount
The Company	Available for transfer of shares to employees (Note)	2,979	$ 227, 667

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

Note: On September 22, 2021, the Company's board of directors resolved to buy back treasury stocks; it was estimated to buy back 6,700 thousand shares in total and the execution period started from September 23, 2021 to November 22, 2021. In consideration of fund planning and effective utilization, the Company bought back shares in batches depending on the changes of the Company's stock price. Hence, the treasury buyback plan this time wasn't fully executed and the actual shares repurchased totaled 3,379 thousand shares. On January 20, 2022, the board resolved to set the average buyback price, NT$76.42 to be the transfer price. There were 400 thousand shares transferred to employees.

(2) The Securities and Exchange Act stipulates that the proportion of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total amount of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.

(3) The treasury stocks held by the Company shall not be pledged in accordance with the regulations of the Securities and Exchange Act, and shall not be entitled for shareholder rights before being transferred.

(4) According to the regulations stated in the Securities and Exchange Act, the shares re-purchased for the transfer of shares to employees shall be transferred within five years on the date of the repurchase. Those are not transferred within the time limit shall be deemed to have not issued by the Company, and shall be written off and removed from the registration.

(XVIII) Capital Reserve

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 addition, according to the regulations stated in the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use the capital surplus to offset loss only when the number of earnings and reserves are insufficient to offset the loss.

(XIX) Retained Earnings

1. The Articles of Incorporation requires that earnings after the final account, if any, be used in the first place to pay off the profit-seeking enterprise income tax and to offset the previous deficits according to law; and 10% of the remainder, if any, be set aside as its legal reserve, except in cases when the legal reserve has reached the capital amount. If there are any remaining earnings, a special reserve shall be provided or reversed in accordance with laws or regulations imposed by the competent authority; the remaining amount, if any, shall be added up to the undistributed earnings of the prior periods to serve as the distributable 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 less than 10% of the total dividends distributed of the period.

The Company, following the regulations in the Company Act, authorizes the dividends, bonuses, capital reserve or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and there to a report shall be submitted to the shareholders' meeting. The provisions of the preceding paragraph that must be resolved by the shareholders' meeting are not applicable.

2. The Company's dividend policy is stated as below: for continuous operation and profit enhancement, the Company adopts a residual dividend policy.

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 following table shows the 2022 and 2021 earnings distribution proposals, where were approved in the Company's general shareholders' meeting on May 31, 2022 and July 12, 2021 respectively.

	2021		2020	
	Amount	Dividend per share ($1)	Amount	Dividend per share ($1)
Legal Reserve	$ 134,556		$ 67,822	
Special Reserve	24,770		9,168	
Cash Dividends	727,835	$ 5.5	365,344	$ 2.7

The resolution of the aforementioned earning distribution proposal in the general shareholders' meeting maybe look up in the website of the Market Observation Post System.

6. On February 23, 2022, the board meeting proposed a earnings distribution plan for the year of 2022 as below:

	2022	
	Amount	Dividend per share ($1)
Legal reserve	$ 224,637	
Cash dividend	1,234,676	$ 9.1

As of February 23, 2023, the above-mentioned 2022 earnings distribution proposal has not been resolved by the shareholders' meeting.

(XX) Operating Revenues

1. Detailed contracts with customers

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

Customer by geographical areas	2022	2021
Americas	$ 12,164,372	$ 9,631,000
Asia	4,830,121	4,240,285
Others	830,273	429,277
	$ 17,824,766	$ 14,300,562

2. Contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Consumer products	$ 21,353	$ 12,847	$ 17,343

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

	2022	2021
Consumer products	$ 12,834	$ 17,335

(XXI) Other Income and Expenses - Net

	2022	2021
Income from molds	$ 53,462	$ 34,203
Income from samples	29,887	21,014
Other income	39,896	120,246
	$ 123,245	$ 175,463

(XXII) Interest Income

	2022	2021
Interest from bank deposits	$ 12,448	$ 2,798

(XXIII) Other Income

	2022	2021
Government subsidy income	$ 3,809	$ 8,659
Others	2,139	1,887
	$ 5,948	$ 10,546

1. In December 2020, the Company received a government subsidy of $11,273 from the "Taiwan Industry Innovation Platform Program," which has been transferred to profit or loss upon the occurrence of expenses associated with the implementation of the program, and recognized the government subsidy income amounted to $6,125 in 2021, and the accumulated amount in association with this item was $11,273.
2. In August 2022, the Company received a government subsidy totaled $24,000 from Ministry of Economic Affairs in association with its A+ Industrial Innovative R&D Program. The first

installment of the government subsidy of $3,250 was transferred into a special account in December 2022 and was recorded as “other current liabilities”, which will be transferred in profit or loss upon the occurrence of expenses associated with the implementation of the program. In 2022, the Company recorded a government subsidy income of $2,535.

(XXIV) Other Gain and Losses

	2022	2021
Net loss on Financial assets and liabilities at fair value through profit or loss	($ 3,611)	($ 264)
Gain (Loss)on disposal and retirement of property, plant and equipment	275	(7,014)
Gain on lease modifications	1,596	-
Gain (loss) on foreign exchange (net)	317,792	(59,316)
Loss on impairments (note)	-	(42,407)
Others	2,173	9,489
	$ 318,225	($ 99,512)

Note: Please refer to Note VI(VII) for detailed explanation.

(XXV) Financial Cost

	2022	2021
Interest expense	$ 2,046	$ 1,303
Interest on lease liabilities	3,990	3,716
Amortization of corporate bond discount	6,216	-
	$ 12,252	$ 5,019

(XXVI) Additional Information in relation to Expenses

	2022	2021
Employee benefits expense	$ 1,314,913	$ 1,124,044
Depreciation expenses	235,616	200,378
Amortization expenses	24,553	13,672
	$ 1,575,082	$ 1,338,094

(XXVII) Employee Benefit Expenses

	2022	2021
Salary and wages	$ 1,136,263	$ 964,659
Labor and health insurance premiums	84,039	73,663
Pension expense	38,289	33,924
Remuneration to directors	10,720	9,680
Other personnel cost	45,602	42,118
	$ 1,314,913	$ 1,124,044

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, if the Company still has an accumulated deficit, the earnings should be used to make up the loss.

2. In the year of 2022 and 2021, the Company recognized compensation to employees in the accrued amounts equal to $128,650 and $80,090 respectively; remuneration to directors and supervisors in the accrued amounts equal to $10,400 and $11,600 in 2022 and 2021 respectively, and the above mentioned amounts were presented under payroll expense.

The amounts for the year of 2022 were estimated at certain percentages based on the profits earned by the end of the period.

The amounts of compensation to employees and remuneration to directors and supervisors for 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. Compensation to employees in 2021 have not yet fully distributed.

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

(XXVIII) Income Tax

1. Income tax expense

(1) Components of income tax expenses:

	2022	2021
Current income tax:		
Income tax arising from the current period	$ 411,813	$ 252,695
Overestimation of income taxes in prior year	-	(53,829)
Total current income tax	411,813	198,866
Deferred income tax:		
Originating and reversed temporary differences	67,770	30,630
Income tax expense	$ 479,583	$ 229,496

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

	2022	2021
Re-measurement of defined benefit obligation	$ 1,399	($ 476)

2. Relations between income tax expense and accounting profits

	2022	2021
Income tax calculated by applying the statutory tax rate to net income before tax	$ 544,010	$ 315,392
Tax exempted income pursuant to the taxation law	-	(1,230)
Effects from items prohibited from being recognized by laws and regulations	(64,427)	(30,837)
Overestimation of prior year's income taxes	-	(53,829)
Income tax expense	$ 479,583	$ 229,496

3. Deferred income tax assets or liabilities arising from temporary differences are stated as follows:

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Inventory valuation & obsolescence loss	$ 4,191	$ 408	$ -	$ 4,599
Pensions	14,669	(327)	(1,399)	12,943
Unrealized exchange losses	1,400	9,841	-	11,241
Others	14,259	944	-	15,203
	34,519	10,866	(1,399)	43,986
Deferred income tax liabilities:				
Differences in investment gains or losses recognized	(152,945)	(78,636)	-	(231,581)
Liability of land value increment tax	(11,598)	-	-	(11,598)
	(164,543)	(78,636)	-	(243,179)
	($ 130,024)	($ 67,770)	($ 1,399)	($ 199,193)

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

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

(XXIX) Earnings Per Share

	2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share ($1)
Basic earnings per share			
Net income attributable to common shares shareholders	$ 2,240,780	132,419	$ 16.92
Diluted earnings per share			
Net income attributable to common shares shareholders	$ 2,240,780	132,419	
Effect of potentially dilutive common stocks			
Convertible bonds	5,602	4,731	
Employee remuneration	-	1,500	
Profit attributable to ordinary shareholders plus potential effect on common stocks	$ 2,246,382	138,650	$ 16.20

	2021		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share ($1)
Basic earnings per share			
Net income attributable to common shares shareholders	$ 1,347,465	134,654	$ 10.01
Diluted earnings per share			
Net income attributable to common shares shareholders	$ 1,347,465	134,654	
Effect of potentially dilutive common stocks			
Employee remuneration	-	1,214	
Profit attributable to ordinary shareholders plus potential effect on common stocks	$ 1,347,465	135,868	$ 9.92

(XXX) Supplemental Information regarding Cash Flows

1. Investing activities with partial cash payment:

	2022	2021
Acquisition of property, plant and equipment	$ 46,727	$ 462,785
Add: Equipment payable, beginning of period (recognized in other payable)	34,868	30,487
Less: Equipment payable, end of period (recognized in other payable)	(69,074)	(34,868)
Amount paid in cash - current period	$ 12,521	$ 458,404

2. Investing activities that do not affect cash flows:

	2022	2021
Equipment prepayments transferred to property, plant and equipment	$ 358,537	$ 28,264
Reclassification of property, plant and equipment to other non-current assets	$ 2,014	$ 1,749
Reclassification of property, plant and equipment to expense	$ 1,377	$ 1,002
Reclassification of property, plant, and equipment to intangible assets	$ 150	$ -

(XXXI) Changes in Liabilities from financing activities

	Short-term loans	Corporate bonds payable	Lease liabilities	Total financing liabilities
January 1, 2022	$ 316,049	$ -	$ 470,473	$ 786,522
Changes in financing cash flows	(304,656)	1,021,023	(20,687)	695,680
Other non-cash changes	-	(204,450)	42,637	(161,813)
December 31,2022	$ 11,393	$ 816,573	$ 492,423	$ 1,320,389

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

VII. Related-Party Transactions

(I) Name and relationship of subsidiaries

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

(II) Important transactions with related party

1. Purchases

	2022	2021
Purchase of inventories:		
Advanced Sporting Goods (Dongguan) Co., Ltd.	$ 10,036,034	$ 8,571,540
Advanced International Multitech (VN) Corporation Ltd.	3,772,391	2,588,657
Others	-	1,009
	$ 13,808,425	$ 11,161,206

(1) In preparation of the parent company only financial statements, the sales revenue (sales of raw materials and work-in-progress) and operating costs (purchase of goods) in relation with the Company’s sales to its subsidiaries is offset, and the eliminated amount in the years ended December 31, 2022 and 2021 were $1,557,517 and $1,539,748 respectively.

(2) The Company's purchase price with the related parties is negotiated and agreed by both parties. Because there is no similar product transaction, it is unable to compare with other general transactions.

2. Receivables from related party

	December 31, 2022	December 31, 2021
Receivables from related parties:		
Others	$ -	$ 479

Receivables from related parties are primarily incurred in the provision of services, which are due 60 days after the settlement date. The receivables is not pledged and has no interest. There is no provision for liability reserve for the receivables from related parties.

3. Payable to related parties

	December 31, 2022	December 31, 2021
Payable to related parties:		
Advanced Sporting Goods (Dongguan) Co., Ltd.	$ 1,376,834	$ 1,477,878
Advanced International Multitech (VN) Corporation Ltd.	296,241	264,939
Others	-	985
	$ 1,673,075	$ 1,743,802

The amount payable to related parties mainly comes from the purchase of materials, and the payment terms are 2 months after acceptance in monthly settlement, and there is no interest payment on the payable amount.

4. Operating expense - R&D expenses

	December 31, 2022	December 31, 2021
Munich Composites GmbH	$ 27,936	$ 29,959

(III) Information about remunerations paid to major management

	December 31, 2022	December 31, 2021
Salary and other employee benefits	$ 77,173	$ 51,009

VIII. Pledged assets

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

Assets	Carrying amount December 31, 2022	Carrying amount December 31, 2021	Guarantee Use
Land	$ 125,648	$ 125,648	Short-term loans
Housing and structures	35,717	42,174	Short-term loans
Pledged time deposit (presented as "other no-current assets-others")	7,161	30,761	Lease deposit, others
	$ 168,526	$ 198,583	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingency

None.

(II) Commitments

1. Balance of outstanding letter of credit

	December 31, 2022	December 31, 2021
Raw materials imported	$ 57,889	$ 83,910

2. Capital expenditures committed but yet to incur

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 62,046	$ 232,560

3. Operating lease agreement

   Please refer to explanations on Note VI(IX).

4. The Company signed a partnership agreement with Taishin Health Investment Ltd. on August 31, 2021 to establish a limited partnership of Taishin Health. The purpose is to invest in domestic and foreign biotechnology and pharmaceutical industries with development potential. The Company promised to invest in $55,000 according to the agreement. As of December 31, 2022, the Company has invested $21,586.

X. Significant Losses from Disasters

None.

XI. Significant Subsequent Events

(I) On February 23, 2023, the board of directors proposed and approved the 2022 earnings distribution plan. Please refer to Note VI(XIX) for explanations.

(II) On February 23, 2023, the board of directors resolved to set the record date for the issuance of new shares upon the conversion of the convertible bonds of the Company's 3rd domestic unsecured convertible bond. Please refer to Note VI (XVII) for explanations.

XII. Others

(I) Capital management

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

The Company's strategies employed for 2022 were the same as those for 2021, i.e., striving to strike a balance for the overall capital structure. The Company's debt-to-capital ratios as at December 31, 2022 and 2021 are stated below:

	December 31, 2022	December 31, 2021
Total debt	$ 4,832,356	$ 4,021,459
Total capital	$ 11,828,631	$ 9,179,010
Debt-to-Capital ratio	41	44

(II) Financial instruments

1. Type of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 28,285	$ -
Financial assets at fair value through other comprehensive income		
Election of the designated equity instrument investment	55	55
Financial assets measured at amortized cost		
Cash and cash equivalents	1,461,327	598,209
Financial assets measured at amortized cost	21,286	282,135
Notes receivable	4,863	9,567
Accounts receivable	4,542,352	3,644,025
Other receivables	37,588	7,725
Refundable deposits	11,127	33,568
	$ 6,106,883	$ 4,575,284

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at fair through profit or loss		
Financial liabilities held for trading	$ 417	$ -
Financial liabilities at amortized cost		
Short-term loans	11,393	316,049
Notes payable	893	3,453
Accounts payable	115,390	207,465
Accounts payable - related party	1,673,075	1,743,802
Other payable	893,601	691,172
Corporate bond payable	816,573	-
	$ 3,511,342	$ 2,961,941
Lease liabilities (including non-current)	$ 492,423	$ 470,473

2. Risk management policy

(1) The Company's daily operations are affected by various financial risks, e.g. market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. the Company's overall risk management policy focuses on unpredictable matters on the financial markets, seeking to lower the potential adverse effects on the Company's performance.

(2) Risk management is carried out by the Company's finance department in compliance with relevant policies. Through cooperation with the Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks. With respect to the overall risk management, the Company has established principles in writing, as well as policies in writing concerning specified scope and matters, e.g. exchange risk, credit risk, utilization of derivatives and non-derivatives, and investment of residual working capital.

3. The nature and degree of significant financial risk

(1) Market Risk

Foreign exchange rate risk

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

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

C. The Company's business involves the use of various non-functional currencies, it is subject to effects arising from currency exchange rate fluctuations. Assets and liabilities that are denominated in foreign currencies and significantly affected by changes in exchange rates are stated as below:

	December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 166,767	30.71	$ 5,121,415
Non-monetary items			
USD:NTD	22,244	30.71	683,108
RMB:NTD	229,927	4.408	1,013,517
Financial liabilities			
Monetary items			
USD:NTD	56,888	30.71	1,747,030

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

D. The monetary items of the Company are significantly affected by currency fluctuations; for the years of 2022 and 2021, the Company recognized total exchange gain (loss) of $317,792 and ($59,316) respectively.

E. The analysis on the Company's foreign currency market risk due to significant exchange rate fluctuations is listed as below:

	2022		
	Sensitivity analysis		
	Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 51,214	$ -
Non-monetary items			
USD:NTD	1%	-	683
RMB:NTD	1%	-	1,014
Financial liabilities			
Monetary items			
USD:NTD	1%	17,470	-

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

Price Risk

The Company is not exposed to price risks from products.

Cash Flow Interest Rate Risk and Fair Value Interest Rate Risk

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

(2) Credit Risk

Credit risk refers to the risk of financial loss to the Company arising from default by customers or counter-parties 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

Required by the transaction policy adopted, the Company trades only with counter-parties having good credit ratings, and so there hasn't been any default on cash and cash equivalents, financial assets measured at amortized cost, or financial derivatives.

Accounts receivable

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

B. The Company adopts the presumption that the credit risk of a financial asset is deemed significantly increased since initial recognition when contractual payments are more than 90 days past due, and that a default is deemed to have occurred when the contractual payments are more than 180 days past due.

C. The Company's accounts receivables are due from ordinary enterprises. the Company assesses the credit quality of an individual customer by type by taking into account such customer's financial position, historical transaction records, and current economic status, and estimates the expected credit losses on the basis of the provision matrix using the simplified approach.

D. After the recourse process, the Company writes off the financial asset to the extent of the recovery amount that can not be reasonably expected; nonetheless, the Company will keep legal recourse to secure its creditor's rights.

E. Expected credit losses on the Company's accounts receivable as of December 31, 2022 and 2021 are as follows:

		Over due						
	Not overdue	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days
December 31, 2022	0.01%	0.22%	1.49%	3.56%	7.03%	26.01%	51.78%	100%
December 31, 2021	0.02%	0.23%	1.94%	4.77%	10.32%	34.37%	67.99%	100%

The Company's balance of accounts overdue for 31 days and more as of December 31, 2022 and 2021 accounted for approximately 0.27% and 0.49% of the total amount respectively.

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

	2022	
	Notes receivable	Accounts receivable
January 1	$ -	$ 2,160
Reversal of impairment loss	-	1,397
December 31	$ -	$ 3,557

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

(3) Liquidity Risk

A. Cash flows forecasting is carried out by the Company's Office of Finance and Accounting in order to ensure that sufficient funds are readily available, both for the operating needs and for the unused loan commitments.

B. The Company's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase 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 December 31, 2022 and 2021, the Company had a money market position in the amounts equal to $1,461,078 and $598,018 respectively.

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

	December 31, 2022		
	Less than 1 year	1-2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 11,393	$ -	$ -
Notes payable	893	-	-
Accounts payable	115,390	-	-
Accounts payable -related parties	1,673,075	-	-
Other payable	893,601	-	-
Corporate bond payable	-	-	847,700
Lease liabilities (including non-current)	18,726	17,207	615,294
Derivative financial liabilities:			
Forward foreign exchange contracts	417	-	-

	December 31, 2021		
	Less than 1 year	1-2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term loans	$ 316,144	$ -	$ -
Notes payable	3,453	-	-
Accounts payable	207,465	-	-
Accounts payable -related parties	1,743,802	-	-
Other payable	691,172	-	-
Lease liabilities (including non-current)	16,797	15,952	504,689
Derivative financial liabilities: None			

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

(III) About Fair Value

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: Assets or liabilities' direct or indirect observable input value, however, this does not include the quoted price as stated in Level 1. The fair value of the Company's investment in derivatives is all Level 2 inputs.

   Level 3: Un-observable inputs of assets or liability. the Company's investment in privately offered fund, hybrid instruments, convertible bond's redemption rights, and equity instruments in non-active markets are all Level 3 inputs.

2. Financial instrument not measured at fair value

   The carrying amount of the Company's financial instruments, including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposit, short-term loan, notes payable, accounts payable, other payable, and lease liabilities are reasonable approximation of fair value.

	December 31, 2022			
	Carrying value	Level I	Level II	Level III
Financial Liabilities				
Corporate bond payable	$ 816,573	$ -	$ 817,607	$ -

   On December 31, 2021: None.
   Binomial tree model is used to assess the fair value of above convertible bonds.

3. For financial instruments measured at fair value, the Company carries out basic classification based on the nature of assets and liabilities, character risk and the defined level of fair value, and summarizes the information as below:

   (1) Classified by nature of assets or liabilities:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	$ -	$ -	$ 1,441	$ 1,441
Privately offered funds	-	-	19,448	19,448
Hybrid instruments	-	-	7,396	7,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	1,009	1,009
	$ -	$ -	$ 29,294	$ 29,294
Liabilities				
Recurring fair value				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 417	$ -	$ 417

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 1,009	$ 1,009

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

A. The fair value of equity instruments without active market transactions (such as shares of non-listed companies) is estimated using the market method, which is based on the price and other relevant information generated by the market transactions of the same or comparable company equity instruments (such as the discount factor of lacking of liquidity, or input values like stock market's price-to-earnings ratio or price-to-book value ratio) to estimate the fair value. In addition, for equity instruments that lack sufficient or appropriate observable market information and comparable objects, the Company adopts the net asset value method to have a better view on the current profitability of the investment target.

B. The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate.

C. Please refer to Note XII(III)7 for explanation of the impact of non-market observable parameters on the evaluation of financial instruments.

4. There were no transfer between Level 1 and Level 2 of the fair value hierarchy for the periods in the years of 2022 and 2021.

5. The following table shows the Level 3 changes in the year of 2022.

	2022				
	Privately offered fund	Hybrid instrument	Derivative instrument	Equity Securities	Total
January 1	$ -	$ -	$ -	$ 55	$ 55
Invest - current	21,586	7,396	-	-	28,982
Issue - current	-	-	1,100	-	1,100
Transfer-current	-	-	(273)	-	(273)
Gain or loss recognized in profit or loss					
Recorded as on-operating profit or loss	(2,138)	-	614	-	(1,524)
December 31	$ 19,448	$ 7,396	$ 1,441	$ 55	$ 28,340

	2021				
	Privately offered fund	Hybrid instrument	Derivative instrument	Equity Securities	Total
January 1 (and December 31)	$ -	$ -	$ -	$ 55	$ 55

In 2022: None.

6. Valuation process regarding the fair value of Level 3 is conducted by the Company'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:

	December 31, 2022 Fair Value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Derivative instrument:					
Convertible bond embedded option	$ 1,441	Binomial tree model	Volatility	33.91%~36.31%	Higher volatility higher fair value
Non-derivative equity instruments:					
Shares of venture capital company	1,009	Net asset value method	Not applicable	Not applicable	Not applicable
Privately offered fund	19,448	Net asset value method	Not applicable	Not applicable	Not applicable
Hybrid instrument					
Contract of convertible bond	7,396	Discount cash flow method	Discount rate	Note applicable	Higher discount rate lower fair value

	December 31, 2021 Fair Value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Non-derivative equity instruments:					
Shares of venture capital company	$ 1,009	Net asset value method	Not applicable	Not applicable	Not applicable

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

(IV) Other Matters

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

XIII. Additional Disclosures

(I) Information about significant transaction

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

(II) Information about reinvestment

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

(III) Information about Mainland China Investment

1. Basic 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) Information of major shareholders

Please refer to Table 8.

XIV. Segment Information

Not applicable.

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to December 31, 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.	Taishin Health LLP	None	Financial assets at fair value through profit or loss - non-current	-	$ 19,448	8.46%	$ 19,448	
Advanced International Multitech Co., Ltd.	Hua Nan Venture Capital Co., Ltd.	None	Financial asset at fair value through other comprehensive income - non-current	57,438	55	10.60%	1,009	

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to December 31, 2022

Table 2

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

			Transaction Details				Situation and reason of why trading conditions are different from general trading		Notes or accounts receivable (payable)		
Name of company	Name of the counterparty	Relationship	Purchase (sale)	Amount	Ratio to total purchase (sales) (%)	Loan period	Unit Price	Loan period	Balance	Ratio on total notes and accounts receivables (payable)	Note
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchase	$ 10,036,034	72%	Note 1	Note 1	Note 1	($ 1,376,834)	77%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchase	3,772,391	27%	Note 1	Note 1	Note 1	(296,241)	17%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sale	(10,036,034)	100%	Note 3	Note 3	Note 3	1,376,834	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sale	(3,772,391)	100%	Note 3	Note 3	Note 3	296,241	100%	

Note 1: The prices and terms of payment of the Company’s purchases from Advanced Sporting Goods (Dongguan) Co., Ltd. and Advanced International Multitech (VN) Corporation Ltd. were agreed by both parties and were not comparable to the normal transactions as there were no transactions of similar products.

Note 2: The purchase (sales) amount comprises the sales revenue (sales of raw materials and work-in-progress) and operating costs (purchase of goods) arising from the Company’s sales to its subsidiaries and sub-subsidiaries, that's about processing of removal materials, offset by $1,557,517 for the period between January 1 to December 31, 2022.

Note 3: The price and collection terms of the company’s sales to Advanced International Multitech Co., Ltd. were agreed by both parties, which were not comparable to normal transactions as there were no similar counterparties or products.

Advanced International Multitech Co., Ltd. and Subsidiaries

Receivables from Related Parties Amounting to at Least NT$100 Million or Exceeding 20% of Paid-in Capital
January 1 to December 31, 2022

Table 3

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

Name of company	Name of the counterparty	Relationship	Balance of receivables from related parties	Turnover rates	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	$ 1,376,834	6.11	$ -	-	$ 1,002,700	$ -	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	296,241	12.58	-	-	124,665	-	

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to December 31, 2022

Table 4

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

No. (Note1)	Name of the company	Name of the transaction counterparty	Relationship with counterparty (Note2)	Conditions of transactions			
				General ledger account	Amount	Transaction terms	Ratio to consolidated total revenue or total assets (%)
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchase	$ 10,036,034	According to the agreement between both parties	47%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Account payable	1,376,834	According to the agreement between both parties	8%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchase	3,772,391	According to the agreement between both parties	18%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Account payable	296,241	According to the agreement between both parties	2%

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

(1) The parent company is coded 0.

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

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

(1) Parent company to its subsidiary.

(2) Subsidiary to its parent company.

(3) Subsidiary to another subsidiary.

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to December 31, 2022

Table 5

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Investor	Name of investee company	Location	Primary business	Initial investment amount		Ownership, end of the period			Net profit or loss of the investee company	Investment gain or loss recognized in 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	Invest in other regions	$ 149,434	$ 149,434	4,584,815	100	1,013,517	$ 301,669	$ 302,105	Note 1
Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Vietnam	Engaged in the production and sales of various golf club shafts and heads, golf sets.	447,331	447,331	14,000,000	100	683,108	91,415	91,074	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	886,091	588,731	329,275	
Advanced International Multitech Co., Ltd.	Munich Composites GmbH	Germany	Engage in design, research, development, and production of carbon fiber bicycle wheels and carbon fiber reinforced polymer product	49,212	49,212	21,003	27.27	-	-	-	Note 2
Advanced International Multitech Co., Ltd.	Technology On Prototyping Ultimate Co., Ltd.	Taiwan	Engage in the system integration engineering design services for aerospace, vehicles, national defense, machinery, energy, electronics, medical, materials and process equipment	15,600	-	1,200,000	25.66	15,568	1,455	(32)	
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Maya Metal Technology Company Limited	Vietnam	Engage in the OEM production of various golf club shafts and heads, golf set	22,290	-	750,000	30	15,228	(25,251)	(7,575)	

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 IAS36, it is assessed that Munich Composites GmbH has $0 recoverable amount, and there is no siginifcant change during the year.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investment in Mainland China - General Information

January 1 to December 31, 2022

Table 6

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Investee company	Primary business	Actual Paid-in-capital	Method of investment	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount: Remittance	Remittance or recovery of investment amount: Recovery	Ending balance of accumulated outflow of investment from Taiwan	Net profit or loss of investee company	Direct or indirect ownership of the Company (%)	Recognized investment gain or loss for the period	Carrying amount of investment, end period	Ending balance of accumulated inward remittance of investment income	Note
Advanced Group International (BVI) Co.,Ltd.： Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in production and sale of carbon fiber prepare materials and sports product	$ 149,446	2	$ 149,434	$ -	$ -	$ 149,434	$ 301,667	100	$ 301,667	$ 1,016,694	$ 948,328	Note 1, Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.： Baoji Zatech Material Co., Ltd.	Engaged in production of materials	17,796	3	-	-	-	-	1,106	25	276	3,548	-	Note 1, Note 3, Note 4, Note 5

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

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

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

Note 3: Investment gain or loss recognized in accordance with the investee company's financial statements.

Note 4: The amount of paid-in capital is converted based on the RMB4,000 thousand using exchange rate of 4.449.

Note 5: Is invested directly by the Compnay's sub-subsidiary, Advanced Sporting Goods (Dongguan) Co., Ltd., in China. The Company does not have actual remittance amount.

Name of company	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper limit on investment authorized by the Investment Commission, M.O.E.A.
Advanced International Multitech Co., Ltd. (Note 6, Note 7, Note 8)	$ 149,434	$ 140,560	$ 4,642,257

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

Note 7: The investment amount approved by the Investment Commission of the Ministry of Economic Affairs is USD4,577 thousand, which is translated using the USD exchange rate of 30.71 at the balance sheet date.

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

Advanced International Multitech Co., Ltd. and Subsidiaries

Investments in Mainland China - Significant Transactions between the Company and Investee Companies in Mainland China Directly or Indirectly through Entities in a Third Area

January 1 to December 31, 2022

Table 7

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

	Sales (Purchases)		Property transaction		Account receivable (payable)		Endorsement/guarantee or collateral provided		Financing				
Investee company	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Maximum balance	Ending balance	Interest rate range	Current interest	Others
Advanced Sporting Goods (Dongguan) Co., Ltd.	($ 10,036,034)	(72%)	$ -	-	($ 1,376,834)	(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 $1,315,282 for the period between January 1 to December 31, 2022.

Advanced International Multitech Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2022

Table 8

Name of major shareholders	Shareholding	
	Number of shares	Shareholding ratio
Ming An Investment Co., Ltd.	12,134,838	8.84%

Note: (1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (incl. treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

(2) For the above are shares entrusted by the shareholders, the information thereto shall base on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and whose shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to the Market Observation Post System.

Advanced International Multitech Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2022

Statement 1 | Unit: In Thousands of New Taiwan Dollar

Item	Summary	Amount
Cash on hand and revolving funds		$ 249
Check deposits		147
Demand deposits	Taiwan Dollar demand deposits	233,446
	US Dollar demand deposits (USD19,967 thousand; Exchange rate: 30.71)	613,173
Cash equivalents		
Time deposits (NTD)	Interest rate range: 0.85%~1.10%	403,602
	Maturity date: January 3 to February 9, 2022	
Time deposits (USD)	Interest rate range: 4.00%	30,710
	Maturity date: January 23, 2023	
Callable Bond (NTD)	Interest rate range: 0.80%	180,000
	Maturity date: January 12, 2023	
		$ 1,461,327

Advanced International Multitech Co., Ltd.
Statement of Financial Assets Measured at Amortized Cost - Current
December 31, 2022

Statement 2

Unit: In Thousands of New Taiwan Dollar

Name of company	Summary	Amount	Note
Taishin International Bank	Use of funds subject to regulatory restrictions	$ 21,286	

Advanced International Multitech Co., Ltd.
Statement of Net Account Receivable
December 31, 2022

Statement 3 Unit: In Thousands of New Taiwan Dollar

Item	Summary	Amount	Note
General customers:			
Customer #10986	Account receivables from customers	$2,889,417	
Customer #10008	Account receivables from customers	412,669	
Customer #11273	Account receivables from customers	194,432	
Customer #10001	Account receivables from customers	395,437	
Others (the balance did not exceed 5% of this account)	Account receivables from customers	653,954	
Total		4,545,909	
Less: Loss Allowance		(3,557)	
		$ 4,542,352	

Advanced International Multitech Co., Ltd.
Statement of Inventories
December 31, 2022

Statement 4 | Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount: Cost	Amount: Net realizable value	Note
Raw materials		$ 528,013	$ 552,942	Note
Other materials		28,513	29,341	Note
Work in process		36,814	44,719	Note
Finished goods		367,408	409,777	Note
Inventory in Transit		7,172	7,172	
		967,920	$ 1,043,951	
Less: Allowance for valuation and obsolescence loss		(22,998)		
		$ 944,922		

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

Advanced International Multitech Co., Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
January 1 to December 31, 2022

Statement 5

Unit: In Thousands of New Taiwan Dollar

Name of company	Balance in the beginning of the period		Increase amount for period (note)		Decrease amount for period (note)		Ending balance			Market Value/Net Equity Value		Status of providing guarantee or pledge	Note
	Thousand shares	Amount	Thousand shares	Amount	Thousand shares	Amount	Thousand shares	Shareholding ratio	Amount	Unit price (Dollar)	Total		
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	14,000	$530,902	-	$152,206	-	$ -	14,000	100%	$683,108	48.99	$685,792	None	
ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	4,585	694,421	-	319,096	-	-	4,585	100%	1,013,517	221.75	1,016,712	None	
Launch Technologies Co., Ltd. (LTC)	28,518	628,112	-	329,275	-	(71,296)	28,518	55.93%	886,091	31.07	886,091	None	
Technology on Prototyping Ultimate Co., Ltd.	-	-	1,200	15,568	-	-	1,200	25.66%	15,568	12.97	15,568	None	
MUNICH COMPOSITES GMBH	21,003	-	-	-	-	-	21,003	27.27%	-	-	-	None	
		$ 1,853,435		$ 816,145		($ 71,296)			$ 2,598,284		$ 2,604,163		

Note: Including increase (loss) in investment recognized, loss on impairment, realized (unrealized) sales gains and losses, cash dividends, and differences on translation of financial statements of foreign operations.

Advanced International Multitech Co., Ltd.
Statement of Changes in Accumulated Depreciation of Property, Plant, and Equipment
January 1 to December 31, 2022

Statement 6

Unit: In Thousands of New Taiwan Dollars

Item	Balance in the beginning of the period	Increase in the period	Decrease in the period	Balance in the end of the period
Housing and structure	$ 185,158	$ 39,344	($ 90)	$ 224,412
Machinery equipment	327,227	131,620	(28,513)	430,334
Utility equipment	9,109	4,785	(643)	13,251
Transportation equipment	20	41	-	61
Office equipment	5,714	3,013	(713)	8,014
Other equipment	61,776	26,125	(9,275)	78,626
	$ 589,004	$ 204,928	($ 39,234)	$ 754,698

Note: Please refer to Note IV(XIV) for information regarding depreciation method and useful life used.

Advanced International Multitech Co., Ltd.
Statement of Changes in Accumulated Impairment of Property, Plant, and Equipment
January 1 to December 31, 2022

Statement 7

Unit: In Thousands of New Taiwan Dollars

Item	Balance in the beginning of the period	Increase in the period	Decrease in the period	Balance in the end of the period	Note
Machinery equipment	$ 99	$ -	$ -	$ 99	
Other equipment	294	-	-	294	
	$ 393	$ -	$ -	$ 393	

Advanced International Multitech Co., Ltd.
Statement of Changes in Cost of Right-of-Use Assets
January 1 to December 31, 2022

Statement 8 Unit: In Thousands of New Taiwan Dollars

Item	Balance in the beginning of the period	Increase in the period	Decrease in the period	Balance in the end of the period	Note
Land	$ 478,622	$ 8,529	($ 28,406)	$ 458,745	
Housing and structure	15,643	65,293	(15,643)	65,293	
Machinery equipment	-	1,430	-	1,430	
	$ 494,265	$ 75,252	($ 44,409)	$ 525,468	

Advanced International Multitech Co., Ltd.
Statement of Changes in Accumulated Depreciation of Right-of-Use Assets
January 1 to December 31, 2022

Statement 9

Unit: In Thousands of New Taiwan Dollars

Item	Balance in the beginning of the period	Increase in the period	Decrease in the period	Balance in the end of the period	Note
Land	$ 21,267	$ 13,046	($ 1,325)	$ 32,988	
Housing and structure	9,124	17,284	(11,705)	14,703	
Machinery equipment	-	358	-	358	
	$ 30,391	$ 30,688	($ 13,030)	$ 48,049	

Advanced International Multitech Co., Ltd.
Statement of Short Term Loans
December 31, 2022

Statement 10

Unit: In Thousands of New Taiwan Dollar

Category of borrowings	Explanation	Ending balance	Agreement term	Interest rate interval	Financing line	Pledge or guarantee	Note
Loans against letter of credit	Shanghai Commercial Bank Kaohsiung Branch	$ 3,406	2022.07.24~ 2023.07.24	0%	USD 40,000 thousand	Unsecured	-
Loans against letter of credit	Taiwan Bank Kaohsiung Export Processing Zone Branch	7,987	2022.12.21~ 2023.12.21	0%	USD 9,000 thousand	Land, buildings and structures	-
		$ 11,393					

Advanced International Multitech Co., Ltd.
Statement of Account Payable
December 31, 2022

Statement 11 Unit: In Thousands of New Taiwan Dollar

Item	Summary	Amount	Note
General Suppliers:			
Supplier #100314	Account payable to customers	$ 20,105	
Supplier #100621	Account payable to customers	17,590	
Supplier #102204	Account payable to customers	7,129	
Suppliers #103356	Account payable to customers	6,006	
Other (the balance did not exceed 5% of this account)	Account payable to customers	64,560	
		$ 115,390	

Advanced International Multitech Co., Ltd.
Statement of Corporate Bond Payable
December 31, 2022

Statement 12 | Unit: In Thousands of New Taiwan Dollar

Name of Bond	Trustee	Date of Issue	Interest date	Interest rate	Amount: Total issued amount	Amount: Buyback amount	Amount: Converted amount	Amount: Ending balance	Amount: Unamortized premium (discount)	Carrying amount	Repay method	Guarantee situation	Note
The 3ed Domestic Unsecured Convertible Corporate Bond	Taishin Securities Co., Ltd.	07.20.2022	-	Note	$1,000,000	$ -	($152,300)	$847,700	($31,127)	816,573	Note	None	
									Less: Due within one year	-			
										$816,573			

Note: Please refer to Note VI(XIV) for explanations.

Advanced International Multitech Co., Ltd.
Statement of Lease Liabilities
December 31, 2022

Statement 13 | Unit: In Thousands of New Taiwan Dollar

Item	Summary	Lease term	Discount rate	Ending Balance	Note
Land	Land lease of He Fa Factory	2020.07.01~2060.06.30	1.51%	$ 437,799	
Land	Land lease of Gao Jia I Factory	2009.12.01~2029.11.30	1.26%	2,780	
Land	Land lease of Gao Jia I Factory - public construction fee	2002.04.01~2024.05.31	1.26%	32	
Buildings	Plant lease of Gao Jia II Factory 1F	2020.10.16~2023.12.31	0.76%	2,326	
Buildings	Plant lease of Gao Jia III Factory	2022.04.01~2024.03.31	0.76%	5,331	
Buildings	Plant lease of Gao Jia IV Factory	2022.01.01~2026.12.31	0.76%	43,081	
Machinery	Laser engraving machine	2022.07.01~2024.06.30	0.76%	1,074	
				492,423	
		Less: Due within 1 year		(18,359)	
				$ 474,064	

Advanced International Multitech Co., Ltd.
Statement of Operating Income
Year of 2022

Statement 14 Unit: In Thousands of New Taiwan Dollar

Item	Quantity	Amount	Note
GOLF	15,521 thousand PCS	$ 15,083,743	
Comprehensive products	47,458 thousand units	2,793,249	
		17,876,992	
Less: Sales return and discount		(52,226)	
		$ 17,824,766	

Advanced International Multitech Co., Ltd.
Statement of Operating Costs
Year of 2022

Statement 15 Unit: In Thousands of New Taiwan Dollar

Item	Amount: Subtotal	Amount: Total
Goods at the beginning of the period	$ -	
Add: Purchase of goods	170,182	
Goods at the end of the period	-	
Operating costs - goods		$ 170,182
Raw materials at the beginning of the period	319,262	
Add: Purchase of raw materials	1,733,775	
Less: Loss from retirement of raw materials	(2,274)	
Others	(34,988)	
Raw materials at the end of the period	(563,698)	
Consumption of raw materials in the period		1,452,077
Direct labor cost		566,921
Manufacturing overheads		848,410
Manufacturing costs		2,867,408
Work-in-process, beginning of period		42,694
Work-in-process, end of the period		(36,814)
Cost of finished goods		2,873,288
Finished goods, beginning of period		461,884
Add: Purchase during the period		12,061,569
Less: Loss from retirement of finished goods		(962)
Others		(8,546)
Finished goods, end of period		(367,408)
Operating costs - finished goods		15,019,825
Loss on inventory price decline		2,042
Loss on disposal of inventories		3,236
Other operating costs		(9,898)
Operating costs		$ 15,185,387

Advanced International Multitech Co., Ltd.
Statement of Manufacturing Overheads
Year of 2022

Statement 16 Unit: In Thousands of New Taiwan Dollar

Item	Summary	Amount	Note
Salary		$ 176,461	
Processing fee		155,032	
Depreciation expenses		161,533	
Utilities expense		81,864	
Miscellaneous purchases		66,747	
Other (the balance did not exceed 5% of this account)		206,773	
		$ 848,410	

Advanced International Multitech Co., Ltd.
Statement of Sales and Marketing Expenses
Year of 2022

Statement 17 Unit: In Thousands of New Taiwan Dollar

Item	Summary	Amount	Note
Salary		$ 78,629	
Shipping expense		60,834	
Export expense		34,320	
Other (the balance did not exceed 5% of this account)		32,511	
		$ 206,294	

Advanced International Multitech Co., Ltd.
Statement of Management Expenses
Year of 2022

Statement 18 Unit: In Thousands of New Taiwan Dollar

Item	Summary	Amount	Note
Salary		$ 168,993	
Depreciation expenses		26,351	
Insurance expense		16,786	
Other (the balance did not exceed 5% of this account)		107,474	
		$ 319,604	

Advanced International Multitech Co., Ltd.
Statement of R&D Expenses
Year of 2022

Statement 19

Unit: In Thousands of New Taiwan Dollar

Item	Summary	Amount	Note
Salary		$ 321,615	
Testing raw materials		56,496	
Depreciation		46,960	
Other (the balance did not exceed 5% of this account)		136,685	
		$ 561,756	

Advanced International Multitech Co., Ltd.
Summary Statement of Employee Benefits, Depreciation and Amortization Expenses Incurred During the Current Period
Year of 2022

Statement 20 Unit: In Thousands of New Taiwan Dollar

	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses (Note 1 and 2)						
Salary and wages	$ 567,026	$ 569,237	$1,136,263	$ 473,479	$ 491,180	$964,659
Labor and health insurance premiums	45,996	38,043	84,039	38,771	34,892	73,663
Pension expense	20,702	17,587	38,289	17,032	16,892	33,924
Remuneration to directors	-	10,720	10,720	-	9,680	9,680
Other employee benefits and expenses	27,797	17,805	45,602	24,455	17,663	42,118
Total	$ 66,521	$ 653,391	$1,314,913	$ 553,737	$ 570,307	$1,124,044
Depreciation expenses	$ 161,533	$ 74,083	$ 235,616	$ 129,137	$ 71,241	$ 200,378
Amortization expenses	$ 11,356	$ 13,197	$ 24,553	$ 6,202	$ 7,470	$ 13,672

Note 1: For this fiscal year and the previous year, the number of employees was 1,207 and 1,081, respectively, of which the number of directors who were not concurrently employees was both 5.

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

(1) For this fiscal year, average employee benefits amounted to $1,085. In 2021, the average employee benefits amounted to $1,036.
(2) For this fiscal year, average employee salary amounted to $945. In 2021, the average employee salary amounted to $897.
(3) Average adjustment of employee salary was 5%.
(4) The Company has set up Audit Committee, so there was no remuneration paid to supervisors in this fiscal year; in the previous year, supervisors' remuneration amounted to $2,520.

Statement 20 Unit: In Thousands of New Taiwan Dollar

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

1. Directors" remuneration distribution policy:
   In addition to the distribution of no more than 5% of the Company’s earnings as required by the Company’s Articles of Association, the remuneration paid to the directors of the Company shall be based on the Company’s overall actual operating results, future business risks and development, and industry standards. The distribution of remuneration is subject to the review by the Remuneration Committee, resolution by the Board of Directors, and report at the shareholders’ meeting.
2. Managers' remuneration policy:
   (1) Remuneration policies, standards, and packages the remuneration paid by the Company to the managers includes salaries, bonuses, and employee remuneration, which are approved in accordance with the relevant regulations of the Company, and is subject to review by the Remuneration Committee and resolution by the Board of Directors. Employee remuneration is payable after it is reported at the shareholders’ meeting.
   (2) Procedures for determining remuneration:
   The remuneration received by the managers is based on their education, experience, working experience, job nature, as well as the actual operating performance and contribution of the Company each year, which shall be implemented in accordance with the Company’s "Remuneration Management Procedures," "Year-End Bonus Distribution Procedures," "Performance Evaluation Procedures," as well as "Employee, Directors, and Supervisors Remuneration Distribution Regulation." The distribution of the remuneration of the Company's managers is subject to review by the Remuneration Committee and approval by the Board of Directors.
   (3) Relevance to business performance and future risks
   The remuneration of the Company's managers is determined with reference to the operation of the Company as a whole, future business risks and development, as well as general standards of the industry or market and its operational management responsibilities, contribution and performance. The management of the Company and the Remuneration Committee will review regularly and make appropriate adjustments, which should be sufficient to reflect their responsibilities and risks.
3. Employee remuneration policy:
   The employee remuneration approval standards are based on employees' education and experience, job responsibilities, skills, job difficulties and environmental hazards, which shall be implemented in accordance with the Company’s "Remuneration Management Procedures," "Year-End Bonus Distribution Procedures," "Performance Evaluation Procedures," as well as "Employee, Directors, and Supervisors Remuneration Distribution Regulation."