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accountant's review or verification.

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

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The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Advanced International Multitech Co., Ltd. and Subsidiaries Consolidated
Financial Statements and Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021

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Independent Auditor's Review Report

To Advanced International Multitech Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Advanced International Multitech Co., Ltd. and its Subsidiaries ("the Group" hereinafter) as of 30 September 2022 and 2021, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2022 and 2021, changes in equity and cash flows for the nine-month periods ended 30 September 2022 and 2021, and notes to the consolidated financial statements (including the summary of significant accounting policies). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China on Taiwan. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph titled "Basis for Qualified Conclusion", we conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China on Taiwan. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note IV(III) and Note VI(VIII), the financial statements of certain non-material subsidiaries included in the above consolidated financial statements for the same period, the investments accounted for using the equity method, and related information disclosed in Note XIII have not been audited by the independent auditors. The total assets (including the investments accounted for using the equity method) as of September 30, 2022 and 2021 were NT\$1,998,554 thousand and NT\$1,268,280 thousand respectively, representing 13% and 11% of the total consolidated assets, respectively; and the total liabilities of NT\$1,467,252 thousand and NT\$585,632 thousand respectively, representing 17% and 10% of the total consolidated liabilities as of September 30, 2022 and 2021, respectively. Its total comprehensive income (including the share of the profit or loss of its associates and joint ventures accounted for using the equity method and the share of other comprehensive income of its associates and joint ventures accounted for using the equity method) for the three-month period and nine-month period ended Sep 30, 2022 were NT\$91,116 thousand, NT\$(37,193) thousand, NT\$155,683 thousand and NT\$(36,766) thousand respectively, representing 12%, (13%), 8%, and (4%) of its total consolidated comprehensive income respectively.

Qualified Conclusion

Based on our reviews, except for possible effects from financial statements of the non-material subsidiaries, the investments accounted for using the equity method and related information disclosed in Note XIII mentioned in the paragraph titled “Basis for Qualified Conclusion” if they were reviewed by independent auditors, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of Advanced International Multitech Co., Ltd. and its subsidiaries as of September 30, 2022 and 2021, its consolidated financial performance for the three-month periods ended September 30, 2022 and 2021 and for the nine-month periods ended September 30, 2022 and 2021, and its consolidated cash flows for the nine-month periods ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission.

PwC Taiwan

Chun-Kai Wang

CPA

Chien-Chih Wu

Financial Supervisory Commission, R.O.C. (Taiwan)

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

Jin Guan Zheng Shen Zi No. 1030027246

November 4, 2022

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
September 30, 2022, December 31, 2021 and September 30, 2021
(The Consolidated Balance Sheets on September 30, 2022 and 2021 Were Reviewed Only, Not Audited in
Accordance with Generally Accepted Auditing Standards)
Unit: In Thousands of New Taiwan Dollars

	Assets	Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	VI(I)	\$ 2,461,484	16	\$ 833,023	7	\$ 1,099,476	10
1110	Financial assets at fair value through profit or loss - current	VI(II)	8,996	-	139	-	-	-
1136	Financial assets at amortized cost - current	VI(III) and VIII	66,938	-	283,323	2	252,844	2
1150	Notes receivable - net	VI(IV)	11,911	-	9,567	-	2,427	-
1170	Accounts receivable - net	V and VI(IV)	3,789,388	25	4,132,586	32	2,755,564	25
1200	Other receivables		22,467	-	17,169	-	13,195	-
130X	Inventories	V and VI(V)	3,928,975	25	3,178,869	24	2,750,550	24
1410	Prepayments	VI(VII)	252,152	2	319,016	3	277,472	3
1470	Other current assets		20,871	-	29,617	-	28,962	-
11XX	Total current assets		<u>10,563,182</u>	<u>68</u>	<u>8,803,309</u>	<u>68</u>	<u>7,180,490</u>	<u>64</u>
	Non-current assets							
1510	Financial assets at fair value through profit or loss - non-current	VI(II)	19,748	-	-	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	VI(VI)	55	-	55	-	55	-
1535	Financial assets at amortized cost - non-current	VI(III) and VIII	6,256	-	3,860	-	-	-
1550	Investments accounted for using the equity method	VI(VIII)	37,461	-	3,200	-	46,219	-
1600	Property, plant and equipment	VI(IX) and VIII	3,652,376	24	3,099,062	24	2,928,980	26
1755	Right-of-use assets	VI(X)	865,399	6	768,513	6	787,441	7
1780	Intangible assets	VI(XI)	20,255	-	12,539	-	13,356	-
1840	Deferred income tax assets		67,393	-	65,354	-	51,806	1
1915	Prepayments for business facilities		87,772	1	128,540	1	139,189	1
1990	Other non-current assets - others	VIII	141,069	1	146,575	1	119,122	1
15XX	Total non-current assets		<u>4,897,784</u>	<u>32</u>	<u>4,227,698</u>	<u>32</u>	<u>4,086,168</u>	<u>36</u>
1XXX	Total assets		<u>\$ 15,460,966</u>	<u>100</u>	<u>\$ 13,031,007</u>	<u>100</u>	<u>\$ 11,266,658</u>	<u>100</u>

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

September 30, 2022, December 31, 2021 and September 30, 2021

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

Unit: In Thousands of New Taiwan Dollars

Liabilities and Equity	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term loans	XI(XII) and VIII	\$ 1,822,431	12	\$ 1,901,873	15	\$ 1,492,154	13
2120	Financial liabilities at fair value through profit or loss - current	VI(II)	-	-	-	-	250	-
2150	Notes payable		2,267	-	3,821	-	2,375	-
2170	Accounts payable	VII	2,078,062	14	2,088,622	16	1,468,152	13
2200	Other payable	VI(XIII)	1,826,102	12	1,874,926	14	1,401,963	13
2230	Income tax liabilities		486,297	3	348,802	3	290,129	3
2280	Lease liabilities - current		58,500	-	30,639	-	41,426	-
2300	Other current liabilities	VI(XIV) (XVI) (XXII)and VIII	204,207	1	224,617	2	246,739	2
21XX	Total current liabilities		<u>6,477,866</u>	<u>42</u>	<u>6,473,300</u>	<u>50</u>	<u>4,943,188</u>	<u>44</u>
Non-current liabilities								
2530	Convertible bonds payable	VI(XV)	959,763	6	-	-	-	-
2540	Long-term loans	VI(XVI) and VIII	150,835	1	137,536	1	152,177	1
2570	Deferred income tax liabilities		265,237	2	164,860	1	137,618	1
2580	Lease liabilities - non-current		575,634	4	528,689	4	533,846	5
2630	Long-term deferred income	VI(XVI)	560	-	159	-	92	-
2640	Net defined benefit liabilities - non-current		73,350	-	73,348	1	72,857	1
2670	Other non-current liabilities - others		736	-	632	-	583	-
25XX	Total non-current liabilities		<u>2,026,115</u>	<u>13</u>	<u>905,224</u>	<u>7</u>	<u>897,173</u>	<u>8</u>
2XXX	Total liabilities		<u>8,503,981</u>	<u>55</u>	<u>7,378,524</u>	<u>57</u>	<u>5,840,361</u>	<u>52</u>
Equity								
Equity attributable to shareholders of the parent company								
3110	Share capital	VI(XIX)	1,353,127	9	1,353,127	10	1,353,127	12
	Capital of common shares							
	Capital surplus	VI(XV) (XX)	846,320	5	781,236	6	781,236	7
3200	Capital surplus							
	Retained earnings	VI(XXI)	1,063,914	7	929,358	7	929,358	8
3310	Legal reserve		167,766	1	142,996	1	142,997	1
3320	Special reserve		3,205,695	21	2,376,835	18	1,961,024	17
3350	Undistributed earnings							
	Other equity		(67,599)	-	(167,766)	(1)	(170,310)	(1)
3400	Other equity							
3500	Treasury stock	VI(XIX)	(227,667)	(2)	(258,235)	(2)	(31,527)	-
31XX	Total equity attributable to shareholders of the parent company		<u>6,341,556</u>	<u>41</u>	<u>5,157,551</u>	<u>39</u>	<u>4,965,905</u>	<u>44</u>
36XX	Non-controlling interests	IV(III)	615,429	4	494,932	4	460,392	4
3XXX	Total equity		<u>6,956,985</u>	<u>45</u>	<u>5,652,483</u>	<u>43</u>	<u>5,426,297</u>	<u>48</u>
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	IX						
	Significant subsequent event	XI						
3X2X	Total liabilities and equity		<u>\$ 15,460,966</u>	<u>100</u>	<u>\$ 13,031,007</u>	<u>100</u>	<u>\$ 11,266,658</u>	<u>100</u>

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

Chairman: Hsi-Chien Cheng

Manager: I-Nan Chou

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to September 30, 2022 and January 1 to September 30, 2021

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

Unit: In Thousands of New Taiwan Dollars

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

Item	Notes	July 1 to September 30, 2022		July 1 to September 30, 2021		January 1 to September 30, 2022		January 1 to September 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Sales revenue	VI(XXII)	\$ 4,981,604	100	\$ 3,680,814	100	\$ 15,483,106	100	\$ 12,044,863	100
5000 Cost of goods sold	VI(V)(XI) (XXVIII)(XXIX)	(3,985,420)	(80)	(3,017,616)	(82)	(12,524,247)	(81)	(9,759,954)	(81)
5900 Gross profit		996,184	20	663,198	18	2,958,859	19	2,284,909	19
Operating expenses	VI(XI)(XXVIII) (XXIX)								
6100 Sales and marketing expenses		(71,391)	(2)	(64,293)	(2)	(216,700)	(1)	(182,888)	(2)
6200 Administrative expenses		(152,767)	(3)	(136,617)	(4)	(440,616)	(3)	(383,000)	(3)
6300 Research and development expenses		(204,463)	(4)	(160,060)	(4)	(551,826)	(4)	(476,719)	(4)
6450 Expected credit impairment gain (loss)		(347)	-	2,018	-	1,075	-	(108)	-
6000 Total operating expenses		(428,968)	(9)	(358,952)	(10)	(1,208,067)	(8)	(1,042,715)	(9)
6500 Other income and expenses - net	VI(XXIII)	35,779	1	32,505	1	103,464	1	101,152	1
6900 Operating income		602,995	12	336,751	9	1,854,256	12	1,343,346	11
Non-operating income and expenses									
7100 Interest income	VI(XXIV)	4,452	-	729	-	6,334	-	2,802	-
7010 Other income	VI(XXV)	834	-	890	-	4,023	-	18,878	-
7020 Other gains and losses	VI(II)(XXVI)	338,599	7	29,333	1	645,255	4	(54,584)	-
7050 Finance costs	VI(IX)(X)(XXVII)	(16,582)	-	(6,611)	-	(33,727)	-	(22,266)	-
7060 Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	(4,716)	-	(1,487)	-	(4,842)	-	(1,628)	-
7000 Total non-operating income and expenses		322,587	7	22,854	1	617,043	4	(56,798)	-
7900 Net income before tax		925,582	19	359,605	10	2,471,299	16	1,286,548	11
7950 Income tax expense	VI(XXX)	(226,763)	(5)	(72,497)	(2)	(578,602)	(4)	(286,963)	(3)
8200 Net income		\$ 698,819	14	\$ 287,108	8	\$ 1,892,697	12	\$ 999,585	8
Other comprehensive income (loss)									
Items that may be reclassified subsequently to profit or loss									
8361 Exchange differences on translation of foreign financial statements		\$ 47,087	1	\$ 635	-	\$ 100,167	1	(\$ 27,314)	-
8300 Other comprehensive income(net)		\$ 47,087	1	\$ 635	-	\$ 100,167	1	(\$ 27,314)	-
8500 Total comprehensive income		\$ 745,906	15	\$ 287,743	8	\$ 1,992,864	13	\$ 972,271	8
Net income(loss) attributable to:									
8610 Owners of the parent company		\$ 627,445	13	\$ 252,952	7	\$ 1,716,021	11	\$ 929,750	8
8620 Non-controlling interests		71,374	1	34,156	1	176,676	1	69,835	-
Total		\$ 698,819	14	\$ 287,108	8	\$ 1,892,697	12	\$ 999,585	8
Comprehensive income(loss) attributable to:									
8710 Owners of the parent company		\$ 674,532	14	\$ 253,587	7	\$ 1,816,188	12	\$ 902,436	7
8720 Non-controlling interests		71,374	1	34,156	1	176,676	1	69,835	1
Total		\$ 745,906	15	\$ 287,743	8	\$ 1,992,864	13	\$ 972,271	8
Earnings per share	VI(XXXI)								
9750 Basic		\$ 4.74		\$ 1.87		\$ 12.97		\$ 6.87	
9850 Diluted		\$ 4.42		\$ 1.87		\$ 12.58		\$ 6.82	

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

Chairman: Hsi-Chien Cheng

Manager: I-Nan Chou

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to September 30, 2022, and January 1 to September 30, 2021
(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

Notes	Equity attributable to shareholders of the parent company												Non-Controlling Interests	Total Equity
	Capital Reserve					Retained Earnings					Total			
	Capital of common shares	Share Premium	Recognized value of changes in equity of ownership of subsidiaries	Capital Surplus - Stock Option	Capital Surplus- Others	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange differences on translation of foreign financial statements	Treasury Stock				
January 1 to September 30, 2021														
Balance as of January 1, 2020	\$1,353,127	\$739,866	\$16,480	\$ -	\$24,890	\$861,536	\$133,828	\$1,473,609	(\$142,996)	\$ -	\$4,460,340	\$408,534	\$4,868,874	
Net income	-	-	-	-	-	-	-	929,750	-	-	929,750	69,835	999,585	
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(27,314)	-	(27,314)	-	(27,314)	
Total comprehensive income (loss)	-	-	-	-	-	-	-	929,750	(27,314)	-	902,436	69,835	972,271	
Earnings appropriation and allocation for 2020:	VI (XXI)													
Provision of legal reserve	-	-	-	-	-	67,822	-	(67,822)	-	-	-	-	-	
Provision of special reserve	-	-	-	-	-	-	9,169	(9,169)	-	-	-	-	-	
Cash dividends for common shares	-	-	-	-	-	-	-	(365,344)	-	-	(365,344)	-	(365,344)	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(17,977)	(17,977)	
Treasury stock buyback	VI(XIX)	-	-	-	-	-	-	-	-	(31,527)	(31,527)	-	(31,527)	
Balance as of September 30, 2021	\$1,353,127	\$739,866	\$16,480	\$ -	\$24,890	\$929,358	\$142,997	\$1,961,024	(\$170,310)	(\$31,527)	\$4,965,905	\$460,392	\$5,426,297	
January 1 to September 30, 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	\$494,932	\$5,652,483	
Net income	-	-	-	-	-	-	-	1,716,021	-	-	1,716,021	176,676	1,892,697	
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	100,167	-	100,167	-	100,167	
Total comprehensive income (loss)	-	-	-	-	-	-	-	1,716,021	100,167	-	1,816,188	176,676	1,992,864	
Earnings appropriation and allocation for 2021:	VI(XXI)													
Provision of legal reserve	-	-	-	-	-	134,556	-	(134,556)	-	-	-	-	-	
Provision of special reserve	-	-	-	-	-	-	24,770	(24,770)	-	-	-	-	-	
Cash dividends for common shares	-	-	-	-	-	-	-	(727,835)	-	-	(727,835)	-	(727,835)	
Recognized equity elements due to the issuance of convertible bond from stock option	VI(XV)	-	-	-	65,084	-	-	-	-	-	65,084	-	65,084	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(56,179)	(56,179)	
Treasury stock transfer to employees	VI(XVIII)(XIX)	-	-	-	-	-	-	-	-	30,568	30,568	-	30,568	
Balance as of September 30, 2022	\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 65,084	\$ 24,890	\$ 1,063,914	\$ 167,766	\$ 3,205,695	(\$ 67,599)	(\$ 227,667)	\$ 6,341,556	\$ 615,429	\$ 6,956,985	

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

Chairman: Hsi-Chien Cheng

Manager: I-Nan Chou

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2022 and January 1 to September 30, 2021

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

Unit: In Thousands of New Taiwan Dollars

	Notes	January 1 to September 30, 2022	January 1 to September 30, 2021
<u>Cash flows from operating activities</u>			
Net profit before tax		\$ 2,471,299	\$ 1,286,548
Adjustments			
Income and expense items			
Depreciation expenses	VI(IX)(X)(XXVIII)	466,261	387,271
Amortization expenses	VI(XXVIII)	44,378	17,292
Expected credit impairment(gain) loss	XII(II)	(1,075)	108
Net (gain)loss from financial assets and liabilities at fair value through profit or loss	VI(II)(XXVI)	6,512 (1,349)
Interest income	VI(XXIV)	(6,334) (2,802)
Interest expense	VI(XXVII)	33,619	22,124
Loss on disposal and retirement of property, plant and equipment	VI(XXVI)	72	5,472
Reclassification of property, plant and equipment to expense	VI(XXXII)	1,377	1,002
Gains on lease modification	VI(XXVI)	(1,596)	-
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	4,842	1,628
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss - current		1,087	2,048
Notes receivable		(2,344)	5,381
Accounts receivable		412,184	370,232
Other receivables		(5,164)	4,570
Inventories		(613,081) (528,842)
Prepayments		71,685 (79,576)
Other current assets		9,138 (21,008)
Net changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		(6,122)	-
Notes payable		(1,554) (873)
Accounts payable		(94,061) (376,608)
Other payable		(75,219) (55,199)
Other current liabilities		(23,474)	3,358
Long-term deferred income		-	(6,152)
Net defined benefit liabilities - non-current		-	(9,192)
Other non-current liabilities-others		2	-
Cash provided by operating activities		2,692,432	1,025,433
Income tax paid		(344,100)	(202,175)
Net cash provided by operating activities		2,348,332	823,258

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Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to September 30, 2022 and January 1 to September 30, 2021

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

Unit: In Thousands of New Taiwan Dollars

	Notes	January 1 to September 30, 2022	January 1 to September 30, 2021
<u>Cash provided by investing activities</u>			
Acquisition of financial assets at fair value			
through profit or loss		(\$ 28,982)	\$ -
Decrease in financial assets at amortized cost - current		216,385	212,244
Decrease (Increase) in financial assets at amortized cost - non-current		(2,396)	44,649
Acquisition of investments accounted for using the equity method		(39,413)	-
Acquisition of property, plant and equipment	VI(XXXII)	(725,966)	(628,875)
Increase in prepayments for business facilities		(119,093)	(160,450)
Proceeds from disposal of property, plant and equipment		2,152	3,420
Acquisition of intangible assets	VI(XI)	(12,620)	(9,657)
Increase in refundable deposits		(114)	(6)
Decrease in refundable deposits		23,385	12,802
Increase in other non-current assets - others		(53,568)	(28,358)
Interest received		6,334	2,802
Net cash used in investing activities		(733,896)	(551,429)
<u>Cash provided by (used in) financing activities</u>			
Increase in short-term loans	VI(XXXIII)	13,886,330	13,237,997
Decrease in short-term loans	VI(XXXIII)	(14,088,562)	(12,747,298)
Repayment of the principal amount of rentals	VI(XXXIII)	(47,755)	(112,419)
Increase in long-term loans	VI(XXXIII)	93,200	14,500
Repayment of long-term loans	VI(XXXIII)	(76,695)	(71,279)
Increase in deposits received		89	43
Interest paid		(24,926)	(16,939)
Issuance of corporate bond	VI(XXXIII)	1,021,023	-
Cash dividends distributed	VI(XXI)	(727,835)	(365,344)
Cash dividends distributed by subsidiary		(56,179)	(17,977)
Treasury stock transferred to employees	VI(XVIII)(XIX)	30,568	(20,910)
Net cash provided by (used in) financing activities		9,258	(99,626)
Effect of exchange rate changes on cash and cash equivalents		4,767	(3,282)
Increase in cash and cash equivalents for the current period		1,628,461	168,921
Cash and cash equivalents, beginning of the period		833,023	930,555
Cash and cash equivalents, end of the period		\$ 2,461,484	\$ 1,099,476

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

Chairman: Hsi-Chien Cheng

Manager: I-Nan Chou

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

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

Unit: NT\$ thousand
(Unless otherwise specified)

I. Company History

- (I) 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 and its subsidiaries ("the Group" hereinafter) are 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 consolidated financial statements were released on November 4, 2022, after being approved by the Board of Directors.

III. Application of Name 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:

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

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

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

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

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

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

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

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between Its Associate/Joint Venture"	Yet to be determined by the IASB
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, 2023

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

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

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

(II) Basis of Preparation

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

(III) Basis of Consolidation

1. Principles for the Preparation of Consolidated Financial Statements

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

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Advanced International Multitech Co., Ltd.	Advanced Group International (BVI) Co., Ltd.	Overseas investment	100	100	100	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Engaged in the production and sales of various golf club shafts and heads, golf sets	100	100	100	Note
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd.	Engaged in the production of sports products, other plastic products and international trade	55.93	55.93	55.93	
Advanced Group International (BVI) Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in the production, import and export of carbon fiber prepreg materials and sports products	100	100	100	

Note: Because the company was not defined as significant subsidiary, this subsidiary's financial statements ended September 30, 2022 and 2021 have not been reviewed by a CPA.

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

As of September 30, 2022, December 31, 2021, and September 30, 2021, the Group's non-controlling interests totaled \$615,429, \$494,932, and \$460,392, respectively. The following table showed information on the Group's material non-controlling interests and its subsidiaries:

Subsidiary	Principal place of business	Non-controlling interests					
		September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., Ltd.	Taiwan	\$ 615,429	44.07	\$ 494,932	44.07	\$ 460,392	44.07

Summary of the financial information of subsidiaries is as follows:

Balance Sheets

	Launch Technologies Co., Ltd. (LTC)		
	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,472,414	\$ 1,001,013	\$ 876,963
Non-current assets	1,252,455	1,192,609	1,179,441
Current liabilities	(1,105,169)	(861,103)	(785,629)
Non-current liabilities	(223,236)	(209,474)	(226,105)
Total net assets	<u>\$ 1,396,464</u>	<u>\$ 1,123,045</u>	<u>\$ 1,044,670</u>

Statements of Comprehensive Income

	Launch Technologies Co., Ltd.	
	July 1 to September 30, 2022	July 1 to September 30, 2021
Revenue	\$ 944,570	\$ 707,955
Profit before tax	202,458	96,879
Income tax expense	(40,503)	(19,376)
Net income	161,955	77,503
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>\$ 161,955</u>	<u>\$ 77,503</u>

	Launch Technologies Co., Ltd.	
	January 1 to September 30, 2022	January 1 to September 30, 2021
Revenue	\$ 2,565,172	\$ 1,867,631
Profit before tax	498,357	198,408
Income tax expense	(97,463)	(39,946)
Net income	400,894	158,462
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>\$ 400,894</u>	<u>\$ 158,462</u>

Statements of Cash Flows

	Launch Technologies Co., Ltd.	
	January 1 to September 30, 2022	January 1 to September 30, 2021
Net cash provided by operating activities	\$ 545,765	\$ 237,447
Net cash used in investing activities	(168,510)	(124,485)
Net cash provided by (used in) financing activities	(120,815)	(100,470)
Increase in cash and cash equivalents for the current period	256,440	12,492
Cash and cash equivalents, beginning of the period	131,709	64,687
Cash and cash equivalents, end of the period	<u>\$ 388,149</u>	<u>\$ 77,179</u>

(IV) Convertible Bond Payable

The convertible bond issued by the Group was embedded with conversion right (meaning the bondholders can exercise the right to convert the bond into common shares of the Group 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 direct-linked traction 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 afore-mentioned liability elements is added with the book value of "capital reserve-stock option" to be the issuance cost of the common stock conversion.

(V) 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.

(VI) Income Tax

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

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

When preparing the consolidated financial statement, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any major accounting estimates and assumptions made and the actual results, the historical experiences, the impact of COVID-19 and other factors will be considered for continuous assessment and adjustments. Such estimates and assumptions may result in risks of material adjustment(s) to the carrying amount of assets and liabilities in the next year. Descriptions of the uncertainties in major accounting judgments, estimates, and assumptions are as follows:

(I) Major Judgments in Adopting the Accounting Policies

None.

(II) Major Accounting Estimates and Assumptions

1. Expected credit loss of Accounts Receive

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

As of September 30, 2022, the carrying amount of the Group's Accounts Receivable was \$3,789,388.

2. The evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technological changes, the Group evaluates and writes down the cost of inventories to its net realizable value based on normal inventory depletion, obsolete

inventories or inventories without market selling value on the balance sheet date. Since the inventory valuation is estimated based on demands for products in a specific future period, it may be subject to significant changes.

As of September 30, 2022, the carrying amount of the Group's inventory was \$3,928,975.

VI. Description of Major Accounting Subjects

(I) Cash and Cash Equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 1,234	\$ 895	\$ 1,711
Checking deposits and demand deposits	1,570,188	757,128	858,460
Cash equivalents - time deposits	890,062	75,000	239,305
	<u>\$ 2,461,484</u>	<u>\$ 833,023</u>	<u>\$ 1,099,476</u>

1. The Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions to disperse credit risk. Therefore, the expected risk of default is pretty low.
2. For the Group's demand deposits, which the use is restricted due to the provision of pledges or overseas funds returned to Taiwan and deposited in special bank accounts, such have been transferred to be listed under the "financial assets measured at amortized cost-current" and "financial assets measured at amortized cost - non-current". Please refer to Note VI (III) in detail.
3. If the term of the above-listed time deposits is less than three months and has no pledge setup, such will be classified as cash equivalents according to the nature.
4. No cash or its equivalents were pledged as collateral by the Group.

(II) Financial Assets and Liabilities at Fair Value through Profit or Loss (FVTPL)

Item	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging financial derivatives	\$ -	\$ 139	\$ -
Convertible bond redemption right	1,600	-	-
Hybrid instrument	7,396	-	-
	\$ 8,996	\$ 139	\$ -
Non-Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Privately offered fund	\$ 21,586	\$ -	\$ -
Valuation adjustments	(1,838)	-	-
	\$ 19,748	\$ -	\$ -
Current items:			
Financial liabilities held for trading			
Non-hedging financial derivatives	\$ -	\$ -	\$ -

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

	July 1 to September 30, 2022	July 1 to September 30, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	\$ -	\$ 1,762
Privately offered funds	(368)	-
Convertible bond redemption right	500	-
Financial liabilities held for trading		
Non-hedging financial derivatives	(331)	(81)
	(\$ 199)	\$ 1,681
	January 1 to September 30, 2022	January 1 to September 30, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	\$ 948	\$ 9,799
Privately offered funds	(1,838)	-
Convertible bond redemption right	500	-
Financial liabilities held for trading		
Non-hedging financial derivatives	(6,122)	(8,450)
	(\$ 6,512)	\$ 1,349

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

September 30, 2022: None.

		December 31, 2021	
Derivative financial assets	Contract Amount (nominal principal)	Contract period	
Current items:			
Forward foreign exchange contracts	USD 2,000 thousand	Dec. 15, 2021~Jan. 21, 2022	
<u>Derivative financial liabilities</u>			
Current items: None			
		September 30, 2021	
Derivative financial assets	Contract Amount (nominal principal)	Contract period	
Current items: None			
<u>Derivative financial liabilities</u>			
Current items:			
Forward foreign exchange contracts	USD 3,350 thousand	Sep. 17, 2021~Oct. 22, 2021	

The forward foreign exchange contract signed by the Group were to sell US dollars in advance; the purpose is to hedge the risk arising from the purchase and sales of goods. However, such transactions did not apply hedge accounting.

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

(III) Financial Assets measured at Amortized Cost

Item	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Demand deposits-special account for repatriated offshore fund	\$ 64,436	\$ 282,135	\$ -
Pledged bank deposits	2,502	1,188	-
Restricted bank deposits	-	-	252,844
	<u>\$ 66,938</u>	<u>\$ 283,323</u>	<u>\$ 252,844</u>
Non-current items:			
Pledged bank deposits	\$ 6,256	\$ 3,860	\$ -

1. As of September 30, 2022, December 31, 2021, and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost was its carrying amount.

- Please refer to Note VIII for details of the Group's use of financial assets measured at amortized cost as pledge guarantees.
- Demand deposit – special account for repatriated special fund is the amount deposited in the bank's special account by the Group in accordance with the regulations on the management, utilization and taxation of offshore repatriated fund, and the use of funds is limited to the amount approved for the plan.
- Please refer to Note XII(II) for information on the credit risk of financial assets measured at cost after amortization. Financial institutions that work with the Group have good credit quality, and the possibility of default is expected to be very low.

(IV) Note Receivables and Accounts

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 11,911	\$ 9,567	\$ 2,427
Accounts Receive	\$ 3,790,489	\$ 4,134,762	\$ 2,757,479
Less: Loss allowance	(1,101)	(2,176)	(1,915)
	<u>\$ 3,789,388</u>	<u>\$ 4,132,586</u>	<u>\$ 2,755,564</u>

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

	September 30, 2022		December 31, 2021		September 30, 2021	
	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable
Not overdue	\$ 11,911	\$ 3,595,271	\$ 9,567	\$ 3,962,561	\$ 2,427	\$ 2,465,637
Overdue:						
Within 30 days	-	175,726	-	120,904	-	273,516
31 to 90 days	-	18,395	-	49,787	-	14,120
91 to 180 days	-	1,097	-	2,510	-	4,197
Over 181 days	-	-	-	-	-	9
	<u>\$ 11,911</u>	<u>\$ 3,790,489</u>	<u>\$ 9,567</u>	<u>\$ 4,134,762</u>	<u>\$ 2,427</u>	<u>\$ 2,757,479</u>

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

- As of September 30, 2022, December 31, 2021, September 30, 2021, and January 1, 2021, the Group's Accounts Receivable and contracts receivable (including notes receivable) amounted to \$3,802,400, \$4,144,329, \$2,759,906, and \$3,162,361 respectively.
- No accounts receivable or notes receivable were pledged as collateral by the Group.
- As of September 30, 2022, December 31, 2021, and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's note receivables and accounts were the carrying amount.
- Please refer to Note XII(II) for information regarding the credit risks on note receivables and Accounts Receive.

(V) Inventories

	September 30, 2022		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,567,424	(\$ 28,645)	\$ 1,538,779
Work in progress	636,837	(2,397)	634,440
Finished goods	1,686,722	(23,677)	1,663,045
Inventory in transit	92,711	-	92,711
	<u>\$ 3,983,694</u>	<u>(\$ 54,719)</u>	<u>\$ 3,928,975</u>

	December 31, 2021		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,037,025	(\$ 28,075)	\$ 1,008,950
Work in progress	651,980	(2,755)	649,225
Finished goods	1,459,919	(30,710)	1,429,209
Inventory in transit	91,485	-	91,485
	<u>\$ 3,240,409</u>	<u>(\$ 61,540)</u>	<u>\$ 3,178,869</u>

	September 30, 2021		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,064,498	(\$ 26,458)	\$ 1,038,040
Work in progress	608,173	(3,099)	605,074
Finished goods	1,075,942	(26,632)	1,049,310
Inventory in transit	58,126	-	58,126
	<u>\$ 2,806,739</u>	<u>(\$ 56,189)</u>	<u>\$ 2,750,550</u>

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

	July 1 to September 30, 2022	July 1 to September 30, 2021
Cost of inventories sold	\$ 3,985,336	\$ 2,995,022
Recovery (gain) loss from price decline	(106)	(2,538)
Idle cost	-	36,854
Disposition loss	706	419
Others	(516)	(12,141)
	<u>\$ 3,985,420</u>	<u>\$ 3,017,616</u>

	January 1 to September 30, 2022	January 1 to September 30, 2021
Cost of inventories sold	\$ 12,531,245	\$ 9,743,293
Recovery (gain) loss from price decline	(817)	(13,836)
Idle cost	-	36,854
Disposition loss	371	1,283
Others	(6,552)	(7,640)
	<u>\$ 12,524,247</u>	<u>\$ 9,759,954</u>

For the periods between July 1 to September 30, 2022 and 2021 and between January 1 to September 30, 2022 and 2021, due to well consumption of inventories, there were increase in the net realizable value of inventories, which relatively reduced the cost of goods sold within the periods.

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

<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Non-current items:			
Unlisted stocks	\$ 55	\$ 55	\$ 55
Valuation adjustments	-	-	-
	<u>\$ 55</u>	<u>\$ 55</u>	<u>\$ 55</u>

1. The Group elected to classify its strategic equity investments as financial assets at fair value through other comprehensive income. The fair value of such investments as of September 30, 2022, December 31, 2021, and September 30, 2021 amounted to \$1,009, \$1,009, and \$1,011 respectively.
2. No financial asset measured at FVTOCI was pledged by the Group as collaterals.

(VII) Prepayments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Input tax	\$ 42,144	\$ 150,979	\$ 132,441
Tax overpaid retained for offsetting the future tax payable	74,300	81,954	55,157
Prepaid expense	67,759	59,630	71,531
Prepayment for purchases	67,949	26,453	18,343
	<u>\$ 252,152</u>	<u>\$ 319,016</u>	<u>\$ 277,472</u>

(VIII) Investments accounted for Using the Equity Method

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Maya Metal Technology Co., Ltd.	\$ 18,800	\$ -	\$ -
Technology on Prototyping Ultimate Co., Ltd.	15,010	-	-
Baoji Zatech Material Co., Ltd.	3,651	3,200	3,334
Munich Composites GmbH	-	-	42,885
	<u>\$ 37,461</u>	<u>\$ 3,200</u>	<u>\$ 46,219</u>

1. As of September 30, 2022, December 31, 2021, and September 30, 2021, the Group did not have any significant associates.
2. The carrying amount and operating results of the Group's individually insignificant associates are summarized as follows:
As of September 30, 2022, December 31, 2021, and September 30, 2021, the carrying amounts of the Group's individually insignificant associates totaled \$37,461, \$3,200, and \$46,219 respectively.

	July 1 to September 30, 2022	July 1 to September 30, 2021
Net income (loss)	(\$ 4,716)	(\$ 1,487)
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>(\$ 4,716)</u>	<u>(\$ 1,487)</u>
	January 1 to September 30, 2022	January 1 to September 30, 2021
Net income (loss)	(\$ 4,842)	(\$ 1,628)
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>(\$ 4,842)</u>	<u>(\$ 1,628)</u>

3. The Group adopted the financial statements of its invested companies accounted for using the equity method for the periods between January 1 to September 30, 2022 and 2021, which were such companies' self-compiled statements and were not reviewed by independent auditors for the same periods.
4. The Group holds 27.27% equity interest in Munich Composites GmbH and is the single largest shareholder of the Company. As the Group only holds one out of its four seats of directors, the Group has no practical ability to direct the relevant activities, and thus it is determined that the Group has no control power but only significant influence over the Company.
5. The Group evaluated Munich Composites GmbH's recoverable amount for continuous operation according to IFRS 36 using 11% discount rate and determined the recoverable amount is less than the company's carrying amount. Hence, in 2021 the Group recognized an impaire loss of \$42,407, and up to the end of September 30, 2022, there was not a significant change on the Group's assessment.
6. The Group holds 25.66% equity interest in Technology on Prototyping Ultimate Co., Ltd. and is the single largest shareholder of the Company. As there are other shareholders (non-related party) in aggregate holding more than the Group's shareholding and the Group did not have any board seat in the Company, the Group has no practical ability to direct the relevant activities, and thus it is determined that the Group has no control power but only significant influence over the Company.

(IX) Property, Plants and Equipment

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 162,544	\$ 162,544	\$ 162,544
Housing and structures	1,104,225	990,817	996,526
Machinery equipment	1,219,770	1,011,340	961,175
Utility equipment	130,872	117,555	122,399
Transportation equipment	1,965	2,047	2,188
Office equipment	23,427	23,845	24,712
Other equipment	211,076	193,482	171,193
Equipment to be inspected and construction in progress	798,487	597,432	488,243
	<u>\$ 3,652,376</u>	<u>\$ 3,099,062</u>	<u>\$ 2,928,980</u>

January 1 to September 30, 2022

Cost						
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	September 30
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Housing and structures	1,670,272	91,164	(12,794)	60,030	64,570	1,873,242
Machinery equipment	2,058,239	257,702	(37,707)	160,091	63,977	2,502,302
Utility equipment	329,585	23,905	(4,553)	6,957	8,307	364,201
Transportation equipment	3,478	350	(225)	-	23	3,626
Office equipment	74,838	7,591	(3,282)	130	2,501	81,778
Other equipment	475,612	47,930	(27,329)	34,567	11,960	542,740
Equipment to be inspected and construction in progress	597,432	275,139	-	(94,086)	20,002	798,487
	<u>\$ 5,372,000</u>	<u>\$ 703,781</u>	<u>(\$ 85,890)</u>	<u>\$ 167,689</u>	<u>\$ 171,340</u>	<u>\$ 6,328,920</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expenses and impairment loss	Disposals	Reclassifications	Net exchange differences	September 30
Housing and structures	\$ 679,455	\$ 79,389	(\$ 12,763)	\$ -	\$ 22,936	\$ 769,017
Machinery equipment	1,046,899	231,320	(35,541)	-	39,854	1,282,532
Utility equipment	212,030	20,311	(4,526)	-	5,514	233,329
Transportation equipment	1,431	438	(225)	-	17	1,661
Office equipment	50,993	8,511	(3,282)	-	2,119	58,341
Other equipment	282,130	67,967	(27,329)	-	8,896	331,664
	<u>\$ 2,272,938</u>	<u>\$ 407,936</u>	<u>(\$ 83,666)</u>	<u>\$ -</u>	<u>\$ 79,336</u>	<u>2,676,544</u>
	<u>\$ 3,099,062</u>					<u>\$ 3,652,376</u>

January 1 to September 30, 2021

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

Accumulated depreciation and impairment

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

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

	January 1 to September 30, 2022	January 1 to September 30, 2021
Capitalization amounts	\$ 1,173	\$ 784
Range of capitalized interest rate	0.569%~1.645%	0.4392%~1.145%

2. Significant components of the Group's buildings and structures include buildings and air conditioning engineering works, which are respectively depreciated over the periods of 36~ 56 years and 3~21 years.
3. Please refer to Note VIII for detailed information regarding property, plant and equipment pledged as collaterals.

(X) Lease Transaction-Lessee

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

	September 30, 2022	December 31, 2021	September 30, 2021
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 737,798	\$ 753,337	\$ 761,391
Housing and structures	126,350	15,176	26,050
Machinery equipment	1,251	-	-
	<u>\$ 865,399</u>	<u>\$ 768,513</u>	<u>\$ 787,441</u>

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
	Depreciation expenses	Depreciation expenses
Land	\$ 6,359	\$ 6,829
Housing and structures	13,211	10,914
Machinery equipment	179	-
	<u>\$ 19,749</u>	<u>\$ 17,743</u>

	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
	Depreciation expenses	Depreciation expenses
Land	\$ 20,123	\$ 21,266
Housing and structures	38,023	35,790
Machinery equipment	179	-
	<u>\$ 58,325</u>	<u>\$ 57,056</u>

3. The additions to the Group's right-of-use assets for the periods between January 1 to September 30, 2022 and 2021 amounted to \$154,522 and \$8,783 respectively.

4. The following table shows the profit or loss items in connection with lease contracts:

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 2,141	\$ 1,691
Expense on leases of low-value assets	8,797	6,340
Gains on lease modification	1,594	-

	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liability	\$ 5,969	\$ 5,453
Expense on leases of low-value assets	27,226	18,222
Gains on lease modification	1,596	-

5. The Group's total cash used in lease were \$80,950 and \$136,094 for the periods between January 1 to September 30, 2022 and 2021 respectively.

6. The option to extend a lease and the option to terminate a lease

(1) Contracts of which the underlying assets are types of land, buildings and structures contain a lease extension option exercisable by the Group.

(2) The group determines the lease term by taking into consideration all relevant facts and circumstances that may create an economic incentive for the Group to exercise the extension option. When there occur major issues in relation to assessing whether to execute the right of extension or whether not to execute to terminate right, the term of lease shall be re-assessed.

(XI) Intangible Assets

	Computer Software	
	2022	2021
January 1		
Cost	\$ 24,198	\$ 19,829
Accumulated Amortization	(11,659)	(12,296)
	<u>\$ 12,539</u>	<u>\$ 7,533</u>
January 1	\$ 12,539	\$ 7,533
Addition - from separately acquired	12,620	9,657
Derecognition - cost reduction	(439)	(5,941)
Re-classification	150	-
Amortization expenses	(5,721)	(3,737)
Derecognition - reduction in accumulated amortization	439	5,941
Effect of exchange rate changes	667	(97)
September 30	<u>\$ 20,255</u>	<u>\$ 13,356</u>
September 30		
Cost	\$ 36,529	\$ 23,545
Accumulated amortization	(16,274)	(10,189)
	<u>\$ 20,255</u>	<u>\$ 13,356</u>

Amortization of intangible assets is detailed as below:

	July 1 to September 30, 2022	July 1 to September 30, 2021
Operating costs	\$ 1,661	\$ 104
Administrative expenses	(284)	803
Research and development expenses	957	545
	<u>\$ 2,334</u>	<u>\$ 1,452</u>
	January 1 to September 30, 2022	January 1 to September 30, 2021
Operating costs	\$ 2,155	\$ 225
Administrative expenses	1,451	2,034
Research and development expenses	2,115	1,478
	<u>\$ 5,721</u>	<u>\$ 3,737</u>

(XII) Short-Term Loans

Type of loans	September 30, 2022	December 31, 2021	September 30, 2021
Bank credit loan	\$ 1,724,472	\$ 1,822,451	\$ 1,416,232
Loans against letter of credit	97,959	79,422	75,922
	<u>\$ 1,822,431</u>	<u>\$ 1,901,873</u>	<u>\$ 1,492,154</u>
Interest rate range	<u>1.13%~5.10%</u>	<u>0.42%~1.35%</u>	<u>0.44%~1.65%</u>

1. Please refer to Note VIII “Pledged Assets” for collateral against the said short-term loans.
2. Please refer to Note VI (XXVII) for information regarding the group’s interest expense of bank loans recognized in profit or loss.

(XIII) Other Payables

	September 30, 2022	December 31, 2021	September 30, 2021
Payroll and bonus payable	\$ 875,025	\$ 832,490	\$ 556,276
Processing fee payable	354,258	410,950	309,039
Employee, directors and supervisors remuneration payable	113,233	113,601	78,868
Equipment expenses payable	40,763	62,948	46,065
Others	442,823	454,937	411,715
	<u>\$ 1,826,102</u>	<u>\$ 1,874,926</u>	<u>\$ 1,401,963</u>

(XIV) Other Current Liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Receipts under custody	\$ 59,474	\$ 102,418	\$ 127,189
Long-term loans due within one year	101,742	99,338	96,349
Contract liabilities – current	38,047	18,887	18,199
Others	4,944	3,974	5,002
	<u>\$ 204,207</u>	<u>\$ 224,617</u>	<u>\$ 246,739</u>

(XV) Corporate Bond Payable

	September 30, 2022
Corporate Bond Payable	\$ 1,000,000
Less: Discount on corporate bond payable	(40,237)
	<u>959,763</u>
Less: Corporate bond that has put right expires or executable within 1 year or 1 business operation cycle	-
	<u>\$ 959,763</u>

On December 31, 2021 and September 30, 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 OTC Taipei Exchange of the Republic of China.
 - B. Except for the period specified in the prospectus or the temporary suspension period 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.
 - 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 forty 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 forty 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 OTC), 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) As of September 30, 2022, the convertible bonds have not been recovered (including bought back from the OTC), converted or adjusted in par value.
2. 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”. 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; hence, 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%.

(XVI) Long-Term Loans

Type of loans	Loan period and repayment method	Interest rate range	Collateral	September 30, 2022
Long-term bank loans				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	1.445% ~1.645%	Machinery and other equipment	\$ 45,917
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.645%	Housing and structures	95,940
Secured loan	Duration from April 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in 59 installments on a monthly basis (Note).	1.000%	Demand deposit, housing and structures	43,404
Secured loan	Duration from June 2022 to March 2026 and interest paid on a monthly basis. In addition, from April 2023 onwards, the remaining amounts are paid back in 36 installments on a monthly basis (Note).	1.000%	Housing and structures, machinery and other equipment	67,316
				252,577
Less: long-term loan due in one year				(101,742)
				<u>\$ 150,835</u>

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

Type of loans	Loan period and repayment method	Interest rate range	Collateral	September 30, 2021
Long-term bank loans				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	0.945% ~1.145%	Machinery equipment	\$ 107,485
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.145%	Housing and structures	127,920
Secured loan	Duration from April 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in 59 installments on a monthly basis. (Note)	0.500%	Housing and structures	13,121
				248,526
Less: long-term loan due in one year				(96,349)
				\$ 152,177

Note: From March 15, 2021 to June 15, 2022, the Group obtained a low-interest loan from the Root in Taiwan Enterprise Accelerated Investment Project granted by the Executive Yuan. The loan period is 5 years, and the loan amount is \$120,900. Upon receipt of the loan amount, we recognized a deferred government subsidy benefit of \$1,334. As of September 30, 2022, December 31, 2021, and September 30, 2021, the balances of the deferred government subsidy benefits were \$1,071, \$269, and \$150 respectively (separately listed under "Other Current Liabilities - Others" were \$511, \$111 and \$58 respectively and under "long-term deferred income" were \$560, \$159 and \$92 respectively), and from January 1 to September 30, 2021 and 2022, we respectively recognized as government subsidy income of \$207 and \$28 respectively based on the interest amortization during the loan period.

1. Please refer to Note VIII "Pledged Assets" for collateral of the above-listed long term loans.
2. The Group's bank loans are recognized interest expenses in profit or loss, please refer to Note VI (XXVII) for detailed information.

(XVII) Pensions

- 1.(1) In compliance with the requirements set forth in the “Labor Standards Act”, 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 the first 15 (including) years, and one base point is given for an additional year of service thereafter, provided that the total base points shall not exceed forty-five (45) point. The Company contributes, on a monthly basis, 2% of the total salary (wages) as the pension fund, which is deposited into 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 would assess the balance of the aforementioned designated pension fund account, and 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 in the following year.
 - (2) For the periods between July 1 to September 30, 2022 and 2021, and the periods between January 1 to September 30, 2022 and 2021, the pension costs recognized by the Group in accordance with the aforementioned contribution plans were \$572, \$571, \$1,721, and \$1,713.
 - (3) The Company expects to make contributions of \$2,296 to the pension plans within one year.
- 2.(1) Starting from July 1, 2005, the Company and domestic subsidiaries have set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees’ monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance. Payment of the pension fund will be paid in a monthly basis or in a lump sum with the amounts calculated based on the pension fund account balance and the accrued benefits accumulated over the years.
 - (2) Advanced Sporting Goods (Dongguan) Co., Ltd. and Advanced Sporting Goods (Shatian, Dongguan) Co., Ltd. make a pension contribution on a monthly basis in an amount equal to a certain

percentage of the employees' monthly salaries and wages in accordance with the requirements as set forth in the pension system of the People's Republic of China. The appropriation percentage was 13% for the periods between July 1 to September 30, 2022 and 2021, and the periods between January 1 to September 30, 2022 and 2021. The pension for each employee is managed by the government, hence the Group doesn't have further obligations except for making a monthly contribution.

(3)As required by the Vietnamese government, Advanced International Multitech (VN) Corporation Ltd. makes a monthly contribution in an amount equal to one month of an employee's minimum wages to the retirement plan, which is managed by the various responsible departments of the Vietnamese government. Other than making a monthly contribution, the Company has no further obligations.

(4)For the periods between July 1 to September 30, 2022 and 2021, and the periods between January 1 to September 30, 2022 and 2021, the pension costs recognized by the Group in accordance with the aforementioned contribution plans were \$36,862, \$31,040, \$107,277, and \$87,542.

(XVIII) Share-based Payment

1. In the third quarter of 2022, the Group'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 (show in 1,000 share):

	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 September 30	-	-	-	-

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

(XIX) Share Capital

As of September 30, 2022, the Company had an authorized capital in the amount of \$1,800,000 with 180,000 thousand shares (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible bonds), and a paid-in capital in the amount of \$1,353,127 with each share priced at NT\$10. Share payments for the Company's issued stocks have been collected in full.

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

	January 1 to September 30, 2022	January 1 to September 30, 2021
January 1	131,934	135,313
Treasury stock transfer to employees	400	-
Treasury stock buyback	-	(409)
September 30	<u>132,334</u>	<u>134,904</u>

2. Treasury Stock

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

		September 30, 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)	<u>2,979</u>	<u>\$ 227,667</u>

		December 31, 2021	
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)	<u>3,379</u>	<u>\$ 258,235</u>

		September 30, 2021	
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)	<u>409</u>	<u>\$ 31,527</u>

Note: On September 22, 2021, the Company's board of directors resolved to buy back treasury stocks; it was estimate 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.

(XX) Capital Surplus

Under the Company Act, capital surplus arising from shares issued at the premium or from donation may be used for offsetting the deficit. Furthermore, if the Company has no accumulated loss, the capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In 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.

(XXI) 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 exceed 10% of the total dividends distributed.

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 thereto 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 2021 and 2020 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.

(XXII) Operating Revenue

1. Analysis of customer contracts

All the Group'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:

<u>Customer by geographical areas</u>	July 1 to September 30,		July 1 to September 30,	
	2022		2021	
Americas	\$	3,396,316	\$	2,358,949
Asia		1,479,844		1,254,807
Others		105,444		67,058
	\$	4,981,604	\$	3,680,814

<u>Customer by geographical areas</u>	January 1 to September 30,		January 1 to September 30,	
	2022		2021	
Americas	\$	10,666,830	\$	8,386,255
Asia		4,237,930		3,334,065
Others		578,346		324,543
	\$	15,483,106	\$	12,044,863

2. Contract liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>January 1, 2021</u>
Consumer products	\$ 38,047	\$ 18,887	\$ 18,199	\$ 20,221

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

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Consumer products	\$ 5,566	\$ -
	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Consumer products	\$ 9,749	\$ 20,041

(XXIII) Other Income and Expenses -Net

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Income from molds	\$ 13,072	\$ 7,645
Income from samples	7,638	8,448
Other income	15,069	16,412
	<u>\$ 35,779</u>	<u>\$ 32,505</u>
	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Income from molds	\$ 37,252	\$ 18,513
Income from samples	24,556	14,393
Other income	41,656	68,246
	<u>\$ 103,464</u>	<u>\$ 101,152</u>

(XXIV) Interest Income

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Interest from bank deposits	\$ 4,452	\$ 729
	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Interest from bank deposits	\$ 6,334	\$ 2,802

(XXV) Other Income

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Government subsidy income	\$ 262	\$ 62
Others	572	828
	<u>\$ 834</u>	<u>\$ 890</u>
	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Government subsidy income	\$ 1,740	\$ 17,621
Others	2,283	1,257
	<u>\$ 4,023</u>	<u>\$ 18,878</u>

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

(XXVI) Other Gains and Losses

	July 1 to September 30, 2022	July 1 to September 30, 2021
Loss on disposal and retirement of property, plant and equipment	\$ 41	(\$ 5,439)
Gain (loss) on foreign exchange, net	321,601	25,055
Net gains (loss) from financial assets and liabilities at fair value through profit or loss	(199)	1,681
Gains on lease modifications	1,594	-
Others	15,562	8,036
	<u>\$ 338,599</u>	<u>\$ 29,333</u>
	January 1 to September 30, 2022	January 1 to September 30, 2021
Loss on disposal and retirement of property, plant and equipment	(\$ 72)	(\$ 5,472)
Loss on foreign exchange, net	627,875	(72,886)
Net gains (loss) from financial assets and liabilities at fair value through profit or loss	(6,512)	1,349
Gains on lease modifications	1,596	-
Others	22,368	22,425
	<u>\$ 645,255</u>	<u>(\$ 54,584)</u>

(XXVII) Financial Costs

	July 1 to September 30, 2022	July 1 to September 30, 2021
Interest expense	\$ 11,692	\$ 4,883
Interest on lease liabilities	2,141	1,691
Amortization of corporate bond discount	2,724	-
Other financing costs	25	37
	<u>\$ 16,582</u>	<u>\$ 6,611</u>
	January 1 to September 30, 2022	January 1 to September 30, 2021
Interest expense	\$ 24,926	\$ 16,671
Interest on lease liabilities	5,969	5,453
Amortization of corporate bond discount	2,724	-
Other financing costs	108	142
	<u>\$ 33,727</u>	<u>\$ 22,266</u>

(XXVIII) Additional Information regarding the Nature of Expenses

	July 1 to September 30, 2022	July 1 to September 30, 2021
Employee benefits expense	\$ 1,061,025	\$ 743,828
Depreciation expenses	163,060	130,471
Amortization expenses	19,247	6,485

	January 1 to September 30, 2022	January 1 to September 30, 2021
Employee benefits expense	\$ 2,988,203	\$ 2,361,945
Depreciation expenses	466,261	387,271
Amortization expenses	44,379	17,292

(XXIX) Employee Benefits Expense

	July 1 to September 30, 2022	July 1 to September 30, 2021
Salary and wages	\$ 921,059	\$ 637,395
Labor and health insurance premiums	55,355	39,982
Pension expense	37,434	31,611
Remuneration to directors	3,885	3,000
Other personnel cost	43,292	31,840
	<u>\$ 1,061,025</u>	<u>\$ 743,828</u>

	January 1 to September 30, 2022	January 1 to September 30, 2021
Salary and wages	\$ 2,587,432	\$ 2,016,840
Labor and health insurance premiums	163,456	134,169
Pension expense	108,998	89,255
Remuneration to directors	11,655	8,470
Other personnel cost	116,662	113,211
	<u>\$ 2,988,203</u>	<u>\$ 2,361,945</u>

1. The Articles of Incorporation requires that the Company allocate no less than one percent (1%) of its annual earnings as employee compensation, and no greater than five percent (5%) of its annual earnings as remuneration for directors and supervisors. However, if the Company still has an accumulated deficit, the earnings should be used to make up the loss.
2. For the periods between July 1 to September 30, 2022 and 2021, and the periods between January 1 to September 30, 2022 and 2021, the Company recognized compensation to employees in the accrued amounts equal to \$33,082, \$17,723, \$70,153, and \$57,717 respectively; remuneration to directors and supervisors in the accrued amounts equal to \$2,600, \$2,500, \$7,800, and \$7,500, respectively, and the above mentioned amounts were presented under payroll expense.

The amounts for the period between January 1 to September 30, 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.

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

(XXX) Income Tax

1. Components of income tax expense:

	July 1 to September 30, 2022	July 1 to September 30, 2021
Current income tax:		
Income tax arising from the current period	\$ 170,751	\$ 84,040
Underestimation (overestimation) of prior year's income taxes	-	(53)
Total current income tax	170,751	83,987
Deferred income tax:		
Originating and reversed temporary differences	56,012	(11,490)
Income tax expense	<u>\$ 226,763</u>	<u>\$ 72,497</u>
	January 1 to September 30, 2022	January 1 to September 30, 2021
Current income tax:		
Income tax arising from the current period	\$ 480,325	\$ 261,518
Underestimation (overestimation) of prior year's income taxes	(1,713)	5,595
Total current income tax	478,612	267,113
Deferred income tax:		
Originating and reversed temporary differences	99,990	19,850
Income tax expense	<u>\$ 578,602</u>	<u>\$ 286,963</u>

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

(XXXI) Earnings Per Share

	July 1 to September 30, 2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 627,445	132,334	\$ 4.74
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 627,445	132,334	
Effect of potentially dilutive common stocks			
Convertible bonds	1,779	9,796	
Employee remuneration	-	360	
Net profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	<u>\$ 629,224</u>	<u>142,490</u>	<u>\$ 4.42</u>

	July 1 to September 30, 2021		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 252,952	135,294	\$ 1.87
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 252,952	135,294	
Effect of potentially dilutive common stocks			
Employee remuneration	-	228	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 252,952	135,522	\$ 1.87

	January 1 to September 30, 2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 1,716,021	132,268	\$ 12.97
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 1,716,021	132,268	
Effect of potentially dilutive common stocks			
Convertible bonds	1,779	3,301	
Employee remuneration	-	958	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 1,717,800	136,527	\$ 12.58

	January 1 to September 30, 2021		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 929,750	135,306	\$ 6.87
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 929,750	135,306	
Effect of potentially dilutive common stocks			
Employee remuneration	-	937	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 929,750	136,243	\$ 6.82

(XXXII) Additional Information regarding Cash Flows

1. Investing activities with partial cash payments:

	January 1 to September 30, 2022	January 1 to September 30, 2021
Acquisition of property, plant and equipment	\$ 703,781	\$ 607,309
Add: Equipment payable, beginning of period (recognized in other payables)	62,948	67,631
Less: Equipment payable, end of period (recognized in other payables)	(40,763)	(46,065)
Amount paid in cash - current period	<u>\$ 725,966</u>	<u>\$ 628,875</u>
	January 1 to September 30, 2022	January 1 to September 30, 2021
Treasury stock buyback	\$ -	\$ 31,527
Less: Other payables, end of period	-	(10,617)
Amount paid in cash-current period	<u>\$ -</u>	<u>\$ 20,910</u>

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

	January 1 to September 30, 2022	January 1 to September 30, 2021
Equipment prepayments transferred to property, plant and equipment	\$ 171,230	\$ 67,376
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	-
Reclassification of long term loan to current portion of long term liabilities	\$ 101,742	-

(XXXIII) Changes in Liabilities from Financing Activities

	Short-term loans	Corporate bonds payable	Long-term loans (including 1-year due)	Lease liabilities	Total financing liabilities
January 1, 2022	\$ 1,901,873	\$ -	\$ 236,874	\$ 559,328	\$ 2,698,075
Changes in financing cash flows	(202,232)	1,021,023	16,505	(47,755)	787,541
Effect of exchange rate changes	122,790	-	-	653	123,443
Other non-cash changes	-	(61,260)	(802)	121,908	59,846
September 30, 2022	<u>\$ 1,822,431</u>	<u>\$ 959,763</u>	<u>\$ 252,577</u>	<u>\$ 634,134</u>	<u>\$ 3,668,905</u>
	Short-term loans	Corporate bonds payable	Long-term loans (including 1-year due)	Lease liabilities	Total financing liabilities
January 1, 2021	\$ 1,016,201	\$ -	\$ 305,455	\$ 680,605	\$ 2,002,261
Changes in financing cash flows	490,699	-	(56,779)	(112,419)	321,501
Effect of exchange rate changes	(14,746)	-	-	(1,429)	(16,175)
Other non-cash changes	-	-	(150)	8,515	8,365
September 30, 2021	<u>\$ 1,492,154</u>	<u>\$ -</u>	<u>\$ 248,526</u>	<u>\$ 575,272</u>	<u>\$ 2,315,952</u>

VII. Related-Party Transactions

(I) Name and relationship of related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Baoji Zatech Material Co., Ltd.	Associates of the Group
Munich Composites GmbH	Associates of the Group
Technology on Prototyping Ultimate Co., Ltd.	Associates of the Group
Maya Metal Technology Co., Ltd. (hereinafter "Maya Metal")	Associates of the Group

(II) Important transactions with related parties

1. Purchase

	July 1~September 30, 2022	July 1~September 30, 2021
Merchandise purchased from :		
Maya Metal	\$ 10,443	\$ -
	<u>January 1~September 30, 2022</u>	<u>January 1~September 30, 2021</u>
Merchandise purchased from :		
Maya Metal	\$ 10,443	\$ -

The Group's purchase price with the related parties is negotiated by both parties with reference to market conditions, and the payment terms are not significantly different from those of non-related parties.

2. Transaction amount with related parties

	September 30, 2022	September 30, 2021
Accounts Payable :		
Maya Metal	\$ 1,829	\$ -

The amount payable to related parties mainly comes from the purchase of materials, and the payment terms are 45 days after acceptance in monthly settlement, and there is no interest payment on the payable amount.

(III) Information about Remunerations to the Major Management

	July 1 to September 30, 2022	July 1 to September 30, 2021
Salary and other employee benefits	\$ 15,940	\$ 13,194
	January 1 to September 30, 2022	January 1 to September 30, 2021
Salary and other employee benefits	\$ 74,980	\$ 52,688

VIII. Pledged Assets

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

Name of assets	Carrying amount			Guarantee use
	September 30, 2022	December 31, 2021	September 30, 2021	
Demand deposit (presented as "financial asset measured at amortized cost")	\$ 8,758	\$ 5,048	\$ -	Long-term loans and credit facility guarantee
Land	125,648	125,648	125,648	Short-term loans
Buildings and structures - net	224,914	235,171	238,533	Short-term and long-term loans and credit facility guarantee
Machinery and equipment - net	230,941	168,813	175,398	Long-term loans and credit facility guarantee
Other equipment - net	4,471	3,796	4,175	Long-term loans credit facility guarantee
Pledged time deposits (presented as "other non-current assets - others")	7,963	31,563	31,013	Customs deposits, performance security deposits, and lease deposit
	<u>\$ 602,695</u>	<u>\$ 570,039</u>	<u>\$ 574,767</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingency

None

(II) Commitments:

1. Balance of outstanding letter of credit:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Raw materials imported	\$ 115,820	\$ 114,370	\$ 94,903

2. Capital expenditures committed but not yet to incur:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Property, plant and equipment	\$ 414,464	\$ 1,077,760	\$ 543,621

3. Operating lease agreements

Please refer to Note VI(X) for explanation.

4. The Group 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 group promised to invest in \$55,000 according to the agreement. As of September 30, 2022, the Group has invested \$21,586.

X. Significant Losses from Disasters

None.

XI. Significant Subsequent Events

The Company's subsidiary - Launch Technologies Co., Ltd., for enriching its working capital, passed a proposal regarding the handling and issuing of its first domestic unsecured conversion bond in its board of directors' meeting held on August 4, 2022. It was planned to issue 5,000 domestic unsecured convertible bonds for the first time with each bond having a face value of \$100,000. The total face value amounted to \$500,000. The bond was issued on October 7, 2022 and was 3-year, 0% coupon rate and issued at 102.98% of its face value. As of the date of reviewing the report, the debt collection bank has collected all the funds, totaling \$514,901, and remitted to the a special deposit bank.

XII. Others

(I) Capital Management

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

(II) Financial Instrument

1. Types of financial instruments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 28,744	\$ 139	\$ -
Financial assets at fair value through other comprehensive income			
Election of the designated equity instrument investment	55	55	55
Financial assets measured at amortized cost			
Cash and cash equivalents	2,461,484	833,023	1,099,476
Financial assets measured at amortized cost	73,194	287,183	252,844
Notes receivable	11,911	9,567	2,427
Accounts receivable	3,789,388	4,132,586	2,755,564
Other receivables	22,467	17,169	13,195
Refundable deposits	29,036	51,574	50,971
	<u>\$ 6,416,279</u>	<u>\$ 5,331,296</u>	<u>\$ 4,174,532</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized costs			
Financial liabilities held for trading	\$ -	\$ -	\$ 250
Short-term loans	1,822,431	1,901,873	1,492,154
Notes payable	2,267	3,821	2,375
Accounts payable	2,078,062	2,088,622	1,468,152
Other payables	1,826,102	1,874,926	1,401,963
Long-term loans (including 1-year due)	252,577	236,874	248,526
Corporate bond payable	959,763	-	-
Deposits received	736	632	583
	<u>\$ 6,941,938</u>	<u>\$ 6,106,748</u>	<u>\$ 4,614,003</u>
Lease liabilities (including non-current)	<u>\$ 634,134</u>	<u>\$ 559,328</u>	<u>\$ 575,272</u>

2. Risk management policy

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

3. The nature and degree of significant financial risks

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

(1) Market risk

Foreign exchange rate risk

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

		September 30, 2022		
		Foreign currency (in \$ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	\$ 142,727	31.75	\$ 4,531,582
	USD:RMB	39,864	7.1217	1,265,682
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	41,647	31.75	1,322,292
	USD:RMB	35,914	7.1217	1,140,270

		December 31, 2021		
		Foreign currency (in \$ thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	\$ 170,550	27.68	\$ 4,720,816
	USD:RMB	54,289	6.3565	1,502,726
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	83,215	27.68	2,303,391
	USD:RMB	45,878	6.3565	1,269,903

				September 30, 2021	
		Foreign currency (in \$ thousands)	Exchange rate	Carrying amount (NTD)	
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
		\$	126,436	27.85	\$ 3,521,243
			38,482	6.4496	1,071,724
<u>Financial liabilities</u>					
<u>Monetary items</u>					
			46,319	27.85	1,289,984
			39,329	6.4496	1,095,313

- B. The monetary items of the Group are significantly affected by currency fluctuations, so for the periods between July 1 to September 30, 2022 and 2021, and the periods between January 1 to September 30, 2022 and 2021, the Group recognized total exchange gain (loss) of \$321,601, \$25,055, \$627,875, and (\$72,886) respectively.
- C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

					January 1 to September 30, 2022		
					Sensitivity analysis		
		Range of change	Effects on profit or loss		Effects on other comprehensive income		
(Foreign currency: Functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
		1%	\$	45,316	\$	-	
		1%		12,657		-	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
		1%		13,223		-	
		1%		11,403		-	

					January 1 to September 30, 2021		
					Sensitivity analysis		
		Range of change	Effects on profit or loss		Effects on other comprehensive income		
(Foreign currency: Functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
		1%	\$	35,212	\$	-	
		1%		10,717		-	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
		1%		12,900		-	
		1%		10,953		-	

Price risk

The Group is not exposed to price risk from products.

Cash flow interest rate risk and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from the issuance of short-term and long-term loans with floating interest rates that have resulted in the exposures to cash flow interest rate risks. The Group's policy aims to maintain at least 1.145% of the loans as fixed interests and, if necessary, achieves the target by means of interest rates swaps. For the periods between January 1 to September 30, 2022 and 2021, the Group's issuance of short-term and long-term loans with floating interest rates was mainly denominated in New Taiwan Dollars.
- B. If the borrowing interest rate of NTD increases or decreases by 0.25%, holding other variables constant, the net income after tax for the periods between January 1 to September 30, 2022 and 2021 will decrease or increase by \$2,838 and \$2,095, respectively, primarily due to changes in interest expense incurred by borrowings with floating interest rates.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by customers or 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 Group trades only with counter-parties having good credit ratings, and so there hasn't been any default on cash and cash equivalents or financial derivatives.

Accounts receivable

- A. The Group has established a specific internal credit policy, which requires entities within the Group to manage and conduct credit analysis on every new customer before stipulating the terms and conditions for payments and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.
- B. The Group adopts the presumption that the credit risk of a financial asset is deemed significantly increased since initial recognition when contractual payments are more than 90 days past due, and that a default is deemed to have occurred when the contractual payments are more than 180 days past due.

- C. The Group's accounts receivables are due from ordinary enterprises. The Group assesses the credit quality of an individual customer by type by taking into account such customer's financial position, historical transaction records, and current economic status, and estimates the expected credit losses on the basis of the provision matrix using the simplified approach.
- D. After the recourse process, the Group writes off the financial asset to the extent of the recovery amount that can not be reasonably expected; nonetheless, the Group will keep legal recourse to secure its creditor's rights.
- E. Expected credit losses on the Company's accounts receivable as of September 30, 2022, December 31, 2021, and September 30, 2021 were as follows:

	Not overdue	Within 30 days	31 to 60 days	61 to 90 days	Over due				100%
					91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	
September 30, 2022	0.00%~0.01%	0.04%~0.22%	0.04%~1.49%	0.08%~3.56%	0.38%~7.03%	3.72%~26.01%	22.31%~51.78%		
December 31, 2021	0.00%~0.02%	0.02%~0.23%	0.02%~1.94%	0.04%~4.77%	0.19%~10.32%	1.86%~34.37%	22.31%~67.99%		
September 30, 2021	0.00%~0.04%	0.02%~0.51%	0.02%~3.39%	0.04%~7.35%	0.19%~14.47%	1.86%~58.06%	22.31%~93.69%		

The Group's balance of accounts overdue for 31 days and more as of September 30, 2022, December 31, 2021, and September 30, 2021 accounted for approximately 0.51%, 1.24% and 0.66% 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	\$ -	\$ 2,176
Reversal of impairment loss	-	(1,075)
September 30	\$ -	\$ 1,101
	2021	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 1,807
Provision of impairment loss	-	108
September 30	\$ -	\$ 1,915

(3) Risk of liquidity

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

with appropriate maturity or with sufficient liquidity so as to satisfy the said forecasting and provide sufficient position for dispatching of funds. As of September 30, 2022, December 31, 2021, and September 30, 2021, the Group had a money market position in the amounts equal to \$2,460,250, \$832,128, and \$1,097,765, respectively.

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

	September 30, 2022		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,839,551	\$ -	\$ -
Notes payable	2,267	-	-
Accounts payable	2,078,062	-	-
Other payables	1,826,102	-	-
Lease liabilities (including non-current)	65,280	64,445	584,700
Long-term loans	104,415	68,644	85,406
Corporate bond payable	-	-	1,000,000
<u>Derivative financial liabilities: None.</u>			

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

	September 30, 2021		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,497,223	\$ -	\$ -
Notes payable	2,375	-	-
Accounts payable	1,468,152	-	-
Other payables	1,401,963	-	-
Lease liabilities (including non-current)	46,888	24,862	583,964
Long-term loans	98,541	82,175	72,082
<u>Derivative financial liabilities:</u>			
Forward foreign exchange contracts	250		

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

(III) 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 Group's investment in derivatives is all Level 2 inputs.

Level 3: Un-observable inputs of assets or liability. The Group'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 measured not at fair value

The carrying amount of the group'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 payables, lease liabilities, corporate bond payable, long-term loans (including those due within 1 year), and guarantee deposit received, are reasonable approximation of fair value.

3. For financial instruments measured at fair value, the Group 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:

September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ -	\$ 1,600	\$ 1,600
Privately offered funds	-	-	19,748	19,748
Hybrid instruments	-	-	7,396	7,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,799</u>	<u>\$ 28,799</u>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 139	\$ -	\$ 139
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ 139</u>	<u>\$ 55</u>	<u>\$ 194</u>
September 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 55	\$ 55
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 250	\$ -	\$ 250

- (2) Methods and assumptions adopted by the Group 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 Group adopts the net asset value method to evaluate 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 was no transfer between Level 1 and Level 2 of the fair value hierarchy for the periods between January 1 to September 30, 2022 and 2021.
5. The following table shows the Level 3 changes for the period between January 1 to September 30, 2022 :

	2022			Total
	Privately offered fund	Hybrid instrument	Derivative instrument	
January 1	\$ -	\$ -	\$ -	\$ -
Invest - current	21,586	7,396	-	28,982
Issue - current	-	-	1,100	1,100
Loss recognized at profit or loss				
Recorded as non-operating profit and loss	(1,838)	-	500	(1338)
September 30	<u>\$ 19,748</u>	<u>\$ 7,396</u>	<u>\$ 1,600</u>	<u>\$ 28,744</u>

During the period from January 1 to September 30, 2021: None.

6. Valuation process regarding fair value Level 3 is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified through the use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g., calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.
7. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	Fair value as of September 30, 2022	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value	
Derivative instrument: Convertible bond embedded option	\$	1,600	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		19,748	Net asset value method	Not applicable	Not applicable	Not applicable
Hybrid instrument:						
Contract of convertible bond		7,396	Net asset value method	Not applicable	Note applicable	Not applicable
	Fair value as of December 31, 2021	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value	
Non-derivative equity instruments:						
Shares of venture capital company	\$	1,009	Net asset value method	Not applicable	Not applicable	Not applicable
	Fair value as of September 30, 2021	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value	
Non-derivative equity instruments:						
Shares of venture capital company	\$	1,011	Net asset value method	Not applicable	Not applicable	Not applicable

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

(IV) Other Matters

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

XIII. Additional Disclosures

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

(II) Information 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

(I) General Information

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

(II) Measurement of Segment Information

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

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

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

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to September 30, 2022

Table 1

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Investor	Type and name of securities	Relationship with the issuer	General ledger account	End of the period				Note
				Number of shares	Carrying amount	Shareholding ratio	Fair value	
Advanced International Multitech Co., Ltd.	Hua Nan Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	57,438	\$ 55	10.60%	\$ 1,009	
Advanced International Multitech Co., Ltd.	Taishin Health Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	19,748	8.46%	19,748	

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to September 30, 2022

Table 2

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Name of company	Name of the counterparty	Relationship	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes or accounts receivable (payable)		Note
			Purchase (sale)	Amount	Ratio to total purchases (sales) (%)	Loan period	Unit price	Loan period	Balance	Ratio to total notes or accounts receivable (payable) (%)	
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchases	\$ 7,527,345	72%	Note 1	Note 1	Note 1	(\$ 893,352)	76%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchases	2,470,859	24%	Note 1	Note 1	Note 1	(139,097)	12%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	(7,527,345)	-100%	Note 3	Note 3	Note 3	893,352	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	(2,470,859)	-100%	Note 3	Note 3	Note 3	139,097	100%	

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

Note 2: The purchase (sales) amount comprises the sales revenue (sales of raw materials and goods) and operating costs (purchase of goods) arising from the Company's sales to its subsidiaries and sub-subsidiaries, that's about processing of removal materials, offset by \$1,165,607 for the six months ended September 30, 2022.

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

Advanced International Multitech Co., Ltd. and Subsidiaries

Receivables from Related Parties Amounting to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital
January 1 to September 30, 2022

Table 3

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Name of company	Name of the counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts of receivables from related parties received in subsequent period	Allowance for doubtful accounts	Note
					Amount	Action taken			
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	\$ 893,352	7.35	\$ -	-	\$ -	\$ -	-
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	139,097	15.17	-	-	139,097	-	-

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to September 30, 2022

Table 4

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

No. (Note 1)	Name of the company	Name of the transaction counterparty	Relationship with counterparty (Note 2)	Conditions of transactions			Ratio to consolidated total revenue or total assets (%)
				General ledger account	Amount	Transaction terms	
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchases	\$ 7,527,345	According to the agreement between both parties	49%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Accounts payable	893,352	According to the agreement between both parties	6%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchases	2,470,859	According to the agreement between both parties	16%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Accounts payable	139,097	According to the agreement between both parties	1%

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

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

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

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

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to September 30, 2022

Table 5

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Investor	Name of investee company	Location	Primary business	Original investment amount		Ownership, end of period			Income (loss) of the investee	Recognized investment gain or loss for the period	Note
				End of the period	End of last year	Number of shares	Ownership (%)	Carrying amount			
Advanced International Multitech Co., Ltd.	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	British Virgin Islands	Investment in other regions	\$ 149,434	\$ 149,434	4,584,815	100	1,002,597	\$ 293,209	\$ 289,561	Note 1
Advanced International Multitech Co., Ltd.	ADVANCED TERNATIONAL MULTITECH (VN) CORPORATION LTD.	Vietnam	Engaged in the production and sales of various golf club shafts and heads, and golf sets.	447,331	447,331	14,000,000	100	649,354	37,444	36,901	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	781,035	400,894	224,218	
Advanced International Multitech Co., Ltd.	Munich Composites GmbH	Germany	Engaged in design, research, development and production of carbon fiber bicycle wheels and Carbon Fiber Reinforced Polymer products.	49,212	49,212	21,003	27.27	-	-	-	Note 2
Advanced International Multitech Co., Ltd.	Technology On Prototyping Ultimate Co., Ltd.	Taiwan	Engaged in systems integration engineering services such as aerospace, vehicle, defense, machinery, energy, electronics, medical, materials and process equipment	15,600	-	1,200,000	25.66	15,010	(721)	(591)	
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Maya Metal Technology Company Limited	Vietnam	Engaged in the OEM production of various golf club shafts and heads, and golf sets.	22,290	-	750,000	30	18,800	(15,414)	(4,624)	

Note 1: The difference between the profit or loss of the investee for the period and the investment profit or loss recognized by the Company is the unrealized gain or loss arising from inter-company transactions.

Note 2: According to "IAS 36", the recoverable amount of Munich Composites GmbH continuing operations is estimated to be 0.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investments in Mainland China - General Information

January 1 to September 30, 2022

Table 6

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Investee company	Primary business	Actual paid-in capital	Method of investment	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount		Ending balance of accumulated outflow of investment from Taiwan	Profit or loss of investee company	Direct or indirect ownership of the Company (%)	Investment gain or loss recognized for the period	Carrying amount of investment end period	Investment income repatriated as of the end of current period	Note
					Remittance	Recovery							
Advanced Group International (BVI) Co.,Ltd.:	Engaged in production and sale of carbon fiber prepreg materials and sports products	\$ 149,446	2	\$ 149,434	\$ -	\$ -	\$ 149,434	\$ 293,206	100	\$ 293,206	\$ 1,009,855	\$ 948,328	Note 1 and Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.													
Advanced Sporting Goods (Dongguan) Co., Ltd.:	Engaged in production of materials	17,832	3	-	-	-	-	1,493	25	373	3,651	-	Note 1, Note 2, Note 3, Note 4
Baoji Zatech Material Co., Ltd.													

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

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

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

Note 3: the amount of paid-in capital is converted based on the RMB4,000 thousand at exchange rate of 4.458.

Note 4: Being the sub-subsidiary of the Company, Advanced Sporting Goods (Dongguan) Co., Ltd. directly invested in the investee company in mainland China, the Company does not have actual remittance amount.

Name of company	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper limit on investment authorized by the Investment Commission, M.O.E.A.
Advanced International Multitech Co., Ltd. (Note 5, Note 6, Note 7)	\$ 149,434	\$ 145,320	\$ 4,174,191

Note 5: Accumulated outward remittance from Taiwan to Mainland China at the end of the period is translated at the spot exchange rate of USD4,577 thousand at the time of the remittance.

Note 6: The investment amount approved by the Investment Commission of the Ministry of Economic Affairs is USD4,577 thousand, which is translated using the USD exchange rate of 31.75 at the balance sheet date.

Note 7: According to the quota stipulated in letter No.09704604680 of the Ministry of Economic Affairs on August 29, 2008.

Advanced International Multitech Co., Ltd. and Subsidiaries

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

January 1 to September 30, 2022

Table 7

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

Investee company	Sales (purchases)		Property transaction		Accounts receivable (payable)		Endorsement/guarantee or collateral provided		Financing				Others
	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Maximum balance	Ending balance	Interest rate range	Current interest	
Advanced Sporting Goods (Dongguan) Co., Ltd.	(\$ 7,527,345)	(72%)	\$ -	-	(\$ 893,352)	(76%)	\$ -	-	\$ -	\$ -	-	\$ -	Note

Note: The purchase (sales) amount comprises the sales revenue (sales of raw materials and work-in-progress) and operating costs (purchase of goods) arising from related processing of the Company's sales to Advanced Sporting Goods (Dongguan) Co., Ltd., that's about processing of removal materials, offset by \$993,352 for the six months ended September 30, 2022.

Advanced International Multitech Co., Ltd. and Subsidiaries

Major Shareholder Information

September 30, 2022

Table 8

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

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

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