Sports Gear Co., Ltd., and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

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NOTE:

This English translation is for reference purposes only and not a legally definitive translation of the original Chinese texts. In the event a difference arises regarding the meaning herein, the original Chinese version shall prevail as the official authoritative version.

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Independent Auditors' Report

The Board of Directors and Shareholders
Sports Gear Co., Ltd.

Opinions

We have audited the accompanying consolidated financial statements of Sports Gear Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020, and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China ("ROC").

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors'

Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020, is as follows:

Inventory valuation

As of the date of the balance sheet, the Group’s inventory was NT$1,680,349 thousand, accounting for 10% of the total consolidated assets, which is significant to the overall consolidated financial statements. Refer to Notes 4, 5, and 8 to the consolidated financial statements for accounting policies and disclosures related to inventory. Inventories are stated at the lower of cost or net realizable value. As the determination of the net realizable value and estimation of the consumption of inventory based on aging is involved with subjective estimation and judgment, inventory valuation was identified as a key audit matter.

Our main audit procedures performed in respect of the key audit matter were as follows:

1. We assessed the process and appropriateness that the management used in estimating the net realizable value and the inventory obsolescence.
2. We assessed the reasonableness of estimated selling prices, the variable selling expense ratio, and the inventory obsolescence aging ratio.
3. We sampled the calculation of inventory aging and the calculation of the net realizable value and checked the correctness of the inventory valuation.

Responsibilities of Management and Those Charged with Governance for the

Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS,IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the

direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Chin, Chiang and Done-Yuin Tseng.

March 12, 2021

Sports Gear Co., Ltd., And Subsidiaries

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 6)	$ 4,901,399	30	$ 5,465,906	31
1170	Accounts receivable, net (Notes 7)	2,546,049	16	2,566,224	14
1200	Other receivables	15,782	-	20,753	-
1220	Current income tax assets (Notes 19)	12,269	-	3,934	-
130X	Inventories (Notes 8)	1,680,349	10	2,201,399	12
1476	Other financial assets - current (Notes 6)	934,701	6	787,861	5
1479	Other financial assets	447,624	3	396,834	2
11XX	Total current assets	10,538,173	65	11,442,911	64
	NON-CURRENT ASSETS				
1600	Property, plant, and equipment (Notes 10 and 24)	3,686,510	23	4,134,722	23
1755	Right-of-use assets (Notes 11)	1,768,029	11	1,923,757	11
1780	Intangible assets (Notes 12)	12,652	-	27,060	-
1840	Deferred income tax assets (Notes 19)	60,088	-	66,445	-
1920	Refundable deposits	73,887	-	79,553	-
1980	Other financial assets - non-current (Notes 6 and 24)	97,711	1	99,240	1
1990	Other non-current assets	57,817	-	86,412	1
15XX	Total non-current assets	5,756,694	35	6,417,189	36
1XXX	TOTAL	$16,294,867	100	$17,860,100	100

CODE	LIABILITIES AND EQUITY	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	CURRENT LIABILITIES				
2100	Short-term loans (Note 13 and 24)	$ 823,677	5	$ 1,069,593	6
2150	Notes payables	22,362	-	21,293	-
2170	Account payables (Note 23)	1,388,370	9	1,770,769	10
2200	Other payables (Note 14)	679,464	4	923,979	5
2230	Current income tax liabilities (Notes 19)	242,673	1	270,338	2
2280	Lease liabilities-current (Notes 11 and 23)	93,835	1	91,743	1
2320	Current portion of long-term bank loans (Notes 13 and 24)	522,396	3	185,163	1
2399	Other current liabilities - others	4,257	-	6,225	-
21XX	Total current liabilities	3,777,034	23	4,339,103	25
	NON-CURRENT LIABILITIES				
2541	Long-term bank loans (Notes 13 and 24)	363,883	2	930,005	5
2560	Current income tax liabilities - non-current (Notes 19)	81,425	1	-	-
2570	Deferred income tax liabilities (Notes 19)	10,874	-	3,370	-
2580	Lease liabilities - non-current (Notes 11 and 23)	1,279,643	8	1,432,808	8
2612	Long-term payables	-	-	1,950	-
25XX	Total non-current liabilities	1,735,825	11	2,368,133	13
2XXX	Total liabilities	5,512,859	34	6,707,236	38
	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
3110	Common shares	1,742,606	11	1,742,606	10
3211	Capital surplus	7,493,674	46	7,667,935	43
	Retained earnings				
3310	Legal reserve	104,859	1	-	-
3320	Special reserve	118,349	1	-	-
3350	Unappropriated earnings	1,872,310	11	1,860,672	10
3400	Other equity	(549,790)	(4)	(118,349)	(1)
3XXX	Total equity	10,782,008	66	11,152,864	62
	TOTAL	$16,294,867	100	$17,860,100	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Wei-Chia Chen Manager: Wei-Chia Chen Accounting Supervisor: Vincent Kang

Sports Gear Co., Ltd., And Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE		2020 Amount	2020 %	2019 Amount	2019 %
4000	OPERATING REVENUE (Notes 17)	$ 13,514,535	100	$ 17,208,037	100
5000	OPERATING COSTS (Notes 8,18 and 23)	11,005,026	81	13,502,975	79
5900	GROSS PROFIT	2,509,509	19	3,705,062	21
	OPERATING EXPENSES (Notes 18 and 23)				
6100	Selling and marketing expenses	303,546	2	398,909	2
6200	General and administrative expenses	1,014,639	8	1,157,823	7
6300	Research and development expenses	404,900	3	536,244	3
6450	Expected credit losses (Reversal gains)	(3,294)	-	3,025	-
6000	Total operating expenses	1,719,791	13	2,096,001	12
6900	PROFIT FROM OPERATIONS	789,718	6	1,609,061	9
	NON-OPERATING INCOME AND EXPENSES (Notes 18 and 23)				
7010	Other income	25,773	-	36,880	-
7020	Other gains and losses	(168,951)	(1)	(105,157)	-
7050	Finance costs	(115,296)	(1)	(136,859)	(1)
7100	Interest income	50,443	-	50,578	-
7000	Total non-operating income and expenses	(208,031)	(2)	(154,558)	(1)
7900	PROFIT BEFORE INCOME TAX	581,687	4	1,454,503	8

7950	INCOME TAX EXPENSE (Notes 19)	172,580	1	405,917	2
8200	NET PROFIT FOR THE YEAR	409,107	3	1,048,586	6

(Continued)

CODE		2020 Amount	2020 %	2019 Amount	2019 %
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8340	Exchange difference of translation to the presentation currency	($ 600,651)	(4)	($ 225,101)	(1)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	169,210	1	68,080	-
8300	Other comprehensive income (loss)	(431,441)	(3)	(157,021)	(1)
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	($ 22,334)	-	$ 891,565	5
	EARNINGS PER SHARE (Note 20)				
9750	Basic	$ 2.35		$ 6.02	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

Sports Gear Co., Ltd., And Subsidiaries

STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Notes 16)						
				Retained Earnings			Other Equity	
CODE		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Equity
A1	Balance at January 1, 2019	$ 1,742,606	$ 7,667,935	$ -	$ -	$ 1,509,128	$ 38,672	$ 10,958,341
	Appropriation of 2018 earnings							
B5	Cash dividends to shareholders	-	-	-	-	(697,042)	-	(697,042)
D1	Net profit for 2019	-	-	-	-	1,048,586	-	1,048,586
D3	Other comprehensive income (loss) for 2019, net of income tax	-	-	-	-	-	(157,021)	(157,021)
D5	Total comprehensive income for 2019	-	-	-	-	1,048,586	(157,021)	891,565
Z1	Balance at December 31, 2019	1,742,606	7,667,935	-	-	1,860,672	(118,349)	11,152,864
	Appropriation of 2019 earnings							
B1	Legal Reserve	-	-	104,859	-	(104,859)	-	-
B3	Special Reserve	-	-	-	118,349	(118,349)	-	-
B5	Cash dividends to shareholders	-	(174,261)	-	-	(174,261)	-	(348,522)
D1	Net profit for 2020	-	-	-	-	409,107	-	409,107
D3	Other comprehensive income (loss) for 2020, net of income tax	-	-	-	-	-	(431,441)	(431,441)
D5	Total comprehensive income (loss) for 2020	-	-	-	-	409,107	(431,441)	(22,334)
Z1	Balance at December 31, 2020	$ 1,742,606	$ 7,493,674	$ 104,859	$ 118,349	$ 1,872,310	($ 549,790)	$ 10,782,008

The accompanying notes are an integral part of the consolidated financial statements.

Sports Gear Co., Ltd., And Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

CODE		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	$ 581,687	$ 1,454,503
A20010	Adjustments for:		
A20100	Depreciation expenses	914,986	857,312
A20200	Amortization expenses	15,872	14,526
A20300	Expected credit losses (Reversal gains)	(3,294)	3,025
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	-	(1,780)
A20900	Interest expenses	115,296	136,859
A21200	Interest income	(50,443)	(50,578)
A22500	Losses (gain) on disposal of property, plant, and equipment	(1,887)	8,809
A23700	Impairment loss (gains) on non-financial assets	5,369	(17,929)
A24100	Net loss (gain) on foreign currency exchange	25,760	26,383
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	-	461
A31150	Accounts receivable	30,700	1,027,038
A31180	Other accounts receivable	(11,950)	16,618
A31200	Inventories	417,491	(549,584)
A31240	Other current assets	(72,970)	28,373
A32150	Accounts payable	(318,902)	110,236
A32180	Other payables	(225,673)	109,817
A32230	Other current liabilities	(1,873)	3,639
A33000	Cash generated from operations	1,420,169	3,177,728
A33100	Interest received	66,802	38,889
A33300	Interest paid	(116,526)	(135,160)
A33500	Income tax paid	(109,407)	(608,380)
AAAA	Net cash generated from operating activities	1,261,038	2,473,077
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	-	13,168
B02700	Payments for acquisitions of property, plant, and equipment	(521,004)	(1,011,208)

(Continued)

CODE		2020	2019
B02800	Proceeds from disposal of property, plant, and equipment	15,988	54,875
B03700	Decrease (Increase) in refundable deposits	1,533	(3,066)
B04500	Payments for acquisitions of intangible assets	(1,083)	(16,615)
B05350	Payments for acquisitions of right-of-use assets	(62,607)	(21,292)
B06500	Increase in other financial assets	(197,943)	(457,624)
B06700	(Decrease) Increase in other non-current assets	35,484	(11,810)
BBBB	Net cash used in investing activities	(729,632)	(1,453,572)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Proceeds (Repayments) from short-term loans	(208,857)	342,386
C01600	Proceeds from long-term loans	-	284,285
C01700	Repayments of long-term loans	(195,408)	(339,162)
C04020	Repayment of the principal portion of lease liabilities	(89,624)	(88,252)
C04500	Dividends paid to shareholders	(348,522)	(697,042)
CCCC	Net cash used in financing activities	(842,411)	(497,785)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(253,502)	(53,065)
EEEE	NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS OF THE YEAR	(564,507)	468,655
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,465,906	4,997,251
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,901,399	$ 5,465,906

The accompanying notes are an integral part of the consolidated financial statements.

Sports Gear Co., Ltd., And Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. COMPANY HISTORY

Sports Gear Co., Ltd. (the "Company") was established in the British Cayman Islands on March 28, 2017, mainly for organization structure reengineering of applying for the listing to the Taiwan Stock Exchange Corporation. On December 27, 2017, the Company completed the reorganization with Insport International Co., Ltd. (hereinafter referred to as "Insport") by exchanging shares and became the ultimate holding company.

The above-mentioned exchanging shares is a reorganization under common control. The Company is a continuation of Insport. It is regarded as a merger from the beginning and the preparation of financial statements for the comparison period is not limited by the date of establishment.

The company and its subsidiaries (collectively as the "Group") are mainly engaged in the manufacture and sales of various sports shoes and supplies. The functional currency is the US dollar. As the Company will be listed on TWSE, to enhance the comparability and consistency of financial statements, the consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 12, 2021.

3. NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS ADOPTED:

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission(FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC would not have a significant effect on the Group's accounting policies.

(2) IFRSs endorsed by the Financial Supervisory Commission (FSC) with an effective date starting 2021

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16"Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2021

As of the date the consolidated financial statements were authorized for issue, the Group is continuously evaluating the impact that the application of other standards and interpretations will have on the Group's financial position and financial performance. The related impact will be disclosed when the Group completes the evaluation.

(3) The IFRSs issued by IASB in issue but not yet endorsed and issued into effect by the FSC

New, Amended, or Revised Standards and Interpretations	Effective Date nnounced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1： Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2： The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3： The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4： The amendments are applicable to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5： The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6： The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7： The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously evaluating the impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3) Level 3 inputs are unobservable inputs for an asset or liability.

(3) Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting

period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-company transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer to Note 9 and Table 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(5) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group and its foreign operations (including subsidiaries in other countries that use currencies different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange difference arising from the conversion of a functional currency into a presentation currency is not subsequently reclassified to profit or loss.

(7) Inventories

Inventories consist of raw materials, supplies, work-in-progress, and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at their weighted-average costs on the balance sheet date.

(8) Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant, and equipment in the course of construction are measured at cost less any recognized impairment loss. Costs include professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant, and equipment when completed and ready for their intended uses.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant, and equipment, the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(9) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Impairment of property, plant and equipment, right-of-use asset, and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are

directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade

date basis.

A. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable (net), and other receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:
a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
b. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit-impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

a. Internal or external information shows that the debtor is unlikely to pay its creditors.

b. When a financial asset is more than 1 day past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

C. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

A. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(12) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized as revenue when the goods are delivered to the customers' specified location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and bears the risks of obsolescence. Sales revenue and accounts receivables are recognized at the point in time.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(13) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted to applying for a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(14) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(15) Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for services rendered by employees.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(16) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that taxable profits will probably be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and, probably, the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through a sale.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 13,663	$ 10,857
Checking accounts and demand deposits	2,955,538	5,276,422
Time deposits	2,964,610	1,065,728
	5,933,811	6,353,007
Less: Pledge time deposits	(111,720)	(99,240)

Time deposits with original maturities of less than 3 months	(920,692)	(787,861)
	$ 4,901,399	$ 5,465,906

The term time deposits and pledge time deposits with original maturities of more than 3 months are listed under other financial assets - current and non-current items.

The interest rate range of deposits on the balance sheet date is as follows:

	December 31, 2020	December 31, 2019
Demand deposits	0.005%-3.75%	0.01%-5%
Time deposits	0.12%-7%	0.02%-8%

7、ACCOUNTS RECEIVABLES

	December 31, 2020	December 31, 2019
Accounts receivables	$ 2,546,128	$ 2,569,598
Less: Allowance for impairment loss	(79)	(3,374)
	$ 2,546,049	$ 2,566,224

The average credit period of the sale of goods was 30-75 days. No interest was charged on accounts receivables. The Group uses other publicly available financial information or its trading records to rate its customers. The Group set up the decision of dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group has been delegated for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit loss on trade receivables is based on the past default experience and the current financial position of the debtor, and the economic situation of the industry, as well as the GDP forecast and the industry outlook. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the customer groups are not further differentiated, and the expected credit loss rate is determined only by the overdue days of receivables.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables of the Group:

December 31, 2020	Not Past Due	Past Due 1 to 90 days	Past Due 91 to 180 days	Past Due over 181 days	Total
Expected credit loss rate	0%	1%	20%	100%	
Gross carrying amount	$ 2,538,707	$ 7,392	$ 29	$ -	$ 2,546,128
Loss allowance (Lifetime ECL)	-	(74)	(5)	-	(79)
Amortized cost	$ 2,538,707	$ 7,318	$ 24	$ -	$ 2,546,049
December 31, 2019					
Expected credit loss rate	0%	1%	20%	100%	
Gross carrying amount	$ 2,537,348	$ 26,165	$ 3,716	$ 2,369	$ 2,569,598
Loss allowance (Lifetime ECL)	-	(262)	(743)	(2,369)	(3,374)
Amortized cost	$ 2,537,348	$ 25,903	$ 2,973	$ -	$ 2,566,224

The movements of the loss allowance of accounts receivables were as follows:

	2020	2019
Balance at January 1	$ 3,374	$ 348
Net remeasurement of loss allowance(Reversal gains)	(3,294)	3,025
Foreign exchange gains and losses	(1)	1
Balance at December 31	$ 79	$ 3,374

8. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	$ 879,784	$ 962,765
Work in progress	297,457	465,152
Raw materials and supplies	503,108	773,482
	$ 1,680,349	$ 2,201,399

The nature of the cost of goods sold is as follows:

	2020	2019
Cost of inventories sold	$ 10,876,596	$ 13,525,009
Losses on inventory valuation loss(Gains Recoveries)	5,369	(17,929)
Unallocated production overheads	110,301	63,835
Others	(12,530)	(67,940)
	$ 10,979,736	$ 13,502,975

The unallocated production overheads include the costs related to the fact that the actual production is lower than the normal production due to the COVID-19 in 2020 and the adjustment of the production line in 2019.

9. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were summarized as follows:

			Proportion of Ownership		
Investor	Investee	Nature of Activities	2020 December 31	2019 December 31	Remark
The Company	Sports Gear Co., Ltd. (Samoa) (Sports Gear Co., Ltd. (Samoa))	Sporting goods trading and international investment	100%	100%	
	Elephant Step Co., Ltd.(Elephant)	International investment	100%	100%	
	Fongyuan International Co., Ltd.(Fongyuan)	International investment	100%	100%	
	All Wells International Co., Ltd(All Wells)	International investment	100%	100%	
SPG (Samoa)	Silk Invest International Co., Ltd.(Silk Invest)	Investment and real estate development, rental, and sales	100%	100%	
Elephant	Can Sports Vietnam Co., Ltd. (VG)	Manufacturing, processing, and trading of sporting goods	100%	100%	
	PT Can Sports Industrial Indonesia(SPG Indonesia)	Manufacturing, processing, and trading of sporting goods	90%	90%	
	SGP Sports Gear Portugal S.A (SGP)	Research center for sporting goods	100%	-	note
VG	SGP	Research center for sporting goods	-	100%	note
Fongyuan	All Wells International Co., Ltd. (AW)	Manufacturing, processing, and trading of sporting goods	90%	90%	
All Wells	Chi Hung Co., Ltd. (SPG)	Manufacturing, processing, and trading of sporting goods	100%	100%	
	Dai Hoa Co., Ltd. (DH)	Manufacturing, processing, and trading of sporting goods	100%	100%	
	AW	Manufacturing, processing, and trading of sporting goods	10%	10%	
	Fireman Factory Co., Ltd(Fireman)	Manufacturing, processing, and trading of	100%	100%	

	sporting goods		
Can Sports Shoes Co., Ltd. (SGC)	Manufacturing, processing, and trading of sporting goods	100%	100%
Sports Gear (Myanmar) Co., Ltd. (SPG Myanmar)	Manufacturing, processing, and trading of sporting goods	100%	100%
August Sports Co., Ltd. (ASP)	Manufacturing, processing, and trading of sporting goods	100%	100%
SPG Indonesia	Manufacturing, processing, and trading of sporting goods	10%	10%

Note:：In 2019, SGP was established and registered as a shareholder and was not belong to the Group. It was established by appointment and already signed an equity interest transfer agreement. Considering the substantial relationship between the Group and SGP, it is listed as a subsidiary and the equity interest transfer has been completed from January 1 to December 31, 2020. In September 2020, the board of directors considered the future development of the Group and passed the transfer of SGP equity interest from Can Sports Vietnam to Elephant. The equity interest transfer agreement has been signed in October 2020 and the procedure is still in progress.

10.PROPERTY, PLANT, AND EQUIPMENT

2020	Balance at January 1	Increase of the year	Decrease of the year	Reclassifications	Effect of foreign currency exchange difference	Balance at December 31
Cost						
Land	$ 502,228	$ 90	$ -	$ -	$ 368	$ 502,686
Buildings	2,708,538	1,096	(26,239)	226,451	(144,073)	2,765,773
Machinery and equipment	4,051,015	228,978	(76,811)	(124,253)	(206,333)	3,872,596
Transportation equipment	63,252	2,265	(2,626)	(517)	(2,416)	59,958
Office equipment	128,619	3,010	(24,760)	(1,024)	(5,109)	100,736
Miscellaneous equipment	596,164	71,737	(13,075)	151,730	(36,041)	770,515
Construction in progress	411,010	213,828	-	(260,292)	(14,743)	349,803
Total cost	8,460,826	$ 521,004	($ 143,511)	($ 7,905)	($ 408,347)	8,422,067
Accumulated depreciation						

Buildings	1,120,106	$ 135,609	($ 25,819)	($ 19)	($ 59,703)	1,170,174
Machinery and equipment	2,756,640	500,324	(64,734)	(80,051)	(150,835)	2,961,344
Transportation equipment	38,336	7,060	(2,626)	(60)	(1,806)	40,904
Office equipment	87,597	13,347	(24,032)	(963)	(3,831)	72,118
Miscellaneous equipment	323,425	121,422	(12,199)	80,288	(21,919)	491,017
Total accumulated depreciation	4,326,104	$ 777,762	($ 129,410)	($ 805)	($ 238,094)	4,735,557
Net amount	$ 4,134,722					$ 3,686,510
2019						
Cost						
Land	$ 490,536	$ 11,882	$ -	$ -	($ 190)	$ 502,228
Buildings	2,679,369	18,762	(63)	70,827	(60,357)	2,708,538
Machinery and equipment	3,766,063	499,707	(125,196)	1,170	(90,729)	4,051,015
Transportation equipment	57,214	8,751	(4,897)	3,273	(1,089)	63,252
Office equipment	125,602	6,804	(562)	12,725	(15,950)	128,619
Miscellaneous equipment	474,616	72,807	(17,402)	65,905	238	596,164
Construction in progress	191,523	392,495	-	(163,569)	(9,439)	411,010
Total cost	7,784,923	$ 1,011,208	($ 148,120)	($ 9,669)	($ 177,516)	8,460,826
Accumulated depreciation						
Buildings	1,007,059	$ 142,117	($ 9)	($ 3,862)	($ 25,199)	1,120,106
Machinery and equipment	2,412,995	482,195	(76,480)	(308)	(61,762)	2,756,640
Transportation equipment	34,894	6,135	(2,289)	367	(771)	38,336
Office equipment	74,434	15,660	(322)	(264)	(1,911)	87,597
Miscellaneous equipment	259,722	72,040	(5,336)	4,067	(7,068)	323,425
Total accumulated depreciation	3,789,104	$ 718,147	($ 84,436)	$ -	($ 96,711)	4,326,104
Net amount	$ 3,995,819					$ 4,134,722

The items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	4 to 30 years
Machinery and equipment	2 to 25 years
Transportation equipment	4 to 12 years
Office equipment	2 to 9 years
Miscellaneous equipment	2 to 10 years

Property, plant, and equipment pledged as collateral for bank borrowings are set out in Note 24.

11. LEASE ARRANGEMENTS

(1) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount		
Land	$ 592,190	$ 556,502
Buildings	1,175,839	1,367,255
	$ 1,768,029	$ 1,923,757

	2020	2019
Additions to right-of-use assets	$ 77,898	$ 965,051
Depreciation expenses for right-of-use assets		
Land	$ 12,771	$ 13,308
Buildings	124,453	125,857
	$ 137,224	$ 139,165

Except for the addition and depreciation listed above, there is no significant sublease or impairment of the right-of-use assets of the Group in 2020 and 2019.

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current	$ 93,835	$ 91,743
Non-current	$ 1,279,643	$ 1,432,808

The range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Land	4.94%-5.12%	4.94%-5.12%
Buildings	1.7%-4.85%	1.7%-4.85%

(3) Material lease-in activities and terms

The Group leases buildings for office uses in Taiwan with lease terms of 3 years. The Group has priority to renew the lease of the buildings at the end of the lease terms.

The Group leases certain, land and buildings, for plant and office uses in Cambodia with lease terms of 7 to 25 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group also promises certain, land and buildings, for plant and office uses in Vietnam and Myanmar with lease terms of 10 to 50 years. Part of the land lease payment was paid at that time. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

(4) Other lease information

The Group leases certain buildings which qualify as short-term leases. The Group has elected to apply for the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

12. INTANGIBLE ASSETS

	2020	2019
Balance at January 1	$ 27,060	$ 24,831
Additions for the year	1,083	16,615
Amortization of the year	(15,872)	(14,526)
Reclassified	597	251
Effect of foreign currency exchange difference	(216)	(111)
Balance at December 31	$ 12,652	$ 27,060

Computer software is depreciated using the straight-line method over their estimated useful lives of 2 to 5 years.

13. LOANS

(1) Short-term loans

	December 31, 2020	December 31, 2019
Line of credit loans	$ 367,997	$ 391,138
Secured loans	455,680	678,455
	$ 823,677	$ 1,069,593
Interest Rates (%)		
Line of credit loans	1.15-1.7	1.54-3.41
Secured loans	1.25	2.90-3.34

(2) Long-term loans

	December 31, 2020	December 31, 2019
Mortgaged loans - due from January 2021 to April 2026	$ 783,751	$ 994,848
Line of credit loans - Due in July 2025, capital repay in installments	102,528	120,320
	886,279	1,115,168
Less: Current portion	(522,396)	(185,163)
	$ 363,883	$ 930,005

(Continued)

(Concluded)

	December 31, 2020	December 31, 2019
Interest Rates (%)		
Mortgaged loans	1.58-4.40	1.85-4.49
Line of credit loans	1.79	3.40

14. OTHER PAYABLES

	December 31, 2020	December 31, 2019
Payables for salaries and bonuses	$ 481,890	$ 611,181
Others	197,574	312,798
	$ 679,464	$ 923,979

15. RETIREMENT BENEFIT PLANS

Sports Gear Co., Ltd. Taiwan Branch and Silk Invest International Co., Ltd. of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employee of the Group subsidiaries in Vietnam, Cambodia, and Myanmar are members of the retirement benefit plans operated by the respective governments. The subsidiaries are required to fund a pension benefit plan with a specific proportion of salary. The obligation of the Group to the government-operated retirement benefit plan is only to allocate a specific amount, and the relevant expenses are recorded under other employee benefits.

16. EQUITY

(1) Common shares

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	174,261	174,261
Shares issued	$ 1,742,606	$ 1,742,606

(2) Capital surplus

	December 31, 2020	December 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Additional paid-in capital (Note)	$ 7,217,472	$ 7,391,733
From differences between the equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	276,202	276,202
	$ 7,493,674	$ 7,667,935

Note: Including the amount of issued share capital during the reorganization, which exceeds the amount in equity obtained, and the difference between the denomination of the Company's value per share changed from US dollars to New Taiwan dollars.

When the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the paid-in capital.

(3) Retained earnings and dividend policy

On November 8, 2019, the Company resolved to amend the articles of association in accordance with the earnings distribution policy. Under the dividends policy as set forth in the amended articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends to shareholders. For the policies on the distribution of employees’ compensation and remuneration of directors and supervisors after the amendment, refer to Note 18(6).

According to the articles of association of the company, shareholders' dividends can be distributed by cash dividends or stock dividends, and the proportion of cash dividends shall not be less than 10%.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", should be appropriated to or reversed from a special reserve by the Company.

According to the provisions of the articles of association before the amendment, the Company shall not pay dividends or make other distributions except for the Company's realized or unrealized benefits, share issuance premium account, or other payments permitted by the Cayman Company Law to pay dividends or other distributions.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings in June 2020 and May 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2019	2018	2019	2018
Legal Reserve	$ 104,859	$ -		
Special Reserve	118,349	-		
Cash dividends	174,261	697,042	$ 1	$ 4

In June 2020, the meeting of shareholders also decided to distribute NT$ 1 per share with NT$ 174,261 of capital reserve.

The appropriation of 2020earnings had been proposed by the Company's board of directors on March 12, 2021. The appropriations and dividend per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal Reserve	$ 40,911	
Special Reserve	431,441	
Cash dividends	294,068	$ 1.6875

The above-mentioned board of directors also proposed to allocate cash of NT$ 1.6875 per share with a capital reserve of NT$ 294,068.

The appropriation of 2020 earnings is subject to the resolution of the shareholders in the regular shareholders' meetings to be held on June 11, 2021.

17. REVENUE

	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 13,399,032	$ 17,057,793
Others	115,503	150,244
	$ 13,514,535	$ 17,208,037

(1) Contract balances

	December 31, 2020	December 31, 2019
Accounts receivables (Note 7)	$ 2,546,128	$ 2,569,598

(2) Disaggregation of revenue

Refer to Note 29 for information about the disaggregation of revenue.

18. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

(1) Interest income

	2020	2019
Revenue from bank interests	$ 50,443	$ 50,578

(2) Other income

	2020	2019
Others	$ 25,773	$ 36,880

(2) Other gains and losses

	2020	2019
Net foreign exchange gain (loss)	($ 160,264)	($ 78,246)
Others	(8,687)	(26,911)
	($ 168,951)	($ 105,157)

(3) Finance costs

	2020	2019
Interest expenses	$ 46,154	$ 64,841
Interest on lease liabilities	69,142	72,018
	$ 115,296	$ 136,859

(4) Depreciation and amortization

	2020	2019
An analysis of depreciation by function		
Operating costs	$ 702,984	$ 706,257
Operating expenses	212,002	151,055
	$ 914,986	$ 857,312
An analysis of amortization by function		
Operating costs	$ 658	$ 421
Operating expenses	15,214	14,105
	$ 15,872	$ 14,526

(5) Employee benefits expense

	2020	2019
Short-term benefits	$ 3,482,953	$ 4,260,114
Post-employment benefits	10,260	11,390
Other employee benefits	1,034,234	1,158,001
Total employee benefits expense	$ 4,527,447	$ 5,429,505
An analysis of employee benefits expense by function		
Operating costs	$ 3,668,364	$ 4,434,914
Operating expenses	859,083	994,591
	$ 4,527,447	$ 5,429,505

(6) Compensation of employees and remuneration of directors

According to the amended Company's Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

19. INCOME TAXES

(1) Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	2020	2019
Current tax		
In respect of the current year	$ 168,928	$ 416,232
Adjustments for prior years	(7,229)	2,775
	161,699	419,007
Deferred tax		

In respect of the current year	10,881	(13,090)
Income tax expense recognized in profit or loss	$ 172,580	$ 405,917

A reconciliation of accounting profit and income tax expense is as follows:

	2020	2019
Profit before tax	$ 581,687	$ 1,454,503
Income tax expense calculated at the statutory rate	$ 149,025	$ 337,611
Nondeductible expenses in determining taxable income	9,145	43,081
Unrecognized loss carryforwards and deductible temporary differences	21,639	22,450
Adjustments for prior years' tax	(7,229)	2,775
Income tax expense recognized in profit or loss	$ 172,580	$ 405,917

The Group applies to the individual of the Income Tax Act of the R.O.C, the rate for profit-seeking enterprise income tax is 20%; the tax amount generated from other districts are calculated by the tax rates applicable in each relevant district.

(2) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

2020	Balance at January 1	Recognized in Profit or Los	Foreign currency exchange differences	Balance at December 31
Deferred tax assets				
Temporary differences				
Property, plant, and equipment	$ 15,944	$ 4,191	($ 1,000)	$ 19,135
Expenses payable	15,426	2,138	(652)	16,912
Provision for loss on inventory	10,950	2,526	(645)	12,831
Others	4,896	6,790	(476)	11,210
	47,216	15,645	(2,773)	60,088
Loss carryforwards	19,229	(18,890)	(339)	-
	$ 66,445	($ 3,245)	($ 3,112)	$ 60,088

(Continued)

(Concluded)

2020	Balance at January 1	Recognized in Profit or Los	Foreign currency exchange differences	Balance at December 31
Deferred tax liabilities				
Temporary differences				
Unrealized foreign currency	$ 1,625	$ 8,762	($ 80)	$ 10,307
Others	1,745	(1,126)	(52)	567
	$ 3,370	$ 7,636	($ 132)	$ 10,874
2019				
Deferred tax assets				
Temporary differences				
Property, plant, and equipment	$ 21,504	($ 5,244)	($ 316)	$ 15,944
Expenses payable	16,683	(911)	(346)	15,426
Provision for loss on inventory	7,875	3,327	(252)	10,950
Others	9,565	(4,628)	(41)	4,896
	55,627	(7,456)	(955)	47,216
Loss carryforwards	-	19,727	(498)	19,229
	$ 55,627	$ 12,271	($ 1,453)	$ 66,445
Deferred tax liabilities				
Temporary differences				
Unrealized foreign currency	$ 2,848	($ 1,185)	($ 38)	$ 1,625
Others	1,419	366	(40)	1,745
	$ 4,267	($ 819)	($ 78)	$ 3,370

(3) The information of the unused operating loss carries forward for which no deferred tax assets have been recognized

	December 31, 2020	December 31, 2019
Loss carryforwards		
Due in 2020	$ -	$ 27,798
Due in 2021	-	238,937
Due in 2022	-	32,899
Due in 2023	9,101	25,434
Due in 2024	40,635	115,793
Due in 2025	81,920	-
Due in 2028	149	149
Due in 2029	1,557	7,508
Due in 2030	1,485	-
	$ 134,847	$ 448,518

(4) Unused operating loss carry forward information

As of December 31, 2020, operating loss carryforward consisted of the following:

Remaining creditable amount	Last creditable year
$ 9,101	2023
40,635	2024
81,920	2025
149	2028
1,557	2029
1,485	2030
$ 134,847	

(5) Income tax examination

The tax authorities have examined the income tax returns of Sports Gear Co., Ltd. Taiwan Branch and Silk Invest International Co., Ltd. through 2018.

20. EARNINGS PER SHARE

	Net profit attributable to owners of the Company	Number of shares (thousands)	Earnings per share(NT$)
2020			
Profit for the year attributable to owners of the Company	$ 409,107	174,261	$ 2.35
2019			
Profit for the year attributable to owners of the Company	$ 1,048,586	174,261	$ 6.02

21. CAPITAL RISKS MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The overall strategy has not changed.

The capital structure of the Group consists of net debt (loans offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings, and other equity).

The Group is not subject to other external capital requirements.

Key management personnel of the Group reviews the capital structure on an annual basis. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

22. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments not measured at fair value

The carrying amounts of the Group's financial assets and liabilities that are not measured at fair value approximated their fair values.

(2) Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
At amortized cost (Note 1)	$ 8,569,529	$ 9,019,537
Financial liabilities		
At amortized cost (Note 2)	3,800,152	4,902,752

Note 1: The balances, which comprise cash and cash equivalents, notes and accounts receivables, other receivables, and refundable deposits.

Note 2: The balances, which comprise short-term and long-term loans, notes and accounts payables, other payables, and current portion of long-term loans.

(3) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

The Group sought to minimize the effects of these risks by maintaining a flexible portfolio of financial instruments and using limited derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors and compliance with policies and exposure limits was reviewed according to the internal control policies on a continuous basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. By maintaining a flexible portfolio of financial instruments and using limited derivative financial instruments, the Group can avoid the risk of some foreign currency net assets or liabilities arising from exchange rate or interest rate fluctuations.

There is no change in the exposure of the Group to market risks of financial instruments and the management and measurement of such exposure. The main financial risks are as follows:

A. Foreign currency risk

The Group has foreign currency denominated sales and purchase, which expose the group to foreign currency risk.

The carrying amounts (includes monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements) of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are set out in Note 27.

<u>Sensitivity analysis</u>

Assuming a 1% change in the NTD against the USD, the pre-tax profit for the years ended December 31, 2020, and 2019 would have changed by $20,423 thousand and $29,077 thousand, respectively.

B. Interest rate risk

The Group is exposed to interest rate risk mainly caused by deposits and loans with floating interest rates. The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the day of the balance sheet were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
Financial assets	$ 2,964,610	$ 1,065,728
Financial liabilities	1,373,478	1,524,551
Cash flow interest rate risk		
Financial assets	2,955,538	5,276,422
Financial liabilities	1,709,956	2,184,761

Sensitivity analysis

For the Group's financial assets and liabilities with floating interest rates, if interest rates had been 4 quarter percentage points (1%) higher or lower and all other variables were held constant, the Group’s pre-tax profit for the years ended December 31, 2020, and 2019 would have changed by $12,456 thousand and $30,917 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group’s maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group’s concentration of credit risk was mainly from the major customer, which accounted for 68% and 63% of the total trade receivables as of December 31, 2020, and 2019, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and

ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020, and 2019, the Group had available unutilized bank loan facilities of $1,487,923 thousand and $1,554,185 thousand, respectively.

The liquidity and interest rate risk table below illustrates the maturity analysis of financial liabilities of the Group within the repayment period. Non-derivative financial liabilities are prepared in terms of undiscounted cash flow on the earliest date when the Group may be required to satisfy the liabilities.

Classification	Less than 3 months	3 months to 1 year	1+ years
December 31, 2020			
Non-interest bearing liabilities	$ 2,090,196	$ -	$ -
Lease liabilities	37,697	118,662	1,730,865
Variable interest rate liabilities	561,710	784,362	363,883
	$ 2,689,603	$ 903,024	$ 2,094,748

Classification	Less than 3 months	3 months to 1 year	1+ years
December 31, 2019			
Non-interest bearing liabilities	$ 2,716,041	$ -	$ 1,950
Lease liabilities	39,103	122,374	1,953,042
Variable interest rate liabilities	740,844	513,912	930,005
	$ 3,495,988	$ 636,286	$ 2,884,997

Additional information about the maturity analysis for lease liabilities:

	Less than 5 Years	5-10 Years	11-50 Years	16-20 Years	20+ years
December 31, 2020					
Lease liabilities	$791,816	$631,791	$321,907	$ 41,981	$ 99,729
December 31, 2019					
Lease liabilities	$824,074	$694,192	$458,701	$ 40,822	$ 96,730

(4) Transfer of Financial Assets

Information on the sale of accounts receivable of the Group which is not yet due at the end of the year is as follows:

December 31, 2019

Counterpart	Sale amount	Advance	Advanced	Advanced

y		amount available	amount	amount interest rates (%)
Citibank	$ 128,137	$ -	$ 128,137	2.84

According to the concession agreement, the losses arising from commercial disputes (such as sales return or discount) shall be borne by the Group, and the losses arising from credit risk shall be borne by the bank.

23. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been disclosed on consolidation and are not disclosed in this note.

(1) Related party name and relationship

Related Party Name	Relationship with the Group
Much More Co., Ltd(Much More)	The key management is the same person
Spread Idea Co., Ltd. (Spread Idea)	The key management is the same person
Sports Gear Social welfare foundation(SPG Foundation)	The key management is the same person
Wei-Chia Chen	The key management
Sunyin (Vietnam) Co. Ltd.(Sunyin)	The key management is the same person
Power Rich International Ltd.(Power Rich)	The key management is the same person

(2) Purchase of goods

Related Party Category/Name	2020	2019
The key management is the same person	$ 2,707	$ 4,344

There is no significant difference in the purchase price and conditions between related parties and non-related parties.

(3) Payables to related parties

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Accounts payables	The key management is the same person	$ 296	$ 4,164

(4) Other transactions with related parties

Line Item	Related Party Category/Name	2020	2019
Donation expense	SPG Foundation	$ 4,517	$ 4,000
Rental income	The key management is the same person	$ 229	$ 248

(5) Lease arrangements

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Lease liabilities	The key management is the same person	$ 37,938	$ 45,007
	The key management	120,418	143,032
		$ 158,356	$ 188,039

Line Item	Related Party Category/Name	2020	2019
Interest expense	The key management is the same person	$ 1,277	$ 1,337
	The key management	6,248	6,076
		$ 7,525	$ 7,413

(6) Remuneration of key management personnel

	2020	2019
Short-term employee benefits	$ 61,099	$ 72,124
Post-employment benefits	587	503
	$ 61,686	$ 72,627

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans:

	December 31, 2020	December 31, 2019
Pledged time deposits (classified as other financial assets - non-current)	$ 111,720	$ 99,240
Property, plant, and equipment	1,332,800	1,556,904
	$ 1,444,520	$ 1,656,144

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED

COMMITMENTS

The unrecognized commitments of the Group are as follows:

	December 31, 2020	December 31, 2019
Purchase of property, plant, and equipment	$ 58,402	$ 202,603

26. OTHERS

In 2020, affected by the COVID-19 (epidemic), governments around the world took measures of city closure and other social alienation, which decreased the brand terminal retail sales and the production capacity demand of the manufacturing end. As a result, the production lines of some plants of the Group were idle, which affected the production efficiency and lead to the decline of operating revenue and gross profit margin.

The Group has actively carried out personnel scheduling and cost control, and strictly controlled capital expenditure items to minimize the impact of the epidemic. In the second half of 2020, with all kinds of sports activities gradually returning to normal, the demand for production capacity from the brand side to the manufacturing side has gradually picked up. Since September, some plants' idle production lines of the Group have resumed production.

On December 4, 2020, the Company reviewed the initial application for the first listing of shares through the Securities Listing Review Committee convened by the Taiwan Stock Exchange Corporation. In addition, the Company issued 21,785,000 common shares with a par value of NT $10 per share and a total amount of NT$ 217,850,000 to cooperate with the public underwriting before the initial listing to act the cash capital increase through effective registration by Taiwan Stock Exchange Corporation on January 19, 2021, Rule No. 11017001621.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Financial assets	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Monetary items						
USD(USD: TWD)	$ 151,612	28.48	$ 4,480,123	$ 206,964	30.08	$ 6,225,482
USD(USD: VND)	63,955	23,100	1,821,452	67,841	23,178	2,040,662
Financial liabilities						
Monetary items						
USD (USD: TWD)	80,955	28.48	2,305,599	91,465	30.08	2,751,272
USD (USD: VND)	68,599	23,100	1,953,712	86,674	23,178	2,607,152

The Group is mainly exposed to the USD. The following information was aggregated by functional currencies of group entities, and the exchange rates between respective functional currencies and the presentation currency are disclosed. The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	2020		2019	
Functional Currencies	Functional Currencies to Express currencies	Net Foreign Exchange Gain (Loss)	Functional Currencies to Express currencies	Net Foreign Exchange Gain (Loss)
TWD	1(TWD: TWD)	($ 169,127)	1(TWD: TWD)	($ 83,561)
VND	0.0013(VND: TWD)	(1,219)	0.0013(VND: TWD)	5,923
USD	0.0338(USD: TWD)	9,801	0.0324(USD: TWD)	(131)
IDR	0.0020(IDR: TWD)	281	0.0021(IDR: TWD)	(477)
		($ 160,264)		($ 78,246)

28. SEPARATELY DISCLOSED ITEMS

(1) Information about significant transactions:

A. Financing provided to others. (Table1)

B. Endorsements/guarantees provided. (Table 2)

C. Marketable securities held (excluding investments in subsidiaries). (None)

D. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (Table 3)

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

I. Trading in derivative instruments. (None)

J. Intercompany relationships and significant intercompany transactions. (Table 6)

(2) Information on investees. (Table 7)

(3) Information on investments in mainland China. (None)

(4) Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 8);

29. SEGMENTS INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the location of operations. The Group's reportable segments are as follows:

A. Footwear manufacturing business;

B. Other business.

(1) Segment revenue and results

The following was an analysis of the Group's revenue and results by reportable segments:

2020	Footwear manufacturing business	Other business	Total
Revenue from external customers	$ 13,336,936	$ 177,599	$ 13,514,535
Segment profit and loss	$ 413,023	($ 3,916)	$ 409,107
2019			
Revenue from external customers	$ 16,752,517	$ 455,520	$ 17,208,037
Segment profit and loss	$ 1,001,022	$ 47,564	$ 1,048,586

Segment profit represented the profit earned by each segment including non-operating income and expenses and income tax expenses. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(2) Geographical information

The Group's revenue from continuing operations from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	2020	2019	December 31, 2020	December 31, 2019
America	$ 4,636,315	$ 7,594,957	$ -	$ -
Europe	5,336,584	6,618,480	75,886	40,613
Asia	1,535,820	1,680,187	4,554,628	5,543,859
China	1,729,073	919,079	-	-
Taiwan	-	-	549,236	541,402
Other	276,743	395,334	345,258	46,077
	$ 13,514,535	$ 17,208,037	$ 5,525,008	$ 6,171,951

Non-current assets include real estate, plant and equipment, right-of-use assets, intangible assets, and other non-current assets.

(3) Information about major customers

Revenue from any individual customer exceeded 10% of the Group's revenue is detailed below:

	2020		2019	
Customer name	Amount	%	Amount	%
Customer A	$ 7,888,699	58	$ 9,101,762	53
Customer B	3,849,477	28	5,106,173	30

Sports Gear Co., Ltd., and Subsidiaries

FINANCING PROVIDED TO OTHERS

January 1 to December 31, 2020

Table 1 (In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
1	Sports Gear Co., Ltd. Taiwan Branch	DH	Other receivables - Related parties	Yes	$ 199,360 USD 7,000	$ -	$ -	-	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 17,936,854 USD 629,805	$ 23,915,806 USD 839,740
		AW	Other receivables - Related parties	Yes	854,000 USD 30,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		SGC	Other receivables - Related parties	Yes	712,000 USD 25,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		Fongyuan	Other receivables - Related parties	Yes	113,920 USD 4,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		VG	Other receivables - Related parties	Yes	1,269,496 USD 44,575	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		Elephant	Other receivables - Related parties	Yes	284,800 USD 10,000	-	- -	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		ASP	Other receivables - Related parties	Yes	128,160 USD 4,500	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		SPG Indonesia	Other receivables - Related parties	Yes	142,400 USD 5,000	-	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		SGP	Other receivables - Related parties	Yes	142,400 USD 5,000	85,440 USD 3,000	85,440 USD 3,000	4%	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		Silk Invest	Other receivables - Related parties	Yes	200,000 USD 7,022	200,000 USD 7,022	100,000 USD 3,511	2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
1	Sports Gear Co., Ltd. (Samoa)	SPG	Other receivables - Related parties	Yes	284,800 USD 10,000	284,800 USD 10,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		SGC	Other receivables - Related parties	Yes	1,139,400 USD 40,000	1,139,400 USD 40,000	740,480 USD 26,000	2.5%-3%	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		AW	Other receivables - Related parties	Yes	427,200 USD 15,000	427,200 USD 15,000	299,040 USD 10,500	2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740

		DH	Other receivables - Related parties	Yes	284,800 USD 10,000	284,800 USD 10,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		All Wells	Other receivables - Related parties	Yes	85,440 USD 3,000	85,440 USD 3,000	-	-	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		Fongyuan	Other receivables - Related parties	Yes	142,400 USD 5,000	142,400 USD 5,000	56,960 USD 2,000	2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740
		SPG Indonesia	Other receivables - Related parties	Yes	142,400 USD 5,000	142,400 USD 5,000	28,480 USD 1,000	2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
1	Sports Gear Co., Ltd. (Samoa)	ASP	Other receivables - Related parties	Yes	$ 56,960 USD 2,000	$ 56,960 USD 2,000	$ 42,720 USD 1,500	2.5%	Necessary for short-term financing	$ -	Operating capital	$ -	—	$ -	$ 17,936,854 USD 629,805	$ 23,915,806 USD 839,740
		VG	Other receivables - Related parties	Yes	569,600 USD 20,000	569,600 USD 20,000	256,320 USD 9,000	2.5%	Necessary for short-term financing	-	Operating capital	-	—	-	17,936,854 USD 629,805	23,915,806 USD 839,740

Note 1: The individual amount for lending to a company or a firm having a business relationship with the Company shall not exceed the total transaction amount between the parties during the period of lending and shall not exceed 10% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). The “transaction amount” shall mean the purchasing or sales amount between the parties during the period of twelve (12) months prior to the time of lending, whichever is higher; The individual amount for lending to a company in need of funds for a short-term period shall not exceed 10% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit of short-term financing. Unless there are other relevant laws and regulations in the place where the subsidiary is established. The limit of the transaction amount to individual objects shall not exceed three times of the net worth of the latest financial statements of the company.

Note 2: The total amount for lending to a company or a firm having a business relationship with the Company shall not exceed the total transaction amount between the parties during the period of lending and shall not exceed 40% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA); The total amount for lending to a company in need of funds for a short-term period shall not exceed 40% of the net worth of the Company’s financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA). For fund-lending between offshore companies whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not be subject to the limit of short-term financing. Unless there are other relevant laws and regulations in the place where the subsidiary is established. The limit of the transaction amount to individual objects shall not exceed four times of the net worth of the latest financial statements of the company.

Note 3: The transactions within the Group were eliminated in the consolidated financial statements.

(Concluded)

Sports Gear Co., Ltd., and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED

January 1 to December 31, 2020

Table 2

(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)		Maximum Amount Endorsed/ Guaranteed During the Period		Outstanding Endorsement/ Guarantee at the End of the Period		Actual Amount Borrowed		Amount Endorsed/ Guaranteed by Collateral		Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)		Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given On Behalf of Companies in Mainland China (Note 3)	Remark
		Name	Relationship (Note 1)																	
1	SGC	All Wells	3	$	505,438	$	227,840	$	227,840	$	216,448	$	216,448	21	$	854,103	N	N	N	
				USD	17,747	USD	8,000	USD	8,000	USD	7,600	USD	7,600		USD	29,990				
		SPGTW	4		505,438		427,200		-		-		-	-		854,103	N	N	N	
				USD	17,747	USD	15,000								USD	29,990				

Note 1: The relationship between endorser and endorsee:

(1) A company with which it does business.

(2) A company in which the public company, directly and indirectly, holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares for each other.

Note 2: The total amount of external endorsement/guarantee shall not exceed 80% of the net worth of the Company. The amount of endorsement/guarantee rendered to any single company shall not exceed 50% of the net worth of the Company; In the event that an endorsement/guarantee is made due to needs arising out of businesses, the amount of endorsement/guarantee shall not exceed the amount of the purchasing or sales between the parties in the most recent year whichever is higher.

Note 3: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by the listed parent company to subsidiary and provision by the subsidiary to the listed parent company, and provision to the party in Mainland China.

Sports Gear Co., Ltd., and Subsidiaries

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

2020

Table 3

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
SGC	Plant, facilities, and additional developments	2018/4/6-2020/8/20	$ 370,500	Payment according to contract terms	BRANCH OF PHUOC THANH CONSTRUCTION CORPORATION GENESIS HOME BUILDING CO., LTD PEB STEEL BUILDINGS CO., LTD CONG TY CO PHAN FULL POWER ECO SAVING CO., LTD MINH MAN CONSTRUCTION COMPANY LIMITED FULIAN CONSTRUCTION CO., LTD DINGJIA CO., LTD. LONG KIMPECH TRADING CO., LTD	—	Not applicable	Not applicable	Not applicable	Not applicable	According to contract terms	For production	None

Note: Part of the transactions are based on the expected transactions of the capital budget approved by the board of directors, and the actual transaction information shall be subject to the actual contract.

Sports Gear Co., Ltd., and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

January 1 to December 31, 2020

Table 4 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sports Gear Co., Ltd. Taiwan Branch	SPG	Refer to Notes 9 of the consolidated financial statements	Sale	$ 418,213	3	—	$ -	—	$ 120,464	4	
	SPG	Refer to Notes 9 of the consolidated financial statements	Purchase	3,678,930	25	—	-	—	(636,467)	28	
	VG	Refer to Notes 9 of the consolidated financial statements	Sale	203,583	1	—	-	—	37,486	1	
	VG	Refer to Notes 9 of the consolidated financial statements	Purchase	2,377,164	16	—	-	—	(238,505)	11	
	AW	Refer to Notes 9 of the consolidated financial statements	Sale	127,027	1	—	-	—	41,546	1	
	AW	Refer to Notes 9 of the consolidated financial statements	Purchase	1,226,376	8	—	-	—	(147,182)	7	
	DH	Refer to Notes 9 of the consolidated financial statements	Sale	241,065	2	—	-	—	62,034	2	
	DH	Refer to Notes 9 of the consolidated financial statements	Purchase	1,049,664	7	—	-	—	(156,302)	7	
	SGC	Refer to Notes 9 of the consolidated financial statements	Sale	1,401,120	9	—	-	—	306,428	10	
	SGC	Refer to Notes 9 of the consolidated financial statements	Purchase	3,981,566	27	—	-	—	(733,906)	33	
SPG	SPGTW	Refer to Notes 9 of the consolidated financial statements	Sale	VND 2,879,049,774	93	—	-	—	VND516,235,463	94	
	SPGTW	Refer to Notes 9 of the consolidated financial statements	Purchase	VND 326,828,582	24	—	-	—	(VND 97,706,058)	21	

	SGC	Refer to Notes 9 of the consolidated financial statements	Sale	VND 205,868,958	7	—	-	—	VND 33,290,121	6	
VG	SPGTW	Refer to Notes 9 of the consolidated financial statements	Sale	VND 1,855,027,858	94	—	-	—	VND204,032,075	87	
	SPGTW	Refer to Notes 9 of the consolidated financial statements	Purchase	VND 168,962,705	23	—	-	—	(VND 30,402,703)	13	
	AW	Refer to Notes 9 of the consolidated financial statements	Sale	VND 109,248,111	6	—	-	—	VND 29,453,455	13	
AW	SPGTW	Refer to Notes 9 of the consolidated financial statements	Sale	VND 964,559,219	95	—	-	—	VND119,379,002	88	
	SPGTW	Refer to Notes 9 of the consolidated financial statements	Purchase	VND 105,575,754	28	—	-	—	(VND 33,697,438)	24	
	VG	Refer to Notes 9 of the consolidated financial statements	Purchase	VND 109,248,111	29	—	-	—	(VND 29,453,455)	21	
DH	SPGTW	Refer to Notes 9 of the consolidated financial statements	Sale	VND 825,362,775	83	—	-	—	VND126,775,918	77	
	SPGTW	Refer to Notes 9 of the consolidated financial statements	Purchase	VND 189,650,118	37	—	-	—	(VND 49,648,413)	30	
	VG	Refer to Notes 9 of the consolidated financial statements	Sale	VND 87,390,076	9	—	-	—	(VND 28,005,977)	17	
SGC	SPGTW	Refer to Notes 9 of the consolidated financial statements	Sale	USD 133,882	100	—	-	—	USD 25,769	100	
	SPGTW	Refer to Notes 9 of the consolidated financial statements	Purchase	USD 46,848	68	—	-	—	(USD 10,541)	56	
	SPG	Refer to Notes 9 of the consolidated financial statements	Purchase	USD 8,871	13	—	-	—	(USD 1,441)	8	
	DH	Refer to Notes 9 of the consolidated financial statements	Purchase	USD 3,781	5	—	-	—	(USD 1,212)	6	

Note: The transactions within the Group were eliminated in the consolidated financial statements.

Sports Gear Co., Ltd., and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

December 31, 2020

Table 5

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance			Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
							Amount	Actions Taken		
SPGTW	SGC	Refer to Notes 9 of the consolidated financial statements	Accounts receivables	TWD	306,428	4.04	$ -	—	$ 189,970	$ -
	SPG	Refer to Notes 9 of the consolidated financial statements	Accounts receivables	TWD	120,464	2.42	-	—	109,264	-
Sports Gear Co., Ltd. (Samoa)	SGC	Refer to Notes 9 of the consolidated financial statements	Other receivables	USD	26,000	-	-	—	USD 6,500	-
	AW	Refer to Notes 9 of the consolidated financial statements	Other receivables	USD	10,500	-	-	—	-	-
	VG	Refer to Notes 9 of the consolidated financial statements	Other receivables	USD	9,000	-	-	—	-	-
SPG	SPGTW	Refer to Notes 9 of the consolidated financial statements	Accounts receivables	VND	516,235,463	7.57	-	—	VND516,235,463	-
VG	SPGTW	Refer to Notes 9 of the consolidated financial statements	Accounts receivables	VND	204,032,075	8.86	-	—	VND193,450,072	-
AW	SPGTW	Refer to Notes 9 of the consolidated financial statements	Accounts receivables	VND	119,379,002	9.15	-	—	VND119,379,002	-
DH	SPGTW	Refer to Notes 9 of the consolidated financial statements	Accounts receivables	VND	126,775,918	7.92	-	—	VND126,775,918	-
SGC	SPGTW	Refer to Notes 9 of the consolidated financial statements	Accounts receivables	USD	25,769	8.03	-	—	USD 25,769	-

Note: The transactions within the Group were eliminated in the consolidated financial statements.

Sports Gear Co., Ltd., and Subsidiaries

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM

January 1 to December 31, 2020

Table 6

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (%)
0	Sports Gear Co., Ltd. Taiwan Branch	AW	3	Cost of goods sold	$ 1,226,376	Open account 60 days	9
		SPG	3	Cost of goods sold	3,678,930	Open account 60 days	27
		SPG	3	Accounts payables	636,467	Open account 60 days	4
		SPG	3	Revenue of goods sold	418,213	Open account 60 days	3
		DH	3	Cost of goods sold	1,049,664	Open account 60 days	8
		DH	3	Revenue of goods sold	241,065	Open account 60 days	2
		SGC	3	Accounts receivables	306,428	Open account 60 days	2
		SGC	3	Cost of goods sold	3,981,566	Open account 60 days	29
		SGC	3	Accounts payables	733,906	Open account 60 days	5
		SGC	3	Revenue of goods sold	1,401,120	Open account 60 days	10
		VG	3	Cost of goods sold	2,377,164	Open account 60 days	18
		VG	3	Accounts payables	238,505	Open account 60 days	1
		VG	3	Revenue of goods sold	203,583	Open account 60 days	2
1	Sports Gear Co., Ltd. (Samoa)	SGC	3	Other receivables	768,300	—	5
		AW	3	Other receivables	310,275	—	2
		VG	3	Other receivables	265,950	—	2
2	SPG	SGC	3	Revenue of goods sold	261,810	Open account 60 days	2
3	VG	AW	3	Revenue of goods sold	138,934	Open account 60 days	1

Note 1: The relationships: (1) Represents the transactions from the parent company to subsidiary. (2) Represents the transactions from subsidiary company to parent. (3) Represents the transactions between subsidiaries.

Note 2: For balance sheet accounts, transactions exceeding 1% of the consolidated total assets should be disclosed; for income statement accounts, transactions exceeding 1% of the consolidated total revenue should be disclosed. The transactions within the Group were eliminated in the consolidated financial statements.

Sports Gear Co., Ltd., and Subsidiaries

INFORMATION ON INVESTEES

January 1 to December 31, 2020

Table 7 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Investment Income (Losses)	Remark
				December 31, 2020	December 31, 2020	Shares	Percentage of Ownership (%)	Carrying Amount			
	Shares										
The Company	Sports Gear Co., Ltd. (Samoa)	Samoa	Sporting goods trading and international investment	USD 101,400	USD 51,400	5,035,579	100	USD 208,905	USD 17,619	USD 17,569	First-tier subsidiary
	Fongyuan	Seychelles	International investment	USD 29,109	USD 29,109	31,850,000	100	USD 11,561	USD 932	USD 932	First-tier subsidiary
	Elephant	Seychelles	International investment	USD 42,035	USD 42,035	43,000,000	100	USD 43,469	USD 855	USD 855	First-tier subsidiary
	All Wells	The British Virgin Islands	International investment	USD 12,500	USD 12,500	12,500,000	100	USD 114,330	USD 738	USD 738	First-tier subsidiary
Sports Gear Co., Ltd. (Samoa)	Silk Invest	Taiwan	Investment and real estate development, rental, and sales	USD 6,482	USD 6,482	-	100	USD 6,501	($ 7,144)	(Note 1)	Second-tier subsidiary
Elephant	VG	Vietnam	Manufacturing, processing, and trading of sporting goods	USD 56,000	USD 40,000	-	100	USD 41,236	VND 27,411,478	(Note 1)	Second-tier subsidiary
	SPG Indonesia	Indonesia	Manufacturing, processing, and trading of sporting goods	USD 2,250	USD 2,250	-	90	USD 2,132	(IDR 649,588)	(Note 1)	Second-tier subsidiary
	SGP	Portugal	Research center for sporting goods	EUR 50	-	-	100	(USD 225)	(EUR 215)	(Note 1)	Second-tier subsidiary
VG	SGP	Portugal	Research center for sporting goods	-	EUR 50	-	-	VND -	(EUR 215)	(Note 1)	Third-tier subsidiary
Fongyuan	AW	Vietnam	Manufacturing, processing, and trading of sporting goods	USD 36,000	USD 36,000	-	90	USD 12,699	VND 25,965,748	(Note 1)	Second-tier subsidiary
	SPG Indonesia	Indonesia	Manufacturing, processing, and trading of sporting goods	USD 250	USD 250	-	10	USD 237	(IDR 649,588)	(Note 1)	Second-tier subsidiary
All Wells	SPG	Vietnam	Manufacturing, processing, and trading of sporting goods	USD 12,700	USD 12,700	-	100	USD 49,495	VND 68,779,304	(Note 1)	Second-tier subsidiary
	AW	Vietnam	Manufacturing, processing, and trading of sporting goods	USD 4,000	USD 4,000	-	10	USD 1,411	VND 25,965,748	(Note 1)	Second-tier subsidiary
	DH	Vietnam	Manufacturing, processing, and trading of sporting goods	USD 21,600	USD 21,600	-	100	USD 15,462	(VND 100,933,172)	(Note 1)	Second-tier subsidiary

	Fireman	Cambodia	Manufacturing, processing, and trading of sporting goods	USD 3,750	USD 3,750	-	100	USD 3,981	USD 67	(Note 1)	Second-tier subsidiary
	SPG Myanmar	Myanmar	Manufacturing, processing, and trading of sporting goods	USD 20,000	USD 20,000	-	100	USD 19,109	(USD 248)	(Note 1)	Second-tier subsidiary
	ASP	Vietnam	Manufacturing, processing, and trading of sporting goods	USD 7,000	USD 5,000	-	100	USD 4,613	(VND 12,744,406)	(Note 1)	Second-tier subsidiary
	SGC	Cambodia	Manufacturing, processing, and trading of sporting goods	USD 25,000	USD 25,000	-	100	USD 37,487	USD 3,138	(Note 1)	Second-tier subsidiary

Note 1: Not required to fill in.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Sports Gear Co., Ltd., and Subsidiaries

INFORMATION ON MAJOR SHAREHOLDERS

December 31, 2020

Table 8

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
MATCH SPORTS INTERNATIONAL CO LTD.	62,225,185	36
Mu Mu Sports International Limited	30,055,555	17
Lu Lu Sports International Limited	18,518,518	11
Preferred Grand Fund SPC-Stone Wall Fund Segregated Portfolio	18,518,518	11
Lesson 1 Company Limited	16,666,666	10
LAI Li-Yang	12,252,962	7