

Dyaco International Inc. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Dyaco International Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Dyaco International Inc. (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chien-Hsin Hsieh and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 12, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 783,409	7	\$ 1,212,636	10	\$ 1,091,551	9
Financial assets at fair value through profit or loss (Note 7)	19,620	-	-	-	2,644	-
Financial assets at amortized cost (Notes 9 and 37)	155,890	2	292,394	2	237,720	2
Notes receivable (Notes 10 and 27)	2,914	-	1,490	-	6,467	-
Accounts receivable (Notes 10 and 27)	1,330,774	13	1,647,028	14	2,016,131	17
Other receivables (Note 10)	38,904	-	68,090	1	38,183	-
Current tax assets (Note 29)	7,590	-	35,596	-	37,028	-
Inventories (Note 11)	2,797,527	26	3,531,206	29	3,592,469	30
Prepayments (Note 12)	133,541	1	155,988	1	150,881	1
Other current assets	7,244	-	22,631	-	19,361	-
Total current assets	<u>5,277,413</u>	<u>49</u>	<u>6,967,059</u>	<u>57</u>	<u>7,192,435</u>	<u>59</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	149,315	2	139,035	1	-	-
Financial assets at fair value through other comprehensive income (Note 8)	70,634	1	58,785	1	56,409	1
Financial assets at amortized cost (Note 9)	22,290	-	-	-	-	-
Investments accounted for using the equity method (Note 14)	27,652	-	29,706	-	4,540	-
Property, plant and equipment (Notes 15, 36 and 37)	3,001,938	28	2,913,174	24	2,793,308	23
Right-of-use assets (Notes 16 and 37)	322,884	3	328,889	3	339,395	3
Investment properties (Note 17)	51,897	1	53,481	1	54,860	-
Goodwill (Notes 18 and 32)	554,087	5	528,950	4	468,513	4
Other intangible assets (Note 19)	753,790	7	742,471	6	718,051	6
Deferred income tax assets (Note 29)	423,118	4	383,136	3	410,254	3
Prepayments for equipment	2,999	-	9,533	-	10,061	-
Refundable deposits	21,910	-	19,553	-	61,368	1
Other non-current assets	2,141	-	2,855	-	7,350	-
Total non-current assets	<u>5,404,655</u>	<u>51</u>	<u>5,209,568</u>	<u>43</u>	<u>4,924,109</u>	<u>41</u>
TOTAL	<u>\$ 10,682,068</u>	<u>100</u>	<u>\$ 12,176,627</u>	<u>100</u>	<u>\$ 12,116,544</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 37)	\$ 2,337,417	22	\$ 2,866,075	24	\$ 1,348,817	11
Financial liabilities at fair value through profit or loss (Note 7)	26,639	-	14,135	-	1,846	-
Notes payable (Note 22)	12,826	-	33,271	-	87,062	1
Accounts payable (Note 22)	686,212	7	1,338,034	11	1,815,917	15
Other payables (Note 23)	735,902	7	650,538	5	1,441,795	12
Current income tax liabilities (Note 29)	21,832	-	27,907	-	189,896	2
Provisions (Note 24)	20,758	-	19,343	-	17,653	-
Lease liabilities (Note 16)	18,208	-	17,859	-	18,838	-
Contract liabilities (Note 27)	22,598	-	21,470	-	48,170	-
Current portion of long-term borrowings (Notes 20 and 37)	284,324	3	232,812	2	160,125	1
Current portion of bonds payable (Note 21)	969,339	9	-	-	-	-
Other current liabilities	29,156	-	76,561	1	63,428	1
Total current liabilities	<u>5,165,211</u>	<u>48</u>	<u>5,298,005</u>	<u>43</u>	<u>5,193,547</u>	<u>43</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 21)	419,612	4	1,379,436	11	1,369,828	11
Long-term borrowings (Notes 20 and 37)	427,328	4	557,615	5	710,732	6
Deferred tax liabilities (Note 29)	442,520	4	408,402	4	420,432	4
Lease liabilities (Note 16)	26,849	1	34,620	-	43,660	-
Long-term payable (Note 23)	106,629	1	107,094	1	34,742	-
Net defined benefit liabilities (Note 25)	19,494	-	19,284	-	20,582	-
Guarantee deposits received	2,450	-	2,732	-	2,584	-
Total non-current liabilities	<u>1,444,882</u>	<u>14</u>	<u>2,509,183</u>	<u>21</u>	<u>2,602,560</u>	<u>21</u>
Total liabilities	<u>6,610,093</u>	<u>62</u>	<u>7,807,188</u>	<u>64</u>	<u>7,796,107</u>	<u>64</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)						
Share capital						
Ordinary shares	1,341,147	12	1,339,822	11	1,334,442	11
Advance share capital	-	-	400	-	5,380	-
Total share capital	<u>1,341,147</u>	<u>12</u>	<u>1,340,222</u>	<u>11</u>	<u>1,339,822</u>	<u>11</u>
Capital surplus	2,134,231	20	2,115,925	18	2,086,720	17
Retained earnings						
Legal reserve	329,002	3	284,853	2	152,827	2
Special reserve	238,087	2	175,628	1	105,812	1
Unappropriated earnings	147,378	2	676,913	6	752,959	6
Total retained earnings	<u>714,467</u>	<u>7</u>	<u>1,137,394</u>	<u>9</u>	<u>1,011,598</u>	<u>9</u>
Other equity	(132,647)	(1)	(238,087)	(2)	(218,748)	(2)
Treasury shares	(365,298)	(3)	(368,604)	(3)	(244,018)	(2)
Total equity attributable to owners of the Corporation	<u>3,691,900</u>	<u>35</u>	<u>3,986,850</u>	<u>33</u>	<u>3,975,374</u>	<u>33</u>
NON-CONTROLLING INTERESTS	<u>380,075</u>	<u>3</u>	<u>382,589</u>	<u>3</u>	<u>345,063</u>	<u>3</u>
Total equity	<u>4,071,975</u>	<u>38</u>	<u>4,369,439</u>	<u>36</u>	<u>4,320,437</u>	<u>36</u>
TOTAL	<u>\$ 10,682,068</u>	<u>100</u>	<u>\$ 12,176,627</u>	<u>100</u>	<u>\$ 12,116,544</u>	<u>100</u>

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 27)	\$ 1,410,702	102	\$ 2,802,813	101	\$ 3,741,916	103	\$ 6,690,691	101
LESS: SALES RETURNS	7,269	-	10,755	-	17,119	1	23,853	-
SALES DISCOUNTS AND ALLOWANCES	<u>24,156</u>	<u>2</u>	<u>17,878</u>	<u>1</u>	<u>84,839</u>	<u>2</u>	<u>54,551</u>	<u>1</u>
NET OPERATING REVENUE	1,379,277	100	2,774,180	100	3,639,958	100	6,612,287	100
OPERATING COSTS (Notes 11 and 28)								
Cost of sales	<u>1,046,617</u>	<u>76</u>	<u>1,830,054</u>	<u>66</u>	<u>2,697,320</u>	<u>74</u>	<u>4,284,654</u>	<u>65</u>
GROSS PROFIT	<u>332,660</u>	<u>24</u>	<u>944,126</u>	<u>34</u>	<u>942,638</u>	<u>26</u>	<u>2,327,633</u>	<u>35</u>
OPERATING EXPENSES (Note 28)								
Selling and marketing	339,233	25	561,079	20	823,800	23	1,385,037	21
General and administrative	190,944	14	176,650	6	390,827	11	362,619	5
Research and development	19,691	1	21,671	1	44,830	1	43,994	1
Expected credit loss (gain) (Note 10)	<u>16,116</u>	<u>1</u>	<u>(3,593)</u>	<u>-</u>	<u>21,412</u>	<u>-</u>	<u>11,738</u>	<u>-</u>
Total operating expenses	<u>565,984</u>	<u>41</u>	<u>755,807</u>	<u>27</u>	<u>1,280,869</u>	<u>35</u>	<u>1,803,388</u>	<u>27</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>(56)</u>	<u>-</u>	<u>(2,027)</u>	<u>-</u>	<u>161</u>	<u>-</u>	<u>(1,862)</u>	<u>-</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(233,380)</u>	<u>(17)</u>	<u>186,292</u>	<u>7</u>	<u>(338,070)</u>	<u>(9)</u>	<u>522,383</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	278	-	447	-	439	-	938	-
Rental income	3,731	-	4,124	-	7,043	-	7,872	-
Other income	23,046	2	2,331	-	27,486	1	7,268	-
Foreign exchange gain (loss) or loss, net (Note 28)	136,726	10	(123,262)	(4)	260,228	7	(120,123)	(2)
Other expenses	(1,367)	-	(176)	-	(4,357)	-	(259)	-
Gain (loss) on valuation of financial instruments	8,741	1	965	-	16,624	-	(303)	-
Interest expense (Note 28)	(20,323)	(2)	(14,845)	(1)	(40,283)	(1)	(28,812)	-
Share of loss of associates (Note 14)	(2,679)	-	(638)	-	(4,314)	-	(638)	-
Impairment loss (Note 10)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,500)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>148,153</u>	<u>11</u>	<u>(131,054)</u>	<u>(5)</u>	<u>223,366</u>	<u>6</u>	<u>(134,057)</u>	<u>(2)</u>
(LOSS) PROFIT BEFORE INCOME TAX	(85,227)	(6)	55,238	2	(114,704)	(3)	388,326	6
INCOME TAX (BENEFIT) EXPENSE (Note 29)	<u>(12,992)</u>	<u>(1)</u>	<u>14,337</u>	<u>1</u>	<u>225</u>	<u>-</u>	<u>79,233</u>	<u>1</u>
NET (LOSS) PROFIT	<u>(72,235)</u>	<u>(5)</u>	<u>40,901</u>	<u>1</u>	<u>(114,929)</u>	<u>(3)</u>	<u>309,093</u>	<u>5</u>

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 16,460	1	\$ (39,519)	(1)	\$ 110,258	3	\$ (48,138)	(1)
TOTAL COMPREHENSIVE (LOSS) INCOME	\$ (55,775)	(4)	\$ 1,382	-	\$ (4,671)	-	\$ 260,955	4
NET (LOSS) PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	\$ (61,738)	(4)	\$ 50,910	2	\$ (105,425)	(3)	\$ 315,698	5
Non-controlling interests	(10,497)	(1)	(10,009)	(1)	(9,504)	-	(6,605)	-
	\$ (72,235)	(5)	\$ 40,901	1	\$ (114,929)	(3)	\$ 309,093	5
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	\$ (35,530)	(3)	\$ 13,306	-	\$ 15	-	\$ 272,578	4
Non-controlling interests	(20,245)	(1)	(11,924)	-	(4,686)	-	(11,623)	-
	\$ (55,775)	(4)	\$ 1,382	-	\$ (4,671)	-	\$ 260,955	4
(LOSS) EARNINGS PER SHARE (Note 30)								
Basic	\$ (0.49)		\$ 0.40		\$ (0.83)		\$ 2.49	
Diluted			\$ 0.39				\$ 2.38	

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation (Note 26)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
	Shares Capital	Advance Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2021	\$ 1,311,496	\$ 15,027	\$ 1,986,005	\$ 152,827	\$ 105,812	\$ 1,390,288	\$ (178,468)	\$ 2,840	\$ (272,651)	\$ 4,513,176	\$ 356,686	\$ 4,869,862
Issuance of ordinary shares under employee share options (Note 31)	3,380	4,380	24,276	-	-	-	-	-	-	32,036	-	32,036
Equity component of convertible bonds issued by the Corporation (Note 21)	-	-	38,988	-	-	-	-	-	-	38,988	-	38,988
Changes in capital surplus from investments using the equity method	-	-	102	-	-	-	-	-	-	102	-	102
Gain on disgorgement	-	-	45	-	-	-	-	-	-	45	-	45
Appropriation of prior year's earnings	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends to shareholder - NT\$7.50 per share	-	-	-	-	-	(953,027)	-	-	-	(953,027)	-	(953,027)
Convertible bonds converted to ordinary shares (Note 21)	19,566	(14,027)	43,162	-	-	-	-	-	-	48,701	-	48,701
Net profit for the six months ended June 30, 2021	-	-	-	-	-	315,698	-	-	-	315,698	(6,605)	309,093
Other comprehensive (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	(43,120)	-	-	(43,120)	(5,018)	(48,138)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	315,698	(43,120)	-	-	272,578	(11,623)	260,955
Treasury shares transferred to employees (Note 26)	-	-	(5,858)	-	-	-	-	-	28,633	22,775	-	22,775
BALANCE AT JUNE 30, 2021	\$ 1,334,442	\$ 5,380	\$ 2,086,720	\$ 152,827	\$ 105,812	\$ 752,959	\$ (221,588)	\$ 2,840	\$ (244,018)	\$ 3,975,374	\$ 345,063	\$ 4,320,437
BALANCE AT JANUARY 1, 2022	\$ 1,339,822	\$ 400	\$ 2,115,925	\$ 284,853	\$ 175,628	\$ 676,913	\$ (235,727)	\$ (2,360)	\$ (368,604)	\$ 3,986,850	\$ 382,589	\$ 4,369,439
Issuance of ordinary shares under employee share options (Note 31)	1,325	(400)	2,488	-	-	-	-	-	-	3,413	-	3,413
Appropriation of prior year's earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	44,149	-	(44,149)	-	-	-	-	-	-
Special reserve	-	-	-	-	62,459	(62,459)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$2.5 per share	-	-	-	-	-	(317,502)	-	-	-	(317,502)	-	(317,502)
	-	-	-	44,149	62,459	(424,110)	-	-	-	(317,502)	-	(317,502)
Net loss for the six months ended June 30, 2022	-	-	-	-	-	(105,425)	-	-	-	(105,425)	(9,504)	(114,929)
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	105,440	-	-	105,440	4,818	110,258
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	(105,425)	105,440	-	-	15	(4,686)	(4,671)
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(35,423)	(35,423)	-	(35,423)
Treasury shares transferred to employees (Note 26)	-	-	15,818	-	-	-	-	-	38,729	54,547	2,172	56,719
BALANCE AT JUNE 30, 2022	\$ 1,341,147	\$ -	\$ 2,134,231	\$ 329,002	\$ 238,087	\$ 147,378	\$ (130,287)	\$ (2,360)	\$ (365,298)	\$ 3,691,900	\$ 380,075	\$ 4,071,975

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (114,704)	\$ 388,326
Adjustments for:		
Depreciation expense	90,738	100,212
Amortization expense	37,696	44,565
Expected credit loss recognized	60,912	11,738
Net (gain) loss on fair value changes of financial instrument at fair value through profit or loss	(16,624)	304
Interest expense	40,283	28,812
Interest income	(439)	(938)
Compensation costs of employee share options	29,928	1,021
Share of loss of associates	4,314	638
(Gain) loss on disposal of property, plant and equipment	(161)	1,860
Loss on disposal of intangible assets	-	2
Loss on inventories valuation and obsolescence	35,971	7,506
Unrealized (gain) loss on foreign currency exchange	(200,275)	112,065
Changes in operating assets and liabilities		
Notes receivable	(1,424)	(4,447)
Accounts receivable	384,467	966,902
Other receivables	8,744	48,076
Inventories	867,246	(538,024)
Prepayments	22,447	32,504
Other current assets	11,667	(2,873)
Contract liabilities	1,128	(26,361)
Notes payable	(20,445)	(694,291)
Accounts payable	(697,856)	(590,730)
Provisions	329	(766)
Other payables	(191,456)	(479,501)
Other current liabilities	(47,405)	(473)
Net defined benefit liabilities	<u>210</u>	<u>183</u>
Cash generated from (used in) operations	305,291	(593,690)
Interest received	439	938
Interest paid	(30,236)	(26,421)
Income tax paid	<u>(3,216)</u>	<u>(395,868)</u>
Net cash generated from (used in) operating activities	<u>272,278</u>	<u>(1,015,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(11,760)	(5,400)
Decrease (increase) in financial assets at amortized cost	114,720	(28,789)
Purchase of investments accounted for using the equity method	(4,000)	-

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
Net cash outflow on acquisition of subsidiaries (Note 33)	\$ (38,341)	\$ (94,985)
Payments for property, plant and equipment (Note 33)	(126,086)	(26,047)
Proceeds from disposal of property, plant and equipment	13,905	10,223
Decrease in refundable deposits	1,363	425
Payments for intangible assets (Note 33)	(5,317)	(16,393)
Decrease in other non-current assets	<u>714</u>	<u>4,568</u>
Net cash used in investing activities	<u>(54,802)</u>	<u>(156,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(584,202)	(217,066)
Proceeds from issuance of convertible bonds	-	994,594
Repayments of long-term borrowings	(81,128)	(79,929)
Refund of guarantee deposits received	(408)	(109)
Repayment of the principal portion of lease liabilities	(10,257)	(10,352)
Exercise of employee stock options	3,413	31,117
Payments for buy-back of ordinary shares	(35,423)	-
Proceeds from treasury shares transferred to employees	26,791	22,775
Enforce disgorgement	<u>-</u>	<u>45</u>
Net cash (used in) generated from financing activities	<u>(681,214)</u>	<u>741,075</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>34,511</u>	<u>(20,409)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(429,227)	(450,773)
CASH, BEGINNING OF THE PERIOD	<u>1,212,636</u>	<u>1,542,324</u>
CASH, END OF THE PERIOD	<u>\$ 783,409</u>	<u>\$ 1,091,551</u>

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Dyaco International Inc. (the “Corporation”) was established in 1990. The Corporation and its subsidiaries are collectively referred to as the Group. The Group mainly manufactures, imports, exports and sells sports equipment and outdoor furniture. The Corporation’s shares have been list on the Taiwan Stock Exchange since September 20, 2016.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on August 12, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023(Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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.

Note 3: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Refer to Note 13, Tables 7 and 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Please see the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2021 except for the information below.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The accounting judgments and key sources of estimation uncertainty of these consolidated financial statements are the same as the consolidated financial statements for the year ended December 31, 2021.

6. CASH

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 6,947	\$ 14,618	\$ 2,003
Checking accounts and demand deposits	<u>776,462</u>	<u>1,198,018</u>	<u>1,089,548</u>
	<u>\$ 783,409</u>	<u>\$ 1,212,636</u>	<u>\$ 1,091,551</u>

The market interest rates of cash in bank at the end of the reporting period were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Demand deposits	0.001%-0.385%	0.001%-0.35%	0.001%-0.35%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ -	\$ 876
Convertible bonds options (Note 21)	<u>-</u>	<u>-</u>	<u>1,768</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,644</u>
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Cross-currency swap contracts	<u>\$ 19,620</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible promissory notes (Note 14)	<u>\$ 149,315</u>	<u>\$ 139,035</u>	<u>\$ -</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Cross-currency swap contracts	\$ -	\$ 772	\$ 354
Foreign exchange forward contracts	1,634	-	-
Convertible bonds options (Note 21)	<u>25,005</u>	<u>13,363</u>	<u>1,492</u>
	<u>\$ 26,639</u>	<u>\$ 14,135</u>	<u>\$ 1,846</u>

At the end of the reporting period, outstanding cross-currency swap contracts and foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2022</u>			
Cross-currency swap contracts	NTD/USD	2022.08.02-2023.01.03	NTD290,327/USD10,500
Foreign exchange forward contracts	NTD/USD	2022.07.20-2022.07.26	NTD57,793/USD2,000
<u>December 31, 2021</u>			
Cross-currency swap contracts	NTD/USD	2022.08.02-2022.12.30	NTD262,788/USD9,500
<u>June 30, 2021</u>			
Cross-currency swap contracts	NTD/USD	2021.10.12	NTD14,299/USD500
Foreign exchange forward contracts	NTD/USD	2021.07.29-2021.09.29	NTD28,562/USD1,000
Foreign exchange forward contracts	USD/RMB	2021.09.29	USD500/RMB3,300

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Non-current</u>			
Domestic investments			
Listed private placement shares	\$ 11,760	\$ -	\$ -
Unlisted shares	13,290	13,290	5,400
Foreign investments			
Unlisted shares	<u>45,584</u>	<u>45,495</u>	<u>51,009</u>
	<u>\$ 70,634</u>	<u>\$ 58,785</u>	<u>\$ 56,409</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Restricted deposits	\$ 155,890	\$ 292,394	\$ 237,720
<u>Non-current</u>			
Bank debenture	\$ 22,290	\$ -	\$ -

a. The market interest rates of cash in bank at the end of the reporting period were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Restricted deposits	0.35%-1.05%	0.12%-0.29%	0.12%-0.22%

b. In June 2022, the Group purchased 1.5-year financial debentures of Mega International Commercial Bank at a face value of \$22,290 thousand (US\$750 thousand) with a maturity date of January 5, 2024. The coupon rate and effective interest rate are both 2.5%.

c. The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the current financial condition of debtors and the future prospects of the industries.

The Group's current credit risk grading mechanism is as follows:

<u>Category</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses (ECLs)</u>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group assesses the counterparty has a low risk of default and a strong capacity to meet contractual cash flows. As of June 30, 2022, there was no expected credit loss for investment in debt instruments.

d. The financial assets at amortized cost pledged as collateral are set out in Note 37.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 2,914	\$ 1,490	\$ 6,467
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,914</u>	<u>\$ 1,490</u>	<u>\$ 6,467</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,516,240	\$ 1,807,038	\$ 2,166,677
Less: Allowance for impairment loss	<u>185,466</u>	<u>160,010</u>	<u>150,546</u>
	<u>\$ 1,330,774</u>	<u>\$ 1,647,028</u>	<u>\$ 2,016,131</u>
<u>Other receivables</u>			
Deposit refund receivable	\$ -	\$ 43,500	\$ -
Tax refund receivables	27,572	8,514	21,664
Others	<u>11,332</u>	<u>16,076</u>	<u>16,519</u>
	<u>\$ 38,904</u>	<u>\$ 68,090</u>	<u>\$ 38,183</u>

a. Notes receivable

The average credit period of sales of goods was 30 to 120 days. In the determination of credit risk, the Group takes into consideration any change in credit quality from the invoice date to the reporting date. The Group recognizes 100% allowance for impairment loss if notes receivable become overdue.

At the end of the reporting period, there were no overdue notes receivable for which the Group recognized allowance for impairment loss.

b. Accounts receivable

The average credit period of sales of goods was 30 to 120 days. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of concluded transactions is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee periodically.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As there are different loss patterns for various customer segments, the Group uses different provision matrixes based on operating area of subsidiaries, and determines the provision for loss allowance is based on past due status.

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 accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

June 30, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-0.56%	0%-27.21%	1.84%-48.87%	12.03%-61.30%	20.33%-100%	100%	
Gross carrying amount	\$ 1,074,493	\$ 225,226	\$ 29,330	\$ 16,931	\$ 23,166	\$ 147,094	\$ 1,516,240
Loss allowance (Lifetime ECLs)	<u>(2,111)</u>	<u>(14,217)</u>	<u>(2,081)</u>	<u>(5,106)</u>	<u>(14,857)</u>	<u>(147,094)</u>	<u>(185,466)</u>
Amortized cost	<u>\$ 1,072,382</u>	<u>\$ 211,009</u>	<u>\$ 27,249</u>	<u>\$ 11,825</u>	<u>\$ 8,309</u>	<u>\$ -</u>	<u>\$ 1,330,774</u>

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-0.56%	0%-27.21%	1.84%-48.87%	12.03%-61.30%	20.33%-100%	100%	
Gross carrying amount	\$ 1,500,327	\$ 105,530	\$ 29,616	\$ 23,705	\$ 13,425	\$ 134,435	\$ 1,807,038
Loss allowance (Lifetime ECLs)	<u>(2,699)</u>	<u>(2,615)</u>	<u>(4,216)</u>	<u>(7,098)</u>	<u>(8,947)</u>	<u>(134,435)</u>	<u>(160,010)</u>
Amortized cost	<u>\$ 1,497,628</u>	<u>\$ 102,915</u>	<u>\$ 25,400</u>	<u>\$ 16,607</u>	<u>\$ 4,478</u>	<u>\$ -</u>	<u>\$ 1,647,028</u>

June 30, 2021

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-3.76%	0%-21.00%	1.84%-27.90%	2.57%-43.50%	5.00%-100%	100%	
Gross carrying amount	\$ 1,649,255	\$ 315,463	\$ 44,033	\$ 19,231	\$ 11,810	\$ 126,885	\$ 2,166,677
Loss allowance (Lifetime ECLs)	<u>(1,678)</u>	<u>(6,574)</u>	<u>(4,796)</u>	<u>(3,007)</u>	<u>(7,606)</u>	<u>(126,885)</u>	<u>(150,546)</u>
Amortized cost	<u>\$ 1,647,577</u>	<u>\$ 308,889</u>	<u>\$ 39,237</u>	<u>\$ 16,224</u>	<u>\$ 4,204</u>	<u>\$ -</u>	<u>\$ 2,016,131</u>

The Group's customer, New Level UK Ltd., was in severe financial difficulty and went into bankruptcy on February 26, 2018. As of June 30, 2022, accounts receivable from New Level UK Ltd. amounted to \$107,690 thousand (NT\$79,163 thousand and US\$960 thousand). Due to the uncertainty of the recoverability of accounts receivable according to legal proceedings, the Group recognized a loss allowance.

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

	For the Six Months Ended June 30	
	2022	2021
Beginning balance	\$ 160,010	\$ 140,359
Add: Net remeasurement of loss allowance	21,412	11,738
Less: Amounts written off	(178)	(391)
Foreign exchange gains and losses	<u>4,222</u>	<u>(1,160)</u>
Ending balance	<u>\$ 185,466</u>	<u>\$ 150,546</u>

c. Other receivables

Other receivables consist of deposit refund receivables, tax refund receivables and others (including disposal of investments and advance payment etc.).

Due to the overdue deposit refund receivables of the Group and debtor's current weak financial status, the unrecovered amount of NT\$39,500 thousand has been fully determined as expected credit loss, but the Group will continue to pursue recourse against the debtor.

11. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 174,585	\$ 229,361	\$ 290,230
Work in progress	167,416	319,555	204,164
Finished goods	2,044,125	2,549,890	2,630,645
Merchandise	<u>411,401</u>	<u>432,400</u>	<u>467,430</u>
	<u>\$ 2,797,527</u>	<u>\$ 3,531,206</u>	<u>\$ 3,592,469</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Cost of inventories sold	\$ 992,079	\$ 1,803,433	\$ 2,605,991	\$ 4,225,697
Inventory write-downs	35,637	-	35,971	7,506
Warranties	<u>18,901</u>	<u>26,621</u>	<u>55,358</u>	<u>51,451</u>
	<u>\$ 1,046,617</u>	<u>\$ 1,830,054</u>	<u>\$ 2,697,320</u>	<u>\$ 4,284,654</u>

12. PREPAYMENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Prepayments for goods	\$ 52,474	\$ 65,985	\$ 70,281
Prepaid expenses	38,303	51,258	43,385
Tax overpayment retained for offsetting future tax payable	36,267	32,751	26,833
Others	<u>6,497</u>	<u>5,994</u>	<u>10,382</u>
	<u>\$ 133,541</u>	<u>\$ 155,988</u>	<u>\$ 150,881</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
Dyaco International Inc.	Dyaco International Holding Limited	Investment	100	100	100	-
	Dyaco Europe GmbH	Import, export and selling	100	100	100	-
	Daan Health Management Consulting Co., Ltd.	Rental of medical equipment	100	100	100	-
	Dyaco Japan Co., Ltd.	Import, export and selling	100	100	100	-
	Wing Long Co., Ltd.	Import, export and selling	100	100	100	Note 5
	Dyaco UK Ltd.	Import, export and selling	100	100	100	-
	SOLE INC.	Investment	100	100	100	-
	President Plastic Products MFG Co., Ltd.	Rental of property	100	100	100	Note 1
	Cikayda Inc.	Manufacturing and selling	100	100	100	Note 2
	CITY SPORTS (THAILAND) CO., LTD.	Fitness equipment selling	44	44	-	Note 3
SOLE INC.	Neutron Ventures Ltd.	Sporting goods online selling	80	80	-	Note 4
	Fitness Equipment Services LLC.	Import, export and selling	100	100	100	-
Dyaco Europe GmbH	CARDIO fitness GmbH & Co. KG	Import, export and selling	100	100	100	-
	CARDIO fitness Verwaltungs GmbH	Investment	100	100	100	-
Dyaco International Holding Limited	Fuel-Spirit International Inc.	Import, export and selling	100	100	100	-
	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100	100	100	-
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60	60	60	-
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	100	100	100	-
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Import, export and selling	100	100	100	-
	Dyaco Canada Inc.	Import, export and selling	100	100	100	-
Spirit Manufacturing Inc.	Spirit Direct, LLC.	Import, export and selling	100	100	100	-
	Dyaco Commercial & Medical North America, LLC.	Import, export and selling	-	100	100	Note 6
Neutron Ventures Ltd.	Interactive Online Commerce Ltd.	Investment	100	100	-	Note 4
	Neutron Ventures Poland S.p z.o.o	Service industry	100	100	-	Note 4
Interactive Online Commerce Ltd.	Sweatband.com Ltd.	Sporting goods selling	100	100	-	Note 4

Remarks:

- 1) On December 8, 2020, the board of directors approved the resolution to purchase 100% equity of President Plastic Products Mfg. Co., Ltd. for NT\$258,640 thousand. As of June 30, 2022, December 31, 2021 and June 30, 2021, NT\$18,889 was not paid respectively and recognized as other payables.
- 2) In April 2021, the Corporation established Cikayda Inc. in the amount of NT\$20,000 thousand.

- 3) In November 2021, the Corporation purchased 44% equity of CITY SPORTS (THAILAND) CO., LTD. for THB14,420 thousand (NT\$12,450 thousand), and according to the acquisition agreement, the Corporation obtained two out of three seats in the board of directors of CITY SPORTS (THAILAND) CO., LTD. as the Corporation has control over the decision making of the relevant activities of the company; therefore, it is listed as a subsidiary. As of June 30, 2022 and December 31, 2021, NT\$1,245 and NT\$8,715 thousand was not paid respectively and recognized as other payables. For related information on business combinations, refer to Note 32.
- 4) In December 2021, the Corporation purchased 80% equity of Neutron Ventures Ltd. for GBP3,220 thousand (NT\$119,851 thousand). As of December 31, 2021, NT\$30,871 thousand was not paid and recognized as other payables. For related information on business combinations, refer to Note 32.
- 5) The Corporation acquired interests in subsidiary, Wing Long Co., Ltd., for NT\$5,000 thousand in December 2021.
- 6) Dyaco Commercial & Medical North America, LLC. has been completed liquidation and cancellation in the first quarter of 2022.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2022	December 31, 2021	June 30, 2021
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%	40%

Refer to table 8 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended		For the Six Months Ended		June 30, 2022	December 31, 2021	June 30, 2021
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021			
Shelton Corporation (Jiaxing), Ltd.	\$ (4,907)	\$ (10,009)	\$ 990	\$ (6,605)	\$ 367,126	\$ 360,781	\$ 345,063

The summarized financial information below represents amounts before intragroup eliminations and after consideration of acquisition premium amortization.

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 1,316,469	\$ 1,738,935	\$ 1,832,488
Non-current assets	907,230	918,445	943,966
Current liabilities	(1,020,172)	(1,479,458)	(1,635,362)
Non-current liabilities	(136,866)	(136,518)	(137,489)
Equity	\$ 1,066,661	\$ 1,041,404	\$ 1,003,603

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Equity attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 699,535	\$ 680,623	\$ 658,540
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>367,126</u>	<u>360,781</u>	<u>345,063</u>
	<u>\$ 1,066,661</u>	<u>\$ 1,041,404</u>	<u>\$ 1,003,603</u> (Concluded)
	For the Three Months Ended June 30	For the Six Months Ended June 30	
	2022	2021	2022
			2021
Revenue	<u>\$ 440,741</u>	<u>\$ 872,036</u>	<u>\$ 1,133,175</u>
Net (loss) profit from continuing operations (Remark)	\$ (12,270)	\$ (25,022)	\$ 2,475
Other comprehensive (loss) income for the period	<u>(21,578)</u>	<u>(4,791)</u>	<u>13,390</u>
Total comprehensive (loss) income for the period	<u>\$ (33,848)</u>	<u>\$ (29,813)</u>	<u>\$ 15,865</u>
(Loss) profit attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (7,363)	\$ (15,013)	\$ 1,485
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(4,907)</u>	<u>(10,009)</u>	<u>990</u>
	<u>\$ (12,270)</u>	<u>\$ (25,022)</u>	<u>\$ 2,475</u>
Total comprehensive (loss) income attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (20,309)	\$ (17,889)	\$ 9,519
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(13,539)</u>	<u>(11,924)</u>	<u>6,346</u>
	<u>\$ (33,848)</u>	<u>\$ (29,813)</u>	<u>\$ 15,865</u>

	For the Six Months Ended June 30	
	2022	2021
Net cash inflow (outflow) from:		
Operating activities	\$ 102,397	\$ (79,153)
Investing activities	(646)	(5,340)
Financing activities	<u>(58,208)</u>	<u>134,974</u>
Net cash inflow	<u>\$ 43,543</u>	<u>\$ 50,481</u>

Note: Net profit was \$9,389 thousand less amortization of \$6,914 thousand for the six months ended June 30, 2022. Net loss was \$9,710 thousand less amortization of \$6,802 thousand for the six months ended June 30, 2021.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2022	December 31, 2021	June 30, 2021
Investments in associates	<u>\$ 27,652</u>	<u>\$ 29,706</u>	<u>\$ 4,540</u>
Associates that are not individually material			
Morsel, Inc.	\$ 19,965	\$ 25,061	\$ -
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	3,715	4,645	4,540
Hongdaxin Projection Co., Ltd.	<u>3,972</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,652</u>	<u>\$ 29,706</u>	<u>\$ 4,540</u>

The Group acquired 40% equity of Hongdaxin Projection Co., Ltd. for \$4,000 thousand in March 2022. It provides investment in domestic film and television production.

On August 11, 2021, the board of directors resolved to invest in Morsel Inc., an intelligent fitness content production company, with a total amount of US\$6,000 thousand. The ordinary shares were acquired for US\$1,000 thousand (approximately NT\$27,750 thousand), which accounted for 11% of Morsel Inc.'s total equity; and in accordance with the investment agreement, the parent company has the right to appoint one third of the director seats and the ability to exercise significant influence over Morsel Inc. In addition, the three-year convertible promissory notes issued by Morsel Inc. were acquired for US\$5,000 thousand (approximately NT\$138,750 thousand) at an annual interest rate of 1%, which was recognized as financial assets at fair value through profit or loss and gain on fair value changes to NT\$10,280 thousand was recognized on June 30, 2022, please refer to Note 7.

The Group acquired 40% equity of Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd. for \$5,123 thousand in July 2020. It provides technology development and consulting in the field of health technology.

Refer to Tables 7 and 8 for the principal places of business and countries of incorporation.

Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Group's share of:				
Loss from continuing operations	\$ (2,679)	\$ (638)	\$ (4,314)	\$ (638)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (2,679)</u>	<u>\$ (638)</u>	<u>\$ (4,314)</u>	<u>\$ (638)</u>

The investments were accounted for using the equity method and the share of profit or loss of those investments was calculated based on financial statements which have been reviewed. However, the difference between the investment cost and net equity value incurred by the acquisition of Morsel Inc. was recognized at the provisional amount on the balance sheet date because its identifiable assets and liabilities have not yet been completed. During the measurement period, retrospective adjustments or recognition of additional assets or liabilities are made to reflect the new information obtained about the facts and circumstances that existed on the acquisition date.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,283,139	\$ 1,895,939	\$ 626,529	\$ 51,566	\$ 78,641	\$ 21,986	\$ 150,758	\$ 4,108,558
Additions	-	496	30,151	15	1,188	325	97,991	130,166
Disposals	-	-	(13,919)	(1,148)	(372)	-	-	(15,439)
Reclassification	-	1,624	-	-	-	-	-	1,624
Effects of foreign currency exchange differences	<u>1,442</u>	<u>43,033</u>	<u>12,478</u>	<u>735</u>	<u>754</u>	<u>(131)</u>	<u>12,966</u>	<u>71,277</u>
Balance at June 30, 2022	<u>1,284,581</u>	<u>1,941,092</u>	<u>655,239</u>	<u>51,168</u>	<u>80,211</u>	<u>22,180</u>	<u>261,715</u>	<u>4,296,186</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	-	663,776	420,878	33,376	65,616	11,738	-	1,195,384
Depreciation expenses	-	33,624	34,879	2,240	3,362	1,201	-	75,306
Disposals	-	-	(1,018)	(311)	(366)	-	-	(1,695)
Reclassification	-	965	-	-	-	-	-	965
Effects of foreign currency exchange differences	<u>-</u>	<u>13,948</u>	<u>9,100</u>	<u>443</u>	<u>814</u>	<u>(17)</u>	<u>-</u>	<u>24,288</u>
Balance at June 30, 2022	<u>-</u>	<u>712,313</u>	<u>463,839</u>	<u>35,748</u>	<u>69,426</u>	<u>12,922</u>	<u>-</u>	<u>1,294,248</u>
Carrying amounts at June 30, 2022	<u>\$ 1,284,581</u>	<u>\$ 1,228,779</u>	<u>\$ 191,400</u>	<u>\$ 15,420</u>	<u>\$ 10,785</u>	<u>\$ 9,258</u>	<u>\$ 261,715</u>	<u>\$ 3,001,938</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,277,444	\$ 1,911,892	\$ 790,276	\$ 49,855	\$ 74,460	\$ 24,297	\$ -	\$ 4,128,224
Additions	6	1,437	16,198	2,741	6,593	1,094	-	28,069
Disposals	(1,442)	(12,974)	(6,045)	(6,000)	(1,757)	(142)	-	(28,360)
Effects of foreign currency exchange differences	<u>(286)</u>	<u>(18,537)</u>	<u>(5,694)</u>	<u>(880)</u>	<u>(3,896)</u>	<u>(1,070)</u>	<u>-</u>	<u>(30,363)</u>
Balance at June 30, 2021	<u>1,275,722</u>	<u>1,881,818</u>	<u>794,735</u>	<u>45,716</u>	<u>75,400</u>	<u>24,179</u>	<u>-</u>	<u>4,097,570</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	-	598,857	549,088	32,511	59,623	10,548	-	1,250,627
Depreciation expenses	-	33,526	41,391	2,406	4,013	1,841	-	83,177
Disposals	-	(3,263)	(5,404)	(5,746)	(1,722)	(142)	-	(16,277)
Effects of foreign currency exchange differences	<u>-</u>	<u>(6,826)</u>	<u>(3,896)</u>	<u>(568)</u>	<u>(1,569)</u>	<u>(406)</u>	<u>-</u>	<u>(13,265)</u>
Balance at June 30, 2021	<u>-</u>	<u>622,294</u>	<u>581,179</u>	<u>28,603</u>	<u>60,345</u>	<u>11,841</u>	<u>-</u>	<u>1,304,262</u>
Carrying amounts at June 30, 2021	<u>\$ 1,275,722</u>	<u>\$ 1,259,524</u>	<u>\$ 213,556</u>	<u>\$ 17,113</u>	<u>\$ 15,055</u>	<u>\$ 12,338</u>	<u>\$ -</u>	<u>\$ 2,793,308</u>

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

Buildings	
Main buildings	15-50 years
Decoration	1-49 years
Machinery equipment	1-11 years
Transportation equipment	2-11 years
Office equipment	1-10 years
Leasehold improvements	1-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 37.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022		December 31, 2021		June 30, 2021
<u>Carrying amounts</u>					
Land	\$ 280,665		\$ 279,783		\$ 279,155
Buildings	32,894		36,423		44,622
Transportation equipment	9,325		12,683		15,580
Office equipment	<u>-</u>		<u>-</u>		<u>38</u>
	<u>\$ 322,884</u>		<u>\$ 328,889</u>		<u>\$ 339,395</u>
	For the Three Months Ended		For the Six Months Ended		
	June 30		June 30		
	2022	2021	2022	2021	
Additions for right-of-use assets			<u>\$ 1,738</u>		<u>\$ 11,612</u>
Depreciation charge for right-of-use assets					
Land	\$ 2,621	\$ 2,055	\$ 5,219		\$ 4,131
Buildings	2,671	4,338	5,236		8,726
Transportation equipment	1,639	1,332	3,335		2,482
Office equipment	<u>-</u>	<u>19</u>	<u>-</u>		<u>38</u>
	<u>\$ 6,931</u>	<u>\$ 7,744</u>	<u>\$ 13,790</u>		<u>\$ 15,377</u>

Right-of-use assets used by the Group and pledged as collateral for bank borrowings are set out in Note 37.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 18,208</u>	<u>\$ 17,859</u>	<u>\$ 18,838</u>
Non-current	<u>\$ 26,849</u>	<u>\$ 34,620</u>	<u>\$ 43,660</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	5.84%	5.84%	-
Buildings	1.56%-4.90%	1.56%-4.90%	1.56%-4.90%
Transportation equipment	1.66%-4.07%	1.66%-4.07%	1.66%-2.50%
Office equipment	-	-	4.07%

c. Material lease-in activities and terms

The Group leases certain buildings and office equipment for the use of plants, offices and retail stores with lease terms of 2 to 13 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

The Group leases transportation equipment for the use of business with lease terms of 3 to 4 years.

The land use rights of the Group are amortized over 50 years.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 9,938</u>	<u>\$ 7,393</u>	<u>\$ 20,749</u>	<u>\$ 13,869</u>
Expenses relating to low-value asset leases	<u>\$ 106</u>	<u>\$ 224</u>	<u>\$ 226</u>	<u>\$ 389</u>
Total cash outflow for leases			<u>\$ 31,232</u>	<u>\$ 24,610</u>

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

17. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2022	\$ 78,917
Reclassification	(1,624)
Effects of foreign currency exchange differences	<u>1,177</u>
Balance at June 30, 2022	<u>78,470</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	25,436
Depreciation expenses	1,642
Reclassification	(965)
Effects of foreign currency exchange differences	<u>460</u>
Balance at June 30, 2022	<u>26,573</u>
Carrying amount at June 30, 2022	<u>\$ 51,897</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 79,327
Effects of foreign currency exchange differences	<u>(846)</u>
Balance at June 30, 2021	<u>78,481</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	22,266
Depreciation expenses	1,658
Effects of foreign currency exchange differences	<u>(303)</u>
Balance at June 30, 2021	<u>23,621</u>
Carrying amount at June 30, 2021	<u>\$ 54,860</u>

The investment properties were leased out for 1 to 7 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Year 1	\$ 4,729	\$ 7,530	\$ 9,973
Year 2	676	663	1,177
Year 3	676	663	665
Year 4	619	663	665
Year 5	-	663	665
Year 5 onwards	<u>-</u>	<u>276</u>	<u>609</u>
	<u>\$ 6,700</u>	<u>\$ 10,458</u>	<u>\$ 13,754</u>

The investment properties used by the Group are depreciated on a straight-line basis over 20 to 33 years.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the fair value of investment property located in Zhongshan District, Taipei City was \$21,642 thousand, \$22,363 thousand and \$25,530 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Management was unable to reliably measure the fair value of the investment property located in Jiaxing City, Zhejiang Province, China, because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

18. GOODWILL

	For the Six Months Ended June 30	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 536,937	\$ 487,049
Effect of foreign currency exchange differences	<u>25,068</u>	<u>(10,082)</u>
Balance at June 30	<u>562,005</u>	<u>476,967</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	7,987	8,931
Effect of foreign currency exchange differences	<u>(69)</u>	<u>(477)</u>
Balance at June 30	<u>7,918</u>	<u>8,454</u>
Carrying amounts at June 30	<u>\$ 554,087</u>	<u>\$ 468,513</u>

19. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 86,724	\$ 78,105	\$ 94,338	\$ 7,685	\$ 288,159	\$ 631,104	\$ 996	\$ 1,187,111
Additions	5,214	-	-	-	-	-	-	5,214
Effects of foreign currency exchange differences	<u>263</u>	<u>2,113</u>	<u>6,332</u>	<u>-</u>	<u>3,534</u>	<u>46,512</u>	<u>73</u>	<u>58,827</u>
Balance at June 30, 2022	<u>92,201</u>	<u>80,218</u>	<u>100,670</u>	<u>7,685</u>	<u>291,693</u>	<u>677,616</u>	<u>1,069</u>	<u>1,251,152</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2022	66,957	63,742	72,556	7,685	172,830	60,369	501	444,640
Amortization expenses	5,769	3,613	847	-	12,400	14,931	136	37,696
Effects of foreign currency exchange differences	<u>257</u>	<u>1,823</u>	<u>4,756</u>	<u>-</u>	<u>3,182</u>	<u>4,966</u>	<u>42</u>	<u>15,026</u>
Balance at June 30, 2022	<u>72,983</u>	<u>69,178</u>	<u>78,159</u>	<u>7,685</u>	<u>188,412</u>	<u>80,266</u>	<u>679</u>	<u>497,362</u>
Carrying amounts at June 30, 2022	<u>\$ 19,218</u>	<u>\$ 11,040</u>	<u>\$ 22,511</u>	<u>\$ -</u>	<u>\$ 103,281</u>	<u>\$ 597,350</u>	<u>\$ 390</u>	<u>\$ 753,790</u>
<u>Cost</u>								
Balance at January 1, 2021	\$ 87,427	\$ 84,192	\$ 97,402	\$ 7,685	\$ 214,021	\$ 649,344	\$ 1,025	\$ 1,141,096
Additions	4,316	-	-	-	12,740	-	-	17,056
Disposals	(6,306)	-	-	-	-	-	-	(6,306)
Effects of foreign currency exchange differences	<u>(571)</u>	<u>(2,596)</u>	<u>(140)</u>	<u>-</u>	<u>(984)</u>	<u>(14,136)</u>	<u>(22)</u>	<u>(18,449)</u>
Balance at June 30, 2021	<u>84,866</u>	<u>81,596</u>	<u>97,262</u>	<u>7,685</u>	<u>225,777</u>	<u>635,208</u>	<u>1,003</u>	<u>1,133,397</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2021	65,490	60,602	73,267	7,685	141,511	31,749	240	380,544
Amortization expenses	4,640	3,866	847	-	20,145	14,931	136	44,565
Disposals	(6,304)	-	-	-	-	-	-	(6,304)
Effects of foreign currency exchange differences	<u>(460)</u>	<u>(1,604)</u>	<u>376</u>	<u>-</u>	<u>(907)</u>	<u>(856)</u>	<u>(8)</u>	<u>(3,459)</u>
Balance at June 30, 2021	<u>63,366</u>	<u>62,864</u>	<u>74,490</u>	<u>7,685</u>	<u>160,749</u>	<u>45,824</u>	<u>368</u>	<u>415,346</u>
Carrying amounts at June 30, 2021	<u>\$ 21,500</u>	<u>\$ 18,732</u>	<u>\$ 22,772</u>	<u>\$ -</u>	<u>\$ 65,028</u>	<u>\$ 589,384</u>	<u>\$ 635</u>	<u>\$ 718,051</u>

a. The Group signed royalty agreements of authorization with several foreign well-known sports brands to manufacture and sell products. The discounted cost was recognized as royalty and included in intangible assets at the beginning of authorization period, and the related liability was recognized as current and non-current payable for royalties. The interest expenses were calculated by the effective interest method.

b. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-13 years
Patents	5-15 years
Customer relationship	7-16 years
Existing technologies	3-5 years
Royalty	2-6 years
Brand value	23 years
Website	4 years

20. BORROWINGS

a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured borrowings	\$ 967,285	\$ 1,837,515	\$ 357,837
Secured borrowings	<u>1,370,132</u>	<u>1,028,560</u>	<u>990,980</u>
	<u>\$ 2,337,417</u>	<u>\$ 2,866,075</u>	<u>\$ 1,348,817</u>
Range of interest rates			
Unsecured borrowings	0.98%-4.35%	0.98%-4.35%	0.68%-3.06%
Secured borrowings	1.14%-4.35%	0.85%-5.84%	0.85%-4.45%

b. Long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings</u>			
Mega Bank	\$ 230,800	\$ 281,500	\$ 332,200
Taiwan Cooperative Bank	165,947	170,401	174,850
Taishin Bank	165,000	172,500	180,000
Bank SinoPac	101,541	113,427	123,226
Bank of Montreal	37,986	36,627	39,053
Chang Hua Bank	<u>10,378</u>	<u>15,972</u>	21,528
	711,652	790,427	870,857
Less: Current portion	<u>284,324</u>	<u>232,812</u>	<u>160,125</u>
Long-term borrowings	<u>\$ 427,328</u>	<u>\$ 557,615</u>	<u>\$ 710,732</u>

- 1) Secured borrowings from Mega Bank: In 2007, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2007 to December 2022. As of June 30, 2022, December 31, 2021 and June 30, 2021, the borrowings were \$5,100 thousand, \$10,200 thousand and \$15,300 thousand, respectively, at the annual borrowing interest rate were 1.78%, 1.38% and 1.38%, respectively. In September 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2024. As of June 30, 2022, December 31, 2021 and June 30, 2021, the borrowings were \$118,100 thousand, \$143,900 thousand and \$169,700 thousand, respectively, at the annual borrowing interest rate were 1.78%, 1.40% and 1.40%, respectively. In February 2020, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to February 2025. As of June 30, 2022, December 31, 2021 and June 30, 2021, the amount of borrowings were \$107,600 thousand, \$127,400 thousand and \$147,200 thousand, at the annual borrowing interest rate were 1.83%, 1.45% and 1.45%.
- 2) Secured borrowings from Taiwan Cooperative Bank: In November 2018, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2020 to November 2038 after two years of interest payments. As of June 30, 2022, December 31, 2021 and June 30, 2021, annual borrowing interest rate were 1.60%, 1.40% and 1.40%, respectively.
- 3) Secured borrowings from Taishin Bank: In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2034. As of June 30, 2022, December 31, 2021 and June 30, 2021, the borrowings were \$147,000 thousand, \$150,000 thousand and \$153,000 thousand, respectively, at annual borrowing interest rate were 1.45%, 1.23% and 1.23%, respectively. In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2024. As of June 30, 2022, December 31, 2021 and June 30, 2021, the borrowings were \$18,000 thousand, \$22,500 thousand and \$27,000 thousand, respectively, at annual borrowing interest rate were 1.45%, 1.23% and 1.23%, respectively.
- 4) Secured borrowings from Bank SinoPac: In 2009, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from September 2009 to September 2024. As of June 30, 2022, December 31, 2021 and June 30, 2021, the borrowings were \$20,000 thousand, \$25,385 thousand and \$29,231 thousand, respectively, at annual borrowing interest rate were 1.84%, 1.44% and 1.44%, respectively. In 2015, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2017 to November 2022. As of June 30, 2022, December 31, 2021 and June 30, 2021, the borrowings were \$77,161 thousand, \$81,745 thousand and \$86,329 thousand, respectively, at annual borrowing interest rate were 1.64%, 1.26% and 1.26%, respectively. In 2016, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from October 2016 to October 2023. As of June 30, 2022, December 31, 2021 and June 30, 2021, the borrowings were \$4,380 thousand, \$6,297 thousand and \$7,666 thousand, respectively, at annual borrowing interest rate were 1.73%, 1.33% and 1.33%, respectively.
- 5) Secured borrowings from Bank of Montreal: In 2016, Dyaco Canada Inc. signed a contract for borrowings, under which the principal and interest are repayable monthly from May 2016 to April 2023. As of June 30, 2022, December 31, 2021 and June 30, 2021, the annual borrowing interest rate were 4.07%.
- 6) Secured borrowings from Chang Hua Bank: In May 2008, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to May 2023. As of June 30, 2022, December 31, 2021 and June 30, 2021, the annual borrowing interest rates were 1.75%, 1.50% and 1.50%, respectively.

21. BONDS PAYABLE

	June 30, 2022	December 31, 2021	June 30, 2022
Secured domestic convertible bonds	\$ 419,612	\$ 417,656	\$ 415,714
Unsecured domestic convertible bonds	969,339	961,780	954,114
Less: Current portion	<u>(969,339)</u>	<u>-</u>	<u>-</u>
	<u>\$ 419,612</u>	<u>\$ 1,379,436</u>	<u>\$ 1,369,828</u>

- a. On August 24, 2020, the Corporation issued 0% three-year secured domestic convertible bonds at 100.5% of face value of \$600,000 thousand for the second time, with maturity date of August 24, 2023, totaling \$603,000 thousand. The convertible bonds are guaranteed by Bank SinoPac.

Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$89.9. Conversion may occur at any time between November 25, 2020 and August 24, 2023.

According to restrictions for second-time issuance and conversion of secured convertible bond, the Corporation is entitled to redeem the bonds by cash at face value from November 25, 2020 to July 15, 2023, if the closing price of common shares is 30% higher than its conversion price within thirty business days in a row or the balance of outstanding bonds is 10% lower than the original face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.93% per annum on initial recognition.

January 1, 2021 to June 30, 2021, the amount of convertible bonds of NT\$49,800 thousand was reclassified to share capital at NT\$5,539 thousand. Capital surplus - options and bonds payable discounts on the conversion date decreased in the amounts of NT\$1,051 thousand and NT\$1,099 thousand, respectively. The capital surplus - options of NT\$44,213 thousand was recognized on the conversion date.

Proceeds from issuance (less transaction costs of \$8,352 thousand)	\$ 594,648
Equity component (less transaction costs allocated to the equity component of \$178 thousand)	(12,666)
Financial assets at fair value through profit or loss - call options	<u>1,487</u>
Liability component at the date of issue	583,469
Interest charged at an effective interest rate of 0.93%	1,936
Convertible bonds converted into ordinary shares	<u>(123,033)</u>
Liability component at December 31, 2020	462,372
Interest charged at an effective interest rate of 0.93%	3,985
Convertible bonds converted into ordinary shares	<u>(48,701)</u>
Liability component at June 30, 2021	417,656
Interest charged at an effective interest rate of 0.93%	<u>1,956</u>
Liability component at June 30, 2022	<u>\$ 419,612</u>

Financial assets at fair value through profit or loss - call options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$42 thousand and \$825 thousand for the six months ended June 30, 2022 and 2021, respectively.

- b. On June 28, 2021, the Corporation issued 0% three-year unsecured domestic convertible bonds at 100.0% of face value of \$1,000,000 thousand for the third time, with maturity date of June 28, 2024, totaling \$1,000,000 thousand, and the trustee is Bank SinoPac.

Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$100.6. Conversion may occur at any time between September 29, 2021 and June 28, 2024.

According to restrictions for third-time issuance and conversion of secured convertible bond, the Corporation is entitled to redeem the bonds by cash at face value from September 29, 2021 to May 19 2024, if the closing price of common shares is 30% higher than its conversion price within thirty business days in a row or the balance of outstanding bonds is 10% lower than the original face value.

The record date that the holder is entitled to sell back the convertible bond in advance is June 28, 2024. The holder is required to inform the stock agency of the Corporation regarding the sale by giving 40-day prior written notice. The Corporation will redeem the convertible bonds based on the face value and accrued interests. The redemption amount of the bonds which have been held for full two years is 101.0% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.57% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,406 thousand)	\$ 994,594
Equity component (less transaction costs allocated to the equity component of \$212 thousand)	(38,988)
Financial liabilities held for trading - call and put options	<u>(1,492)</u>
Liability component at the date of issue	954,114
Interest charged at an effective interest rate of 1.57%	<u>7,666</u>
Liability component at June 30, 2021	961,780
Interest charged at an effective interest rate of 1.57%	<u>7,559</u>
Liability component at June 30, 2022	<u>\$ 969,339</u>

Financial assets at fair value through profit or loss - call and put options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was \$11,600 thousand for the six months ended June 30, 2022.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

- a. Notes payable

The Group issues notes payable for payment and business expenditure.

- b. Accounts payable

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. OTHER PAYABLE AND LONG-TERM PAYABLE

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Payables for dividends	\$ 317,502	\$ -	\$ 953,027
Payables for freight	103,008	143,261	92,584
Payables for salaries and bonuses	50,108	77,564	60,161
Payables for employee benefits	45,194	44,227	43,870
Payables for royalties (Note 19)	21,607	21,245	69,391
Payables for investments (Note 13)	20,134	58,475	18,889
Payables for advertisements	19,753	83,127	18,680
Payables for labor costs	13,967	16,660	19,331
Payables for value added taxes	10,990	31,797	12,903
Payables for insurance	10,835	14,019	12,599
Payables for employees' compensation	5,518	5,734	20,194
Payables for annual leave	5,484	7,731	11,011
Payables for commissions	5,205	6,103	8,047
Payables for purchases of equipment	1,390	3,873	1,012
Payables for remuneration of directors	-	2,000	5,055
Others	<u>105,207</u>	<u>134,722</u>	<u>95,041</u>
	<u>\$ 735,902</u>	<u>\$ 650,538</u>	<u>\$ 1,441,795</u>
<u>Non-current</u>			
Payables for royalties (Note 19)	<u>\$ 106,629</u>	<u>\$ 107,094</u>	<u>\$ 34,742</u>

24. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
Warranties	<u>\$ 20,758</u>	<u>\$ 19,343</u>	<u>\$ 17,653</u>
Warranties			
Balance at January 1, 2022			\$ 19,343
Amount used			(55,029)
Additional provisions recognized			55,358
Effect of foreign currency exchange differences			<u>1,086</u>
Balance at June 30, 2022			<u>\$ 20,758</u>
Balance at January 1, 2021			\$ 18,359
Amount used			(52,096)
Additional provisions recognized			51,451
Effect of foreign currency exchange differences			<u>(61)</u>
Balance at June 30, 2021			<u>\$ 17,653</u>

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd., President Plastic Products Mft. Co., Ltd. and Cikayda Inc. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd. and President Plastic Products Mft. Co., Ltd. make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in the US, China, Germany, UK, Japan and Thailand are members of a state-managed retirement benefit plan operated by the government of the US, China, Germany, UK, Japan and Thailand, respectively. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Dyaco International Holding Limited and Fuel-Spirit International Inc. do not have pension plan.

b. Defined benefit plans

The Group calculated the pension obligations of the defined benefit plans for the six months ended June 30, 2022 and 2021 by using the pension rate based on actuarial valuations as of December 31, 2021 and 2020, respectively. An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating costs	\$ 26	\$ 26	\$ 52	\$ 52
Operating expenses	<u>65</u>	<u>65</u>	<u>131</u>	<u>131</u>
	<u>\$ 91</u>	<u>\$ 91</u>	<u>\$ 183</u>	<u>\$ 183</u>

26. EQUITY

a. Share capital

Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Share capital authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>134,115</u>	<u>133,982</u>	<u>133,444</u>
Ordinary shares issued	<u>\$ 1,341,147</u>	<u>\$ 1,339,822</u>	<u>\$ 1,334,442</u>

A holder of issued ordinary shares with par value of \$10 is entitled to vote and to receive dividends.

b. Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of ordinary shares	\$ 1,327,831	\$ 1,325,152	\$ 1,324,009
Conversion of bonds	613,057	613,057	613,057
Treasury share transaction	124,774	117,644	93,507
<u>May only be used to offset a deficit</u>			
Conversion of employee share options	1,460	1,460	1,460
Gain on disgorgement	140	140	45
<u>May not be used for any purpose</u>			
Conversion of bonds	47,941	47,941	47,941
Employee share options	4,678	4,869	2,813
Employee share options in subsidiaries	<u>14,350</u>	<u>5,662</u>	<u>3,888</u>
	<u>\$ 2,134,231</u>	<u>\$ 2,115,925</u>	<u>\$ 2,086,720</u>

The capital surplus generated from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

The balance adjustment in capital surplus for the six months ended June 30 in 2022 and 2021 were as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Conversion of Employee Share Options	Enforce Disgorgement	Conversion of Bond-options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2022	\$ 1,325,152	\$ 613,057	\$ 117,644	\$ 1,460	\$ 140	\$ 47,941	\$ 4,869	\$ 5,662
Exercise of employee share options	2,679	-	-	-	-	-	(191)	-
Compensation costs of employee share options (Remark)	-	-	-	-	-	-	19,068	8,688
Treasury shares transferred to employees	-	-	7,130	-	-	-	(19,068)	-
Balance at June 30, 2022	<u>\$ 1,327,831</u>	<u>\$ 613,057</u>	<u>\$ 124,774</u>	<u>\$ 1,460</u>	<u>\$ 140</u>	<u>\$ 47,941</u>	<u>\$ 4,678</u>	<u>\$ 14,350</u>
Balance at January 1, 2021	\$ 1,269,348	\$ 568,844	\$ 37,685	\$ 1,460	\$ -	\$ 10,004	\$ 94,878	\$ 3,786
Convertible bond premium	-	44,213	-	-	-	(1,051)	-	-
Exercise of employee share options	54,661	-	-	-	-	-	(31,304)	-
Compensation costs of employee share options (Remark)	-	-	55,822	-	-	-	919	102
Treasury shares transferred to employees	-	-	-	-	-	-	(61,680)	-
Issuance of convertible bonds	-	-	-	-	-	38,988	-	-
Gain on disgorgement	-	-	-	-	45	-	-	-
Balance at June 30, 2021	<u>\$ 1,324,009</u>	<u>\$ 613,057</u>	<u>\$ 93,507</u>	<u>\$ 1,460</u>	<u>\$ 45</u>	<u>\$ 47,941</u>	<u>\$ 2,813</u>	<u>\$ 3,888</u>

Remark: On January 11, 2022 and August 11, 2021, the Corporation's board of directors resolved to transfer treasury shares to employees. In accordance with the actuarial report, compensation costs recognized by the Corporation were \$19,068 thousand and \$31,337 thousand, respectively. For the six months ended June 30, 2022 and 2021, the compensation costs of employees' shares recognized were \$8,688 thousand and \$1,021 thousand, respectively.

c. Retained earnings and dividend policy

The Corporation has resolved the amended Articles on May 30, 2019, which authorize special resolution the board of directors to distribute the dividends and bonuses, or all or part of the legal reserve and capital surplus in cash and reported to the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as 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 from previous years shall be used by the Corporation's board of directors as the basis for proposing a distribution plan of new issued shares which should be resolved in the shareholders' meeting for the distribution. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 28-d.

The Corporation considered overall business environment, industrial growth, undistributed retained earnings, capital surplus, financial structure, and operating condition for the distribution of earnings in order to maintain stable development and secure equity of investors. The appropriations of earnings should be higher than ten percent of undistributed retained earnings. If the undistributed retained earnings are less than one percent of the paid-in capital, then the earnings shall be transferred to retained earnings and not distributed to shareholders. The Corporation is entitled to distribute bonuses in shares or in cash; cash bonus should not be less than ten percent of total bonuses. If cash bonus will be less than \$1 per share, then the Corporation shall distribute all bonuses in shares.

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.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share	
	2021	2020	(NT\$)	
			2021	2020
Legal reserve	\$ 44,149	\$ 132,026		
Special reserve	62,459	69,816		
Cash dividends	317,502	953,027	\$ 2.50	\$ 7.50

The above 2021 and 2020 appropriation for cash dividends had been resolved by the Corporation's board of directors on March 31, 2022 and March 30, 2021, respectively; the other proposed appropriations for 2021 and 2020 had been resolved by the shareholders in their meeting on May 27, 2022 and August 27, 2021, respectively.

d. Other equity

1) Exchange differences on translating the financial statements of foreign operations

The exchange differences on translating the net assets of foreign operations from its functional currency to the Group's presentation currency (NTD) are recognized as exchange differences on translating the financial statements of foreign operations under other comprehensive income.

2) Unrealized (loss) gain on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ (2,360)	\$ 2,840
Recognized for the period		
Unrealized gain (loss) on equity instruments	_____ -	_____ -
Balance at June 30	<u>\$ (2,360)</u>	<u>\$ 2,840</u>

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2022	8,013
Decrease during the period	(899)
Increase during the period	<u>839</u>
Number of shares at June 30, 2022	<u>7,953</u>
Number of shares at January 1, 2021	7,122
Decrease during the period	<u>(748)</u>
Number of shares at June 30, 2021	<u>6,374</u>

On May 11, 2022, the Corporation's board of directors resolved to redeem 3,000 thousand shares at \$40 to \$65 per share from May 12, 2022, to July 11, 2022. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. As of June 30, 2022, the Corporation has redeemed 839 thousand shares, with total cost of \$35,423 thousand.

On September 29, 2021, the Corporation's board of directors resolved to redeem 4,000 thousand shares at \$45 to \$90 per share from September 30, 2021, to November 29, 2021. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. The Corporation has accumulatively redeemed 2,488 thousand shares, with total cost of \$157,086 thousand.

On January 11, 2022, August 11, 2021 and December 25, 2020, the Corporation's board of directors resolved to transfer 899 thousand, 849 thousand and 748 thousand shares of treasury shares to employees, respectively. For related information on employees' exercised of the treasury share options, please refer to Note 31.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

f. Non-controlling interests

	For the Six Months Ended June 30	
	2022	2021
Balance at January 1	\$ 382,589	\$ 356,686
Adjustments relating to changes in capital surplus of granting share options to employees of subsidiaries	2,172	-
Loss for the period attributable to non-controlling interests	(9,504)	(6,605)
Exchange differences on translation of the financial statements of foreign entities	<u>4,818</u>	<u>(5,018)</u>
Balance at June 30	<u>\$ 380,075</u>	<u>\$ 345,063</u>

27. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Sporting goods	\$ 1,176,837	\$ 2,576,383	\$ 2,979,696	\$ 6,022,983
Furniture	191,755	194,404	645,947	581,036
Other revenue	<u>10,685</u>	<u>3,393</u>	<u>14,315</u>	<u>8,268</u>
	<u>\$ 1,379,277</u>	<u>\$ 2,774,180</u>	<u>\$ 3,639,958</u>	<u>\$ 6,612,287</u>

a. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Notes receivable (Note 10)	<u>\$ 2,914</u>	<u>\$ 1,490</u>	<u>\$ 6,467</u>	<u>\$ 2,020</u>
Accounts receivable (Note 10)	<u>\$ 1,330,774</u>	<u>\$ 1,647,028</u>	<u>\$ 2,016,131</u>	<u>\$ 3,050,265</u>
Contracts liabilities	<u>\$ 22,598</u>	<u>\$ 21,470</u>	<u>\$ 48,170</u>	<u>\$ 74,531</u>

b. Disaggregation of revenue

Refer to Note 42 for information about the disaggregation of revenue.

28. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 35,978	\$ 41,504	\$ 75,306	\$ 83,177
Intangible assets	18,873	22,605	37,696	44,565
Right-of-use assets	6,931	7,744	13,790	15,377
Investment properties	<u>880</u>	<u>826</u>	<u>1,642</u>	<u>1,658</u>
	<u>\$ 62,662</u>	<u>\$ 72,679</u>	<u>\$ 128,434</u>	<u>\$ 144,777</u>
An analysis of depreciation by function				
Operating costs	\$ 23,432	\$ 25,308	\$ 47,999	\$ 50,709
Operating expenses	19,477	23,940	41,097	47,845
Non-operating income and expenses	<u>880</u>	<u>826</u>	<u>1,642</u>	<u>1,658</u>
	<u>\$ 43,789</u>	<u>\$ 50,074</u>	<u>\$ 90,738</u>	<u>\$ 100,212</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>18,873</u>	<u>22,605</u>	<u>37,696</u>	<u>44,565</u>
	<u>\$ 18,873</u>	<u>\$ 22,605</u>	<u>\$ 37,696</u>	<u>\$ 44,565</u>

b. Other operating income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
(Loss) gain on disposal of property, plant and equipment	\$ (56)	\$ (2,027)	\$ 161	\$ (1,860)
Loss on disposal of intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
	<u>\$ (56)</u>	<u>\$ (2,027)</u>	<u>\$ 161</u>	<u>\$ (1,862)</u>

c. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Post-employment benefits (Note 25)				
Defined contribution plan	\$ 7,901	\$ 7,184	\$ 13,978	\$ 14,798
Defined benefit plans	<u>91</u>	<u>91</u>	<u>183</u>	<u>183</u>
	<u>7,992</u>	<u>7,275</u>	<u>14,161</u>	<u>14,981</u>
Employees' compensation	222,722	216,999	455,248	462,619
Labor and national health insurance expenses	15,104	19,041	35,810	39,523
Other employee benefits	<u>6,856</u>	<u>8,889</u>	<u>14,361</u>	<u>21,244</u>
	<u>244,682</u>	<u>244,929</u>	<u>505,419</u>	<u>523,386</u>
 Total employee benefits expense	 <u>\$ 252,674</u>	 <u>\$ 252,204</u>	 <u>\$ 519,580</u>	 <u>\$ 538,367</u>
 An analysis of employee benefits expense by function				
Operating costs	\$ 81,686	\$ 89,042	\$ 163,367	\$ 209,546
Operating expenses	<u>170,988</u>	<u>163,162</u>	<u>356,213</u>	<u>328,821</u>
	<u>\$ 252,674</u>	<u>\$ 252,204</u>	<u>\$ 519,580</u>	<u>\$ 538,367</u>

d. Compensation of employees and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the six months ended June 30, 2022, there were no estimation for compensation of employees and remuneration of directors due to net loss before tax. For the six months ended June 30, 2021, the compensation of employees and remuneration of directors were as follows:

	For the Six Months Ended June 30, 2021	
	Accrual Rate	Amount
Compensation of employees	1.00%	\$ 3,958
Remuneration of directors	-	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 which had been approved by the Corporation's board of directors on March 31, 2022 and March 30, 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	1.00%	\$ 5,518	1.00%	\$ 16,236
Remuneration of directors	0.36%	2,000	0.31%	5,055

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

e. Gains or losses on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 228,979	\$ 24,337	\$ 357,506	\$ 70,006
Foreign exchange losses	<u>(92,253)</u>	<u>(147,599)</u>	<u>(97,278)</u>	<u>(190,129)</u>
Net losses (gains)	<u>\$ 136,726</u>	<u>\$ (123,262)</u>	<u>\$ 260,228</u>	<u>\$ (120,123)</u>

f. Interest expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 15,087	\$ 13,470	\$ 30,016	\$ 25,929
Interest on convertible bonds	4,767	967	9,515	2,043
Interest on lease liabilities	<u>469</u>	<u>408</u>	<u>752</u>	<u>840</u>
	<u>\$ 20,323</u>	<u>\$ 14,845</u>	<u>\$ 40,283</u>	<u>\$ 28,812</u>

29. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ (10,442)	\$ 54,127	\$ 4,679	\$ 166,759
Adjustments for prior periods	<u>4,674</u>	<u>(7,886)</u>	<u>13,890</u>	<u>(6,549)</u>
	(5,768)	46,241	18,569	160,210
Deferred tax	<u>(7,224)</u>	<u>(31,904)</u>	<u>(18,344)</u>	<u>(80,977)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (12,992)</u>	<u>\$ 14,337</u>	<u>\$ 225</u>	<u>\$ 79,233</u>

b. Income tax assessments

The income tax returns of the Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd. and President Plastic Products MFG Co., Ltd. through 2020 have been assessed by the tax authorities.

30. EARNINGS (LOSS) PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share are as follows:

Net (loss) profit for the period is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
(Loss) profit for the period attributable to owners of the Corporation	<u>\$ (61,738)</u>	<u>\$ 50,910</u>	<u>\$ (105,425)</u>	<u>\$ 315,698</u>
Earnings used in the computation of basic (loss) earnings per share	\$ (61,738)	\$ 50,910	\$ (105,425)	\$ 315,698
Effect of potentially dilutive ordinary shares				
Interest on convertible bonds (after tax) and gain on financial assets at FVTPL	<u>-</u>	<u>1,316</u>	<u>-</u>	<u>2,295</u>
Earnings used in the computation of diluted (loss) earnings per share	<u>\$ (61,738)</u>	<u>\$ 52,226</u>	<u>\$ (105,425)</u>	<u>\$ 317,993</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	126,662	127,070	126,715	126,561
Effect of potentially dilutive ordinary shares				
Compensation of employees	-	40	-	103
Convertible bonds	-	5,045	-	4,882
Employee share options	<u>-</u>	<u>1,920</u>	<u>-</u>	<u>2,025</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>126,662</u>	<u>134,075</u>	<u>126,715</u>	<u>133,571</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. The Group is net loss at the six months ended June 30, 2022, therefore is not dilutive and diluted earnings per share was not calculated.

31. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share options

Qualified employees of the Corporation and its subsidiaries were granted 4,000 options in December 2017. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation. The options granted are valid for 6 years and exercisable at the following schedule after the second anniversary from the grant date.

- 1) The options are exercisable at fifty percent after the second anniversary from the grant date.
- 2) The options are exercisable at seventy five percent after the third anniversary from the grant date.
- 3) The options are fully exercisable after the fourth anniversary from the grant date.

The options were granted at an exercise price equal to the closing price of the Corporation's ordinary shares at the grant date. For any subsequent changes in the Corporation's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options is as follows:

	For the Six Months Ended June 30			
	2022		2021	
Employee Share Options	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	2,784	\$ 36.90	3,600	\$ 40.45
Options exercised	<u>(93)</u>	36.90	<u>(776)</u>	40.10
Balance at June 30	<u>2,691</u>		<u>2,824</u>	
Options exercisable, end of period	<u>2,691</u>		<u>1,749</u>	

As of the balance sheet date, outstanding options were as follows:

	June 30	
	2022	2021
Range of exercise price (\$)	\$ 36.90	\$ 40.1
Weighted-average remaining contractual life (in years)	1.5 years	2.5 years

Options granted in December 2017 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	December 2017
Grant-date share price	\$42.95
Exercise price	\$42.95
Expected volatility	28.17%
Expected life (in years)	4-5 years
Expected dividend yield	-
Risk-free interest rate	0.63%-0.71%
Weighted-average fair value of options granted	\$10.42

Expected volatility was based on the annualized standard deviation of daily returns of the Corporation's historical share price over the expected life of the employee share options.

As of June 30, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$191 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$2,679 thousand was recognized on the conversion date.

As of June 30, 2021, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$31,304 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$23,357 thousand was recognized on the conversion date.

Compensation cost recognized by the corporation and subsidiaries was \$919 thousand and 102 thousand for the six months ended June 30, 2021.

b. Treasury shares transferred to employees

1) The second treasury shares transferred to employees

Qualified employees of the Group were granted 748 thousand treasury share options on December 25, 2020. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

Employee Share Options	For the Six Months Ended June 30, 2021	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	\$ 748	\$ -
Options granted	<u>(748)</u>	30.54
Balance at June 30	<u>\$ -</u>	
Options exercisable, end of period	<u>-</u>	

The base date of employee share options was January 15, 2021. Employees exercised the treasury share options from January 13 to January 15, 2021.

Options granted in December 2020 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	December 2020
Grant-date share price	\$113.00
Exercise price	\$30.54
Expected volatility	61.05%
Expected life (in days)	24 days
Risk-free interest rate	0.18%
Weighted-average fair value of options granted	\$82.46

Expected volatility was based on the Corporation's historical share price volatility for the past six months.

As of June 30, 2021, the abovementioned treasury share options was exercised by the employees, the capital surplus - employee share option of NT\$61,680 thousand was reclassified to the capital surplus - treasury shares transaction on the conversion date. The transfer price was lower than the average price of treasury shares, reducing the capital surplus - treasury shares transaction of \$5,858 thousand.

2) The third treasury shares transferred to employees

Qualified employees of the Group were granted 849 thousand treasury share options on August 11, 2021. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

	For the Year Ended December 31, 2021	
Employee Share Options	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Options granted	849	\$ 29.89
Options operated	<u>(849)</u>	29.89
Balance at December 31	<u>=====</u>	-
Options exercisable, end of period	<u>=====</u>	-

The base date of employee share options was August 23, 2021. Employees exercised the treasury share options from August 17 to August 23, 2021.

Options granted in August 2021 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	August 2021
Grant-date share price	\$66.80
Exercise price	\$29.89
Expected volatility	45.11%
Expected life (in days)	7 days
Risk-free interest rate	0.10%
Weighted-average fair value of options granted	\$36.91

Expected volatility was based on the Corporation's historical share price volatility for the past six months.

3) The fourth treasury shares transferred to employees

Qualified employees of the Group were granted 899 thousand treasury share options on January 11, 2022. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

	For the Six months Ended June 30, 2022	
Employee Share Options	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Options granted	899	\$ 29.89
Options operated	<u>(899)</u>	29.89
Balance at June 30	<u> -</u>	
Options exercisable, end of period	<u> -</u>	

The base date of employee share options was January 14, 2022. Employees exercised the treasury share options from January 12 to January 14, 2022.

Options granted in January 2022 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	January 2022
Grant-date share price	\$51.10
Exercise price	\$29.89
Expected volatility	41.00%
Expected life (in days)	4 days
Risk-free interest rate	0.10%
Weighted-average fair value of options granted	\$21.21

Expected volatility was based on the Corporation's historical share price volatility for the past six months.

As of June 30, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$19,068 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$11,938 thousand was recognized on the conversion date.

c. Granting treasury share options to employees of subsidiaries

In the board meeting on March 9, 2022, the Corporation approved the granting of 2,000 thousand options to employees of indirectly held subsidiaries; the duration is set to retroactively expire after 4 years from the issuance date of November 30, 2021 when the employees begin their employments. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation. The options granted are valid for 1 years and exercisable at the following schedule after the second anniversary from the grant date.

- 1) The options are exercisable at fifty percent after the first anniversary from the grant date.
- 2) The options are exercisable at seventy five percent after the second anniversary from the grant date.
- 3) The options are fully exercisable after the third anniversary from the grant date.

Note: According to the above schedule, seventy five percent of every subscription should be lock-up for six months, rest of them are no restriction.

According to the regulations on the transfer of treasury shares of the Corporation, if there is an increase in the issued ordinary shares before the transfer, the execution price may be adjusted according to the ratio of the increase in the issued shares.

Above options are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Lock-up for Six Months	No Lock-up
Grant-date share price	\$40.11	\$44.00
Exercise price	\$30.05	\$30.05
Expected volatility	39.53%-46.21%	39.53%-46.21%
Expected life (in years)	2.23-3.23 years	2.23-3.23 years
Expected dividend yield	-	-
Risk-free interest rate	0.44%-0.51%	0.44%-0.51%

Expected volatility is based on the Corporation's rate of return on historical daily share price during the expected duration of the treasury share option, and then annualized standard deviation is calculated.

Compensation cost recognized by the subsidiaries was \$8,688 thousand for the six months ended June 30, 2022.

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
CITY SPORTS (THAILAND) CO., LTD.	Fitness goods retail	November 1, 2021	44	\$ 12,450
Neutron Ventures Ltd	Sporting goods online selling	December 1, 2021	80	119,851

In order to expand the sales market of fitness equipment in Thailand, the Group acquired 44% equity of CITY SPORTS (THAILAND) CO., LTD.

In order to expand the retail market of sporting goods in the United Kingdom, the Group acquired 80% equity of Neutron Ventures Ltd.

b. Assets acquired and liabilities assumed at the date of acquisition

	CITY SPORTS (THAILAND) CO., LTD.	Neutron Ventures Ltd
Current assets		
Cash	\$ 2,721	\$ 15,608
Accounts receivables	3,248	1,704
Other receivable	996	245
Income tax assets	28	-
Inventories	25,706	116,444
Prepayment	-	8,053
Other current assets	-	2,954
Non-current assets		
Property, plant and equipment	4,340	454
Right-of-use assets	2,910	-
Other non-current assets	207	55
Current liabilities		
Short-term borrowings	(6,093)	-
Accounts payable	-	(29,466)
Other payables	(18,120)	(27,641)
Income tax liabilities	-	(4,353)
Provision	-	(3,082)
Lease liabilities	(955)	-
Other current liabilities	-	(4,147)
Non-current liabilities		
Lease liabilities	(470)	-
	<u>\$ 14,518</u>	<u>\$ 76,828</u>

The initial accounting for the acquisition was only provisionally determined at the end of the 2021. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized.

c. Non-controlling interests

The non-controlling interests of CITY SPORTS (THAILAND) CO., LTD. and Neutron Ventures Ltd at the acquisition date were recognized according to the fair value of identifiable net assets.

d. Goodwill recognized on acquisitions

Acquired CITY SPORTS (THAILAND) CO., LTD.

	CITY SPORTS (THAILAND) CO., LTD.
Consideration transferred	\$ 12,450
Add: Non-controlling interests (56% in CITY SPORTS (THAILAND) CO., LTD.)	8,130
Less: Fair value of identifiable net assets acquired	<u>(14,518)</u>
Goodwill recognized on acquisitions	<u>\$ 6,062</u>

Acquired Neutron Ventures Ltd

	Neutron Ventures Ltd
Consideration transferred	\$ 119,851
Add: Non-controlling interests (20% in Neutron Ventures Ltd)	15,366
Less: Fair value of identifiable net assets acquired	<u>(76,828)</u>
Goodwill recognized on acquisitions	<u>\$ 58,389</u>

The initial accounting for business combinations of CITY SPORTS (THAILAND) CO., LTD. and Neutron Ventures Ltd was incomplete by the end of the reporting period in which the combination occurred; thus, the Group reported provisional amounts for the items for which the accounting was incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional goodwill is recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

e. Impact of acquisitions on the results of the Group

Had these business combinations been in effect at the beginning of January 1, 2021, the Group's revenue would have been \$6,832,049 thousand, and the loss would have been \$279,276 thousand for the six months ended June 30, 2021. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2021, nor is it intended to be a projection of future results.

The initial accounting for business combinations of CITY SPORTS (THAILAND) CO., LTD. and Neutron Ventures Ltd was incomplete by the end of the reporting period in which the combination occurred; thus, the Group reported provisional amounts for the items for which the accounting was incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional goodwill is recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

33. PARTIAL CASH TRANSACTIONS

For the six months ended June 30, 2022 and 2021, the Corporation entered into the following partial cash investing and financing activities:

a. From cash investing activities

	For the Six Months Ended June 30	
	2022	2021
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 130,166	\$ 28,069
Changes in prepayments for purchases of equipment	(6,563)	(5,798)
Changes in payables for purchase of equipment	<u>2,483</u>	<u>3,776</u>
Cash paid	<u>\$ 126,086</u>	<u>\$ 26,047</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 5,214	\$ 17,056
Changes in payables for royalties	<u>103</u>	<u>(663)</u>
Cash paid	<u>\$ 5,317</u>	<u>\$ 16,393</u>
Subsidiaries acquired		
Consideration paid in cash	\$ -	\$ -
Changes in payables for investments	38,341	85,440
Cash balances acquired	<u>-</u>	<u>-</u>
Cash paid	<u>\$ 38,341</u>	<u>\$ 85,440</u>
Acquisition of a subsidiary that does not constitute a business		
Consideration paid in cash	\$ -	\$ -
Changes in payables for investments	<u>-</u>	<u>9,545</u>
Cash paid	<u>\$ -</u>	<u>\$ 9,545</u>

b. The cash dividends approved in the shareholders' meetings was not yet distributed as of June 30, 2022 (refer to Notes 23 and 26, respectively).

c. Changes in liabilities arising from financing activities

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2022	\$ 2,866,075	\$ 1,379,436	\$ 790,427	\$ 2,732	\$ 52,479
Cash flows	(584,202)	-	(81,128)	(408)	(10,257)
Non-cash changes					
New leases	-	-	-	-	1,738
Interests	-	9,515	-	-	752
Exchange rate impact	<u>55,544</u>	<u>-</u>	<u>2,353</u>	<u>126</u>	<u>345</u>
Balance at June 30, 2022	<u>\$ 2,337,417</u>	<u>\$ 1,388,951</u>	<u>\$ 711,652</u>	<u>\$ 2,450</u>	<u>\$ 45,057</u>

(Continued)

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2021	\$ 1,573,781	\$ 462,372	\$ 950,550	\$ 2,737	\$ 64,271
Cash flows	(217,066)	994,594	(79,929)	(109)	(10,352)
Non-cash changes					
New leases	-	-	-	-	11,612
Decrease during the period	-	-	-	-	(260)
Liability component	-	(1,492)	-	-	-
Equity component	-	(87,689)	-	-	-
Interests	-	2,043	-	-	840
Exchange rate impact	<u>(7,898)</u>	<u>-</u>	<u>236</u>	<u>(44)</u>	<u>(3,613)</u>
Balance at June 30, 2021	<u>\$ 1,348,817</u>	<u>\$ 1,369,828</u>	<u>\$ 870,857</u>	<u>\$ 2,584</u>	<u>\$ 62,498</u>

(Concluded)

34. CAPITAL 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 stakeholders through the optimization of the debt and equity balance.

35. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The Group believes the carrying amounts of the financial assets and financial liabilities not carried at fair value except for bonds payable are approximately equal to their fair values.

June 30, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 1,388,951</u>	<u>\$ -</u>	<u>\$ 1,378,590</u>	<u>\$ -</u>	<u>\$ 1,378,590</u>

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 1,379,436</u>	<u>\$ -</u>	<u>\$ 1,380,826</u>	<u>\$ -</u>	<u>\$ 1,380,826</u>

June 30, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 1,369,828	\$ -	\$ 1,378,565	\$ -	\$ 1,378,565

The fair values of the financial liabilities included in the Level 2 categories above have been determined in accordance with a binomial-tree model for convertible bond pricing.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 19,620	\$ -	\$ 19,620
Hybrid financial assets convertible bonds				
Convertible bonds options	\$ -	\$ -	\$ 149,315	\$ 149,315
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed private placement shares	\$ -	\$ -	\$ 11,760	\$ 11,760
Domestic unlisted shares	-	-	13,290	13,290
Foreign unlisted shares	-	-	45,584	45,584
	\$ -	\$ -	\$ 70,634	\$ 70,634
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Foreign exchange forward contracts	\$ -	\$ 1,634	\$ -	\$ 1,634
Convertible bonds option	-	25,005	-	25,005
	\$ -	\$ 26,639	\$ -	\$ 26,639

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Hybrid financial assets convertible bonds				
Convertible bonds option	\$ -	\$ -	\$ 139,035	\$ 139,035
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 13,290	\$ 13,290
Foreign unlisted shares	-	-	45,495	45,495
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,785</u>	<u>\$ 58,785</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 772	\$ -	\$ 772
Convertible bonds option	-	13,363	-	13,363
	<u>\$ -</u>	<u>\$ 14,135</u>	<u>\$ -</u>	<u>\$ 14,135</u>

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Foreign exchange forward contracts	\$ -	\$ 876	\$ -	\$ 876
Convertible bonds	-	1,768	-	1,768
	<u>\$ -</u>	<u>\$ 2,644</u>	<u>\$ -</u>	<u>\$ 2,644</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 5,400	\$ 5,400
Foreign unlisted shares	-	-	51,009	51,009
Foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,409</u>	<u>\$ 56,409</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 354	\$ -	\$ 354
Convertible bonds	-	1,492	-	1,492
	<u>\$ -</u>	<u>\$ 1,846</u>	<u>\$ -</u>	<u>\$ 1,846</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Hybrid Instruments	Equity Instruments
<u>Financial assets</u>		
Balance at January 1, 2022	\$ 139,035	\$ 58,785
Purchases	-	11,760
Recognized in profit or loss	10,280	-
Effects of foreign currency exchange differences	<u>-</u>	<u>89</u>
Balance at December 31, 2022	<u>\$ 149,315</u>	<u>\$ 70,634</u>

For the six months ended June 30, 2021

	Financial Assets at FVTOCI
	Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2021	\$ 51,165
Purchases	5,400
Effects of foreign currency exchange differences	<u>(156)</u>
Balance at December 31, 2021	<u>\$ 56,409</u>

3) Valuation techniques and assumptions applied for fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Listed private placement shares and unlisted shares	The fair values of non-publicly traded equity investments are mainly determined by using the income approach and asset approach. The income approach utilizes discounted cash flows to determine the present value of the expected future economic benefits that will be derived from the investment. The asset approach measures the total value of individual assets and individual liabilities included in the valuation objectives.
Convertible promissory notes	The probability-weighted average expected return method is used for value analysis, considering the terms of the purchase agreement and the management's expected probability and rights to future possible scenarios, to calculate the present value of the expected return for each scenario and the analysis results by weighting of scenario against associated probability.

(Continued)

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivative financial instruments - swap contracts and foreign exchange forward contracts	Swap contracts and foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
Derivative financial instruments - put options	Binomial-tree model for convertible bond pricing: The fair values are determined using ending observable share price, risk-free interest rate and risk discount rate. (Concluded)

The use of estimates and hypotheses of the Group's valuation method is consistent with the market participants, when pricing such financial instruments.

c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 168,935	\$ 139,035	\$ 2,644
Financial assets at amortized cost (Note 1)	2,306,228	3,232,677	3,429,756
Financial assets at FVTOCI - equity instruments	70,634	58,785	56,409
<u>Financial liabilities</u>			
FVTPL			
Held for trading	26,639	14,135	1,846
Amortized cost (Note 2)	5,536,408	6,984,535	5,852,782

Note 1: The balances included financial assets measured at amortized cost, which comprised cash, financial assets at amortized cost, notes receivable, accounts receivable, partial other receivables and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, notes payable, accounts payable, bonds payable (including current portion), long-term borrowings (including current portion), long-term payables, partial other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable, accounts payable, and borrowings. The Group's corporate treasury function coordinates access to domestic and international 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 seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 40.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollars, Renminbi, Euros and British pound.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the functional currency strengthening (weakening) 5% against the relevant currency.

	USD Impact		RMB Impact	
	For the Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Profit or loss	\$ (183,930)	\$ (226,269)	\$ 8,688	\$ 33,595

	EUR Impact		GBP Impact	
	For the Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Profit or loss	\$ (11,796)	\$ (8,732)	\$ (14,665)	\$ (10,879)

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial assets	\$ 155,880	\$ 292,386	\$ 237,711
Financial liabilities	3,579,032	4,385,261	2,619,823
Cash flow interest rate risk			
Financial assets	718,217	938,770	595,925
Financial liabilities	1,032,281	831,496	1,136,310

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2022 and 2021 would increase/decrease by \$393 thousand and \$675 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposit and variable-rate bank borrowings.

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. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopts a policy of doing business with a counterparty with good reputation.

The credit risk of the Group arises mainly from the top five customers. The accounts receivable from the above customers accounted for 57.81%, 61.36% and 67.08% of total accounts receivable as of June 30, 2022, December 31, 2021 and June 30, 2021, 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 June 30, 2022, December 31, 2021 and June 30, 2021, the Group had available unutilized short-term bank loan facilities of \$4,494,610 thousand, \$3,516,878 thousand and \$2,924,916 thousand, respectively.

The following table details the Group's contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

June 30, 2022

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 329,614	\$ 573,930	\$ 66,608	\$ -	\$ -
Variable interest rate liabilities	1.13%-4.35%	13,211	190,852	403,373	199,304	242,293
Fixed interest rate liabilities	0.93%-4.35%	210,910	1,487,406	1,312,247	529,391	-
Lease liabilities	1.56%-5.84%	1,477	3,357	14,325	28,672	-
		<u>\$ 555,212</u>	<u>\$ 2,255,545</u>	<u>\$ 1,796,553</u>	<u>\$ 757,367</u>	<u>\$ 242,293</u>

December 31, 2021

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 537,007	\$ 1,165,811	\$ 117,439	\$ -	\$ -
Variable interest rate liabilities	1.15%-4.45%	90,878	26,369	191,340	278,746	244,163
Fixed interest rate liabilities	0.85%-5.84%	574,559	529,132	1,707,855	1,521,235	-
Lease liabilities	1.56%-5.84%	<u>1,335</u>	<u>3,065</u>	<u>13,635</u>	<u>35,873</u>	<u>-</u>
		<u>\$ 1,203,779</u>	<u>\$ 1,724,377</u>	<u>\$ 2,030,269</u>	<u>\$ 1,835,854</u>	<u>\$ 244,163</u>

June 30, 2021

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 515,320	\$ 1,622,145	\$ 19,100	\$ 2,475	\$ 107
Variable interest rate liabilities	1.15%-4.45%	113,186	43,641	307,147	402,345	296,253
Fixed interest rate liabilities	0.68%-4.45%	70,937	671,864	373,591	1,447,743	-
Lease liabilities	1.56%-4.90%	<u>1,980</u>	<u>3,618</u>	<u>14,627</u>	<u>40,996</u>	<u>4,765</u>
		<u>\$ 701,423</u>	<u>\$ 2,341,268</u>	<u>\$ 714,465</u>	<u>\$ 1,893,559</u>	<u>\$ 301,125</u>

The following table details the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

June 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	\$ -	\$ 1,888	\$ 9,398	\$ -	\$ -
Foreign exchange forward contracts	<u>-</u>	<u>(343)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,545</u>	<u>\$ 9,398</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2021

	On				
	Demand or				
	Less than				
	1 Month	1-3 Months	3 Months	1-5 Years	5+ Years
			to 1 Year		
<u>Net settled</u>					
Swap contracts	\$ -	\$ -	\$ (213)	\$ -	\$ -
Foreign exchange forward contracts	<u>(198)</u>	<u>(510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (198)</u>	<u>\$ (510)</u>	<u>\$ (213)</u>	<u>\$ -</u>	<u>\$ -</u>

4) Financing facilities

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 967,285	\$ 1,837,515	\$ 357,837
Amount unused	<u>2,848,720</u>	<u>1,552,000</u>	<u>1,459,600</u>
	<u>\$ 3,816,005</u>	<u>\$ 3,389,515</u>	<u>\$ 1,817,437</u>
Secured bank overdraft facilities:			
Amount used	\$ 2,081,784	\$ 1,818,987	\$ 1,861,837
Amount unused	<u>1,645,890</u>	<u>1,964,878</u>	<u>1,465,316</u>
	<u>\$ 3,727,674</u>	<u>\$ 3,783,865</u>	<u>\$ 3,327,153</u>

36. RELATED PARTY TRANSACTIONS

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

a. Related parties and relationships

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Other related parties Houli Construction Co., Ltd.	Director of the Company

b. Purchase of property, plant and equipment

Related Party Category/Name	Acquisition of Property, Plant and Equipment	
	For the Six Months Ended June 30	
	2022	2021
Other related parties Houli Construction Co., Ltd.	<u>\$ 32,095</u>	<u>\$ -</u>

The Group signed a construction project contract with a related party and entrusted it to build a factory. The price was \$337,000 thousand, and the construction cost was paid on schedule according to the contract. The terms of the transaction are negotiated by both the parties

c. Compensation of key management personnel

The details of the compensation of key management personnel for the six months ended June 30, 2022 and 2021 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 21,478	\$ 19,694	\$ 55,127	\$ 45,918
Post-employment benefits	<u>265</u>	<u>183</u>	<u>473</u>	<u>451</u>
	<u>\$ 21,743</u>	<u>\$ 19,877</u>	<u>\$ 55,600</u>	<u>\$ 46,369</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	\$ 1,975,930	\$ 1,972,402	\$ 1,730,129
Right-of-use assets	279,154	277,301	279,155
Pledge deposits - current	155,890	292,394	237,720
Investment properties	<u>20,008</u>	<u>20,448</u>	<u>-</u>
	<u>\$ 2,430,982</u>	<u>\$ 2,562,545</u>	<u>\$ 2,247,004</u>

38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

In addition to other notes, the Group has the following significant commitments on its balance sheet.

The unrecognized contractual commitments of the Group are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Acquisition of property, plant and equipment			
Property under Construction	<u>\$ 355,587</u>	<u>\$ 84,390</u>	<u>\$ -</u>

40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

June 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 105,846	29.7200 (USD:NTD)	\$ 3,145,729
USD	22,881	6.6952 (USD:RMB)	680,017
USD	357	1.2911 (USD:CAD)	10,621
RMB	31,979	4.4390 (RMB:NTD)	141,954
RMB	346	0.1494 (RMB:USD)	1,536
EUR	7,451	31.0500 (EUR:NTD)	231,346
EUR	32	1.0448 (EUR:USD)	995
EUR	133	0.8608 (EUR:GBP)	4,142
GBP	8,120	36.0700 (GBP:NTD)	292,905
GBP	36	1.1617 (GBP:EUR)	1,305
GBP	29	1.2137 (GBP:USD)	1,034
Non-monetary items			
HKD	342,828	3.7880 (HKD:NTD)	1,298,633
USD	25,006	7.8458 (USD:HKD)	743,184
USD	11,662	29.7200 (USD:NTD)	346,590
RMB	194,377	1.1719 (RMB:HKD)	862,837
CAD	11,446	0.7746 (CAD:USD)	263,498
EUR	2,006	31.0500 (EUR:NTD)	62,276
GBP	3,213	36.0700 (GBP:NTD)	115,908
THD	13,546	0.8651 (THD:NTD)	11,719
<u>Financial liabilities</u>			
Monetary items			
USD	538	29.7200 (USD:NTD)	15,990
USD	173	1.2911 (USD:CAD)	5,127
USD	2,409	136.2053 (USD:JPY)	71,584
USD	2,189	6.6952 (USD:RMB)	65,066
RMB	65,437	4.4390 (RMB:NTD)	290,473
RMB	6,033	0.1494 (RMB:USD)	26,782
EUR	18	1.0448 (EUR:USD)	559
GBP	6	1.1617 (GBP:EUR)	224
GBP	47	1.2137 (GBP:USD)	1,713
Non-monetary items			
GBP	3,471	36.0700 (GBP:NTD)	125,215
JPY	201,485	0.2182 (JPY:NTD)	43,964

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 140,103	27.6800 (USD:NTD)	\$ 3,878,061
USD	16,221	6.3720 (USD:RMB)	449,000
USD	2,729	1.2803 (USD:CAD)	75,527
RMB	32,151	4.3440 (RMB:NTD)	139,666
RMB	248	0.1569 (RMB:USD)	1,077
EUR	7,286	31.3200 (EUR:NTD)	228,183
EUR	10	1.1315 (EUR:USD)	308
EUR	-	0.8397 (EUR:GBP)	14
GBP	8,241	37.3000 (GBP:NTD)	307,389
GBP	51	1.1909 (GBP:EUR)	1,904
Non-monetary items			
USD	22,880	27.6800 (USD:NTD)	633,315
USD	26,907	7.7994 (USD:HKD)	744,777
HKD	302,065	3.5490 (HKD:NTD)	1,072,030
RMB	194,817	1.2240 (RMB:HKD)	846,284
CAD	12,197	0.7811 (CAD:USD)	263,719
EUR	2,649	31.3200 (EUR:NTD)	82,955
GBP	3,213	37.3000 (GBP:NTD)	119,860
THD	13,546	0.8347 (THD:NTD)	11,308
<u>Financial liabilities</u>			
Monetary items			
USD	1,527	27.6800 (USD:NTD)	42,264
USD	268	1.2803 (USD:CAD)	7,426
USD	2,120	115.0936 (USD:JPY)	58,685
USD	2,174	6.3720 (USD:RMB)	60,179
RMB	146,095	4.3440 (RMB:NTD)	634,637
RMB	16,390	0.1569 (RMB:USD)	71,198
EUR	18	1.1315 (EUR:USD)	564
GBP	5	1.1909 (GBP:EUR)	180
Non-monetary items			
GBP	3,141	37.3000 (GBP:NTD)	117,116
JPY	107,777	0.2405 (JPY:NTD)	25,920

June 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 150,948	27.8600 (USD:NTD)	\$ 4,205,400
USD	15,317	6.4655 (USD:RMB)	426,732
USD	1,756	1.2393 (USD:CAD)	48,909
RMB	51,274	4.3090 (RMB:NTD)	220,938
RMB	207	0.1547 (RMB:USD)	893
EUR	5,047	33.1500 (EUR:NTD)	167,319
EUR	238	1.1899 (EUR:USD)	7,889
EUR	1	0.8601 (EUR:GBP)	34
GBP	5,640	38.5400 (GBP:NTD)	217,368
GBP	10	1.1626 (GBP:EUR)	386
Non-monetary items			
HKD	274,687	3.5870 (HKD:NTD)	985,304
USD	26,914	7.7669 (USD:HKD)	749,835
USD	20,818	27.8600 (USD:NTD)	579,982
RMB	192,358	1.2013(RMB:HKD)	828,870
CAD	11,852	0.8069 (CAD:USD)	266,431
EUR	3,261	33.1500 (EUR:NTD)	108,087
<u>Financial liabilities</u>			
Monetary items			
USD	1,586	27.8600 (USD:NTD)	44,191
USD	193	1.2393 (USD:CAD)	5,365
USD	1,670	110.5117 (USD:JPY)	46,536
USD	2,138	6.4655 (USD:RMB)	59,562
RMB	198,314	4.3090 (RMB:NTD)	854,533
RMB	9,098	0.1547 (RMB:USD)	39,202
EUR	18	1.1899 (EUR:NTD)	597
GBP	4	1.1626 (GBP:USD)	169
Non-monetary items			
GBP	2,640	38.5400 (GBP:NTD)	101,754
JPY	63,665	0.2521 (JPY:NTD)	16,050

For the three months ended June 30, 2022 and 2021, for the six months ended June 30, 2022 and 2021, (realized and unrealized) net foreign exchange gains (losses) were \$136,726 thousand, \$(123,262) thousand, \$260,228 thousand and \$(120,123) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2

- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6
 - 9) Trading in derivative instruments: Notes 7 and 35
- b. Information on investees (excluding investees in mainland China): Table 7
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 9
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 9
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Intercompany relationships and significant intercompany transactions: Table 10
- e. Information of 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 11

42. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments were Asia, Americas and Europe, which mainly manufacture and sell treadmills, elliptical machines, and outdoor furniture.

a. Segment revenues and results

	Asia	Americas	Europe	Eliminations	Total
For the six months ended <u>June 30, 2022</u>					
Revenues from external customers	\$ 1,072,123	\$ 2,161,323	\$ 406,512	\$ -	\$ 3,639,958
Intersegment revenues	<u>1,276,278</u>	<u>46,750</u>	<u>10,901</u>	<u>(1,333,929)</u>	<u>-</u>
Consolidated revenues	<u>\$ 2,348,401</u>	<u>\$ 2,208,073</u>	<u>\$ 417,413</u>	<u>\$ (1,333,929)</u>	<u>\$ 3,639,958</u>
Segment income (loss)	<u>\$ 437,273</u>	<u>\$ (318,582)</u>	<u>\$ (76,795)</u>	<u>\$ (156,600)</u>	<u>\$ (114,704)</u>
For the six months ended <u>June 30, 2021</u>					
Revenues from external customers	\$ 1,359,795	\$ 4,792,666	\$ 459,826	\$ -	\$ 6,612,287
Intersegment revenues	<u>5,087,909</u>	<u>31,110</u>	<u>12,494</u>	<u>(5,131,513)</u>	<u>-</u>
Consolidated revenues	<u>\$ 6,447,704</u>	<u>\$ 4,823,776</u>	<u>\$ 472,320</u>	<u>\$ (5,131,513)</u>	<u>\$ 6,612,287</u>
Segment income (loss)	<u>\$ 502,816</u>	<u>\$ (270,410)</u>	<u>\$ 22,799</u>	<u>\$ 133,121</u>	<u>\$ 388,326</u>

b. Segment assets and liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Segment assets</u>			
Asia	\$ 6,675,656	\$ 7,015,920	\$ 6,531,742
Americas	3,382,116	4,450,060	5,077,327
Europe	<u>624,296</u>	<u>710,647</u>	<u>507,475</u>
Total segment assets	<u>\$ 10,682,068</u>	<u>\$ 12,176,627</u>	<u>\$ 12,116,544</u>
<u>Segment liabilities</u>			
Asia	\$ 2,888,069	\$ 3,272,642	\$ 2,789,587
Americas	3,121,391	3,905,747	4,531,461
Europe	<u>600,633</u>	<u>628,799</u>	<u>475,059</u>
Total segment liabilities	<u>\$ 6,610,093</u>	<u>\$ 7,807,188</u>	<u>\$ 7,796,107</u>

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Borrowing Amount (Note 6)	Interest Rate	Nature of Financing	Business Transaction Amount (Note 3)	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits	Note	
													Item	Value				
0	Dyaco International Inc.	Dyaco Japan Co., Ltd.	Other receivables from related parties	Yes	\$ 49,584 (JPY 227,240 thousand)	\$ 49,584 (JPY 227,240 thousand)	\$ 49,584 (JPY 227,240 thousand)	-	Business transaction	\$ 90,788	-	\$ -	-	\$ -	\$ 90,788 (Note 2)	\$ 1,476,760 (Note 4)		
		Dyaco Europe GmbH	Other receivables from related parties	Yes	113,372 (EUR 3,651 thousand)	113,372 (EUR 3,651 thousand)	113,372 (EUR 3,651 thousand)	-	Business transaction	161,472	-	-	-	-	161,472 (Note 2)	1,476,760 (Note 4)		
		Dyaco UK Ltd.	Other receivables from related parties	Yes	186,874 (GBP 5,181 thousand)	179,660 (GBP 4,981 thousand)	179,660 (GBP 4,981 thousand)	-	Business transaction	266,601	-	-	-	-	266,601 (Note 2)	1,476,760 (Note 4)		
		Spirit Manufacturing Inc.	Other receivables from related parties	Yes	270,636 (US\$ 9,106 thousand)	270,636 (US\$ 9,106 thousand)	270,636 (US\$ 9,106 thousand)	-	Business transaction	1,350,486	-	-	-	-	1,350,486 (Note 2)	1,476,760 (Note 4)		
		Fitness Equipment Service LLC.	Other receivables from related parties	Yes	642,367 (US\$ 21,614 thousand)	503,290 (US\$ 16,934 thousand)	503,290 (US\$ 16,934 thousand)	-	Business transaction	1,476,760	-	-	-	-	1,476,760 (Note 2)	1,476,760 (Note 4)		
		Spirit Direct, LLC.	Other receivables from related parties	Yes	14,166 (US\$ 477 thousand)	14,166 (US\$ 477 thousand)	14,166 (US\$ 477 thousand)	-	Business transaction	27,196	-	-	-	-	27,196 (Note 2)	1,476,760 (Note 4)		
		CARDIO Fitness GmbH & Co.KG	Other receivables from related parties	Yes	32,470 (EUR 1,046 thousand)	32,470 (EUR 1,046 thousand)	32,470 (EUR 1,046 thousand)	-	Business transaction	61,704	-	-	-	-	61,704 (Note 2)	1,476,760 (Note 4)		
		CARDIO Fitness GmbH & Co.KG	Other receivables from related parties	Yes	43,470 (EUR 1,400 thousand)	31,050 (EUR 1,000 thousand)	24,219 (EUR 780 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	-	1,476,760 (Note 1)	1,476,760 (Note 4)	
		CITY SPORTS (THAILAND) CO., LTD.	Other receivables from related parties	Yes	25,407 (THB 30,000 thousand)	25,407 (THB 30,000 thousand)	25,407 (THB 30,000 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	-	738,380 (Note 1)	1,476,760 (Note 4)	
		Sweatband. Com Ltd	Other receivables from related parties	Yes	36,070 (GBP 1,000 thousand)	36,070 (GBP 1,000 thousand)	14,428 (GBP 400 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	-	738,380 (Note 1)	1,476,760 (Note 4)	

Note 1: The maximum financing of a parent to a subsidiary in which the parent entity directly and indirectly holds over 90% voting shares is limited to 40% of the net value of the parent entity; the maximum financing to other individual corporations is limited to 20% of the net value of the parent entity.

Note 2: The amount of financing provided to companies with which the parent entity has business transactions is limited to the transaction amount.

Note 3: The maximum financing to companies in which the parent entity directly and indirectly holds 100% voting shares is limited to net value of the lender, the maximum financing allowed to other corporations is limited to 40% of the net value of the lender.

Note 4: The maximum financing allowed is limited to 40% of the net value of the parent entity.

Note 5: The maximum balance for the period and ending balances were approved by the board of directors.

Note 6: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	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)	Note
		Name	Relationship											
0	Dyaco International Inc.	Shelton Corporation (Jiaxing), Ltd.	Indirectly held subsidiary	\$ 369,190	\$ 162,890 (US\$ 1,000 thousand and RMB 30,000 thousand)	\$ 118,500 (US\$ 1,000 thousand and RMB 20,000 thousand)	\$ 51,915 (US\$ 1,000 thousand and RMB 5,000 thousand)	\$ -	3.21	\$ 369,190	Y	-	Y	
		Fuel-Spirit International Inc.	Indirectly held subsidiary	1,845,950	44,580 (US\$ 1,500 thousand)	-	-	-	-	1,845,950	Y	-	-	
		President Plastic Products MFG Co., Ltd.	Directly held subsidiary	1,845,950	30,000	30,000	29,500	-	0.81	1,845,950	Y	-	-	
		Cikayda Inc.	Directly held subsidiary	1,845,950	100,000	100,000	-	-	2.71	1,845,950	Y	-	-	
		CARDIO fitness GmbH & Co. KG	Indirectly held subsidiary	1,845,950	31,050 (EUR 1,000 thousand)	-	-	-	-	1,845,950	Y	-	-	
		Wing Long Co., Ltd.	Directly held subsidiary	1,845,950	10,000	5,000	719	-	0.14	1,845,950	Y	-	-	
1	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	Ultimate parent	1,845,950	770,000	770,000	300,000	770,000	20.86	1,845,950	-	Y	-	
		Cikayda Inc.	Ultimate parent is Dyaco International Inc.	1,845,950	100,000	100,000	-	100,000	2.71	1,845,950	-	-	-	

Note 1: The maximum amount of endorsement provided to a subsidiary in which the guarantor directly and indirectly holds over 90% voting shares is limited to 50% of the net value of the guarantor the maximum amount of endorsement provided to other individual corporations is limited to 10% of the net value of the guarantor, and the total amount provided is limited to 50% of net value of the guarantor.

Note 2: The maximum balance for the period and ending balances were approved by the board of directors.

Note 3: "Y" means the endorsement/guarantee is given by a parent entity on behalf of subsidiaries, or given by subsidiaries on behalf of a parent entity or on behalf of corporations in mainland China.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(In Thousands of New Taiwan Dollars, Thousands of Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	June 30, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Dyaco International Inc.	<u>Stock</u> Energy Moana Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	300,000	\$ 5,723	0.74	\$ 5,723	Note 1
	Firenze Cultural Exchange International Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	750,000	7,567	7.50	7,567	Note 1
	INALWAYS CORPORATION	-	Financial assets at fair value through other comprehensive income (FVTOCI)	588,000	11,760	1.18	11,760	Note 1
	Uniigym Global Holdings Limited.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	9,558 (US\$ 345 thousand)	2.50	9,558 (US\$ 345 thousand)	Note 1
	Gomore Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	31,897 (US\$ 1,152 thousand)	10.00	31,897 (US\$ 1,152 thousand)	Note 1
	<u>Convertible bonds</u> 1.5-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	22,290 (US\$ 750 thousand)	-	22,290 (US\$ 750 thousand)	Note 1
	<u>Convertible promissory note</u> Morsel Inc.	-	Financial assets at fair value through profit or loss (FVTPL)	-	149,315 (US\$ 5,024 thousand)	-	149,315 (US\$ 5,024 thousand)	Note 1
Dyaco (Shanghai) Trading Co., Ltd.	<u>Stock</u> Bigger Fit Technology (Beijing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	-	2.50	-	Note 1
	Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	4,129 (RMB 930 thousand)	9.00	4,129 (RMB 930 thousand)	Note 1

Note 1: Unlisted shares and convertible promissory note without quoted price were calculated by fair value method.

Note 2: For the information on investments and associates in subsidiaries, refer to Tables 7 and 8.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	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			
Dyaco International Inc.	New construction of Dajia factory project	2022.3.9 (Note)	\$ 337,000	As of June 30, 2022, \$33,700 has been paid	Houli Construction Co., Ltd.	Director of the Company	-	-	-	\$ -	Negotiated individually and approved by board of directors	Construction of Dajia Factory	None

Note: It is the date of the resolution of the board of directors.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note 3)	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total (Note 1)	
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Sales	\$ 347,568	31	Flexible	Based on mutual agreement	Flexible	\$ 980,342	53	Note 2
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Sales	264,209	24	Flexible	Based on mutual agreement	Flexible	536,177	29	Note 2
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	415,189	60	Flexible	Based on mutual agreement	Flexible	(290,056)	62	
	Dyaco Canada Inc.	Indirectly held subsidiary	Sales	118,939	11	Flexible	Based on mutual agreement	Flexible	35,651	2	
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	347,568	96	Flexible	Based on mutual agreement	Flexible	(1,647,341)	100	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	264,208	100	Flexible	Based on mutual agreement	Flexible	(1,021,073)	88	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	415,189	37	Flexible	Based on mutual agreement	Flexible	290,056	30	
Dyaco Canada Inc.	Dyaco International Inc.	Ultimate parent	Purchase	118,939	100	Flexible	Based on mutual agreement	Flexible	(35,651)	73	

Note 1: The rate is calculated in accordance with individual financial statements.

Note 2: Excluding accounts receivable exceeded the credit period which were transferred to other receivables.

Note 3: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Receivables From Related Party		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance (Note 3)		Amount	Actions Taken		
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Accounts receivable	\$ 980,342	59%	\$ -	-	\$ -	\$ -
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Accounts receivable	536,177	83%	-	-	177,388	-
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Accounts receivable	132,192	129%	-	-	34,908	-
	Dyaco UK Ltd.	Directly held subsidiary	Accounts receivable	52,166	75%	-	-	-	-
	Dyaco Europe GmbH.	Directly held subsidiary	Accounts receivable	22,579	28%	-	-	-	-
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	290,056	180%	-	-	115,523	-
Dyaco International Inc.	Dyaco UK Ltd.	Directly held subsidiary	Other receivables	202,652	Notes 1 and 2	-	-	-	-
	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Other receivables	666,999	Notes 1 and 2	-	-	95,272	-
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Other receivables	484,896	Notes 1 and 2	-	-	270,636	-
	Dyaco Europe GmbH.	Directly held subsidiary	Other receivables	116,538	Notes 1 and 2	-	-	-	-

Note 1: Other receivables refer to financing provided of which the accounts receivable were transferred due to exceeding the credit period for a certain period of time.

Note 2: On June 30, 2022, the Company reclassified accounts receivable of the overdue normal credit period to other receivables. The balance of the loaned funds and the actual amounts were approved by the Board of Directors at its most recent meeting (August 12, 2022) in accordance with Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 3: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 7)
				June 30, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 7)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	\$ 1,128,018	\$ 1,128,018	290,634,628	100	\$ 1,298,633	\$ (9,620)	\$ (13,386) (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	358,161	358,161	-	100	62,276	(21,175)	(21,175)
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	8,272	(314)	(314)
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	28,404	28,404	1,020	100	(43,964)	(21,942)	(21,942)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	25,000	25,000	2,500,000	100	5,833	(2,395)	(2,395)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	80,574	80,574	-	100	(125,215)	(13,371)	(13,371)
	SOLE INC.	America	Investment	948,631	948,631	-	100	285,170	(300,789)	(312,573) (Note 3)
	President Plastic Products MFG Co., Ltd.	Taiwan	Rental of property	258,640	258,640	1,100,000	100	260,471	891	971 (Note 4)
	Cikayda Inc.	Taiwan	Manufacturing and selling	20,000	20,000	2,000,000	100	18,183	(766)	(766)
	CITY SPORTS (THAILAND) CO., LTD.	Thailand	Fitness equipment selling	12,450	12,450	176,000	44	8,780	(5,934)	(2,611)
				(THB 14,420 thousand)	(THB 14,420 thousand)			(THB 10,368 thousand)	(THB -6,922 thousand)	(THB -3,045 thousand)
	Neutron Ventures Ltd	United Kingdom	Investment	119,851	119,851	292,666	80	96,023	(35,857)	(28,686)
				(GBP 3,220 thousand)	(GBP 3,220 thousand)			(GBP 2,552 thousand)	(GBP -961 thousand)	(GBP -769 thousand)
	Morsel Inc.	America	Intelligent fitness content production company	27,750	27,750	909,090	11	19,965	(30,637)	(3,257)
			(US\$ 1,000 thousand)	(US\$ 1,000 thousand)			(US\$ 672 thousand)	(US\$ -1,067 thousand)	(US\$ -113 thousand)	
Hongdaxin Projection Co., Ltd.	Taiwan	Film and television industry investment	4,000	-	400,000	40	3,972	(28)	(28)	
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	216,813	216,813	-	100	108,299	(7,685)	(9,855)
				(EUR 6,296 thousand)	(EUR 6,296 thousand)			(EUR 3,488 thousand)	(EUR -245 thousand)	(EUR -314 thousand) (Note 5)
	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977	977	-	100	882	15	15
			(EUR 29 thousand)	(EUR 29 thousand)			(EUR 28 thousand)	(EUR 1 thousand)	(EUR 1 thousand)	
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262	63,262	-	100	(503,073)	(300,789)	(300,789)
			(US\$ 2,100 thousand)	(US\$ 2,100 thousand)			(US\$ -16,927 thousand)	(US\$ -10,471 thousand)	(US\$ -10,471 thousand)	
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	379,727	379,727	12,400,000	100	743,184	(10,062)	(10,062)
			(US\$ 12,400 thousand)	(US\$ 12,400 thousand)			(HK\$ 196,194 thousand)	(HK\$ -2,742 thousand)	(HK\$ -2,742 thousand)	
Fuel Spirit International Inc.	Spirit Manufacturing Inc.	America	Import, export and selling	265,734	265,734	1,667.50	100	307,436	(6,764)	(6,764)
				(US\$ 8,890 thousand)	(US\$ 8,890 thousand)			(US\$ 10,344 thousand)	(US\$ -235 thousand)	(US\$ -235 thousand)
	Dyaco Canada Inc.	Canada	Import, export and selling	271,752	271,752	1,000	100	263,498	16,982	16,982
			(US\$ 9,058 thousand)	(US\$ 9,058 thousand)			(US\$ 8,866 thousand)	(US\$ 591 thousand)	(US\$ 591 thousand)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 7)
				June 30, 2022	December 31, 2021	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 7)		
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	\$ 62,118 (US\$ 2,000 thousand)	\$ 62,118 (US\$ 2,000 thousand)	-	100	\$ (44,895) (US\$ -1,511 thousand)	\$ (10,639) (US\$ -370 thousand)	\$ (10,639) (US\$ -370 thousand)
	Dyaco Commercial & Medical North America, LLC. (Note 6)	America	Import, export and selling	-	6,092 (US\$ 200 thousand)	-	100	-	(75) (US\$ -3 thousand)	(75) (US\$ -3 thousand)
Neutron Ventures Ltd	Interactive Online Commerce Ltd	United Kingdom	Investment	97,577 (GBP 2,632 thousand)	97,577 (GBP 2,632 thousand)	-	100	56,800 (GBP 1,575 thousand)	(33,055) (GBP -886 thousand)	(30,055) (GBP -886 thousand)
	Neutron Ventures Poland S.p Z.o.o	Poland	Service industry	34 (PLN 5 thousand)	34 (PLN 5 thousand)	-	100	(400) (PLN -60 thousand)	(3,078) (PLN -449 thousand)	(3,078) (PLN -449 thousand)
Interactive Online Commerce Ltd	Sweatband.com Ltd	United Kingdom	Sporting Goods selling	96,564 (GBP 2,604 thousand)	96,564 (GBP 2,604 thousand)	-	100	56,607 (GBP 1,569 thousand)	(33,055) (GBP -886 thousand)	(33,055) (GBP -886 thousand)

Note 1: The investees' financial statements used as basis for calculating investment gains (losses) recognized had all been reviewed.

Note 2: Including share of loss of \$9,620 thousand and unrealized profits of \$3,766 thousand from upstream intercompany transactions.

Note 3: Including share of loss of \$300,789 thousand minus amortization of investment premium of \$11,784 thousand.

Note 4: Including share of profit of \$891 thousand and unrealized expenses of \$80 thousand.

Note 5: Including share of loss of \$7,685 thousand minus amortization of investment premium of \$2,170 thousand.

Note 6: Dyaco Commercial & Medical North America, LLC. had been eliminated in first quarter of 2022.

Note 7: Eliminated from the consolidated financial statements.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of June 30, 2022
						Outward	Inward						
Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	\$ 88,780 (US\$ 3,000 thousand)	Through an investment company registered in a third region (Note 1)	\$ 88,870 (US\$ 3,000 thousand)	\$ -	\$ -	\$ 88,780 (US\$ 3,000 thousand)	\$ (5,962) (HK\$ -1,625 thousand)	100	\$ (5,962) (HK\$ -1,625 thousand)	\$ 163,303 (HK\$ 43,111 thousand)	\$ -
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	568,888 (US\$ 18,800 thousand)	Through an investment company registered in a third region (Note 1)	659,471 (US\$ 21,830 thousand)	-	-	659,471 (US\$ 21,830 thousand)	9,389 (HK\$ 2,558 thousand)	60	860 (HK\$ -234 thousand) (Note 3)	699,535 (HK\$ 184,671 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(135) (RMB -31 thousand)	100	(135) (RMB -31 thousand)	3,355 (RMB 756 thousand)	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 5)	-	-	-	Others (Note 5)	(2,570) (RMB -581 thousand)	40	(1,029) (RMB -232 thousand)	3,715 (RMB 837 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)
\$ 748,251 (US\$ 24,830 thousand)	\$ 748,251 (US\$ 24,830 thousand)	\$ -

Note 1: The investment company required in third region is Dyaco International Holding Limited.

Note 2: The investees' financial statements used as basis for calculating investment gains (losses) recognized had all been reviewed.

Note 3: Including 60% share of profit of \$5,633 thousand minus amortization of investment premium of \$4,148 thousand and unrealized profits of \$846 thousand from side stream intercompany transactions, plus unrealized profits of \$221 thousand from upstream intercompany transactions.

Note 4: Reinvested RMB3,500 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.

Note 5: Reinvested RMB1,200 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.

Note 6: According to Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China announced by Ministry of Economic Affairs (MOEA), the Corporation is not subject to an upper limit due to obtaining supporting document for operation headquarters of the company issued by Industrial Development Bureau, MOEA.

Note 7: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)**

No.	Investor Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount (Note 2)	% (Note 1)	Payment Terms	Comparison with Normal Transactions	Ending Balance (Note 2)	% (Note 1)		
0	Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd. Shelton Corporation (Jiaxing), Ltd.	Sales Purchase	\$ 69,309 415,189	6 60	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 132,193 (290,056)	7 62	\$ 6,778 7,933	

Note 1: The rate is calculated in accordance with individual financial statements of each company.

Note 2: Eliminated from the consolidated financial statements.

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
			Dyaco UK Ltd.	a	Sales	\$ 25,617	-	1
					Accounts receivable from related parties	52,166	-	-
					Other receivables from related parties	202,652	-	2
					Investments accounted for using the equity method	18,193	-	-
			Shelton Corporation (Jiaxing), Ltd.	a	Cost of goods sold	415,410	-	11
					Accounts payable to related parties	290,056	-	3
					Other receivables from related parties	15	-	-
			CARDIO Fitness GmbH&Co.KG	a	Accounts receivable from related parties	2,957	-	-
					Other receivables from related parties	74,094	-	1
					Sales	4,244	-	-
					Investments accounted for using the equity method	4,530	-	-
			SOLE INC.	a	Other receivables from related parties	275	-	-
			Fitness Equipment Services, LLC.	a	Accounts receivable from related parties	980,342	-	9
					Other receivables from related parties	666,999	-	6
					Sales	348,395	-	10
					Investments accounted for using the equity method	191,804	-	2
			President Plastic Products MFG Co., Ltd.	a	Refundable deposits	900	-	-
					Other receivables from related parties	1,600	-	-
					Lease liabilities	9,686	-	-
					Right-of-use asset	9,503	-	-
					Interest expense	180	-	-
					Depreciation	1,424	-	-
					Investments accounted for using the equity method	102	-	-
			Cikayda Inc.	a	Other receivables from related parties	390	-	-
					Rental revenue	210	-	-
					Other expense	238	-	-
			CITY SPORTS (THAILAND) CO., LTD.	a	Sales	771	-	-
					Other operating revenue	154	-	-
					Accounts receivable from related parties	997	-	-
					Other receivables from related parties	27,109	-	-
					Investments accounted for using the equity method	63	-	-
			Sweatband.com Ltd	a	Other receivables from related parties	14,428	-	-
	1	Spirit Direct, LLC.	Dyaco International Inc.	b	Accounts payable to related parties	27,660	-	-
					Other payables to related parties	3,298	-	-
					Inventories	699	-	-
					Cost of goods sold	6,245	-	-
			Spirit Manufacturing Inc.	c	Other payables to related parties	35,367	-	-
					Accounts payable to related parties	17,054	-	-
			Dyaco Canada Inc.	c	Accounts receivable from related parties	31	-	-
					Sales	30	-	-
	2	Fuel-Spirit International Inc.	Dyaco International Inc.	b	Accounts payable to related parties	6,226	-	-
					Accounts receivable from related parties	16	-	-
					Other operating costs	511	-	-
			Spirit Manufacturing Inc.	c	Accounts receivable from related parties	98,076	-	1
			Dyaco Canada Inc.	c	Other operating revenue	5,857	-	-
					Accounts receivable from related parties	1,150	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
			Shelton Corporation (Jiaxing), Ltd.	c	Cost of goods sold	\$ 51,862	-	1
			CITY SPORTS (THALLAND) CO., LTD.	c	Accounts payable to related parties	26,851	-	-
					Sales	2,237	-	-
	3	Dyaco Japan Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold	4,471	-	-
					Other expenses	65	-	-
					Accounts payable to related parties	71,583	-	1
					Inventories	5,137	-	-
	4	Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold	69,308	-	2
					Accounts payable to related parties	132,192	-	1
					Inventories	6,778	-	-
			Shelton Corporation (Jiaxing), Ltd.	c	Cost of goods sold	10,502	-	-
					Accounts payable to related parties	7,251	-	-
					Inventories	846	-	-
			Dyaco Health Technology (Beijing) Co., Ltd.	c	Accounts receivable from related parties	119	-	-
					Other receivables from related parties	91	-	-
	5	Spirit Manufacturing Inc.	Dyaco International Inc.	b	Cost of goods sold	264,209	-	7
					Accounts payable to related parties	1,021,073	-	10
					Inventories	86,915	-	1
			Spirit Direct, LLC.	c	Accounts receivable from related parties	17,054	-	-
					Other receivables from related parties	35,367	-	-
			Dyaco Canada Inc.	c	Sales	8,749	-	-
			Fuel-Spirit International Inc.	c	Accounts payable to related parties	98,076	-	1
			Fitness Equipment Services, LLC.	c	Sales	8,491	-	-
					Other receivables from related parties	43,818	-	-
					Accounts payable to related parties	61,015	-	1
	6	Dyaco Canada Inc.	Dyaco International Inc.	b	Cost of goods sold	119,138	-	3
					Accounts payable to related parties	35,651	-	-
					Inventories	28,882	-	-
			Fuel-Spirit International Inc.	c	Other expenses	5,857	-	-
					Other payables to related parties	1,150	-	-
			Spirit Manufacturing Inc.	c	Cost of goods sold	8,749	-	-
			Spirit Direct LLC.	c	Accounts payable to related parties	31	-	-
					Cost of goods sold	30	-	-
	7	Dyaco Europe GmbH	Dyaco International Inc.	b	Cost of goods sold	5,659	-	-
					Accounts payable to related parties	139,117	-	1
					Inventories	20,664	-	-
			CARDIO Fitness GmbH&Co.KG	c	Sales	933	-	-
					Other operating revenue	425	-	-
					Cost of goods sold	16	-	-
					Other expenses	132	-	-
					Accounts receivable from related parties	300	-	-
					Accounts payable to related parties	22	-	-
			Dyaco UK Ltd.	c	Accounts payable to related parties	1	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
			Sweatband.com Ltd	c	Accounts payable to related parties Sales	\$ 267 894	- -	- -
	8	Daan Health Management Consulting Co., Ltd.	Dyaco International Inc.	b	Rental expenses	12	-	-
	9	CARDIO Fitness GmbH&Co.KG	Dyaco International Inc. Dyaco Europe GmbH	b c	Accounts payable to related parties Other payables to related parties Cost of goods sold Inventories Cost of goods sold Sales Other operating revenue Other expenses Accounts payable to related parties Accounts receivable from related parties	52,832 24,219 4,244 4,530 933 16 132 425 300 22	- - - - - - - - - -	- - - - - - - - - -
	10	Wing Long Co., Ltd.	Dyaco International Inc.	b	Accounts payable to related parties Accounts receivable from related parties Sales	439 99 309	- - -	- - -
	11	Dyaco UK Ltd.	Dyaco International Inc. Dyaco Europe GmbH Sweatband.com Ltd	b c b	Cost of goods sold Accounts payable to related parties Inventories Accounts payable to related parties Accounts receivable from related parties Sales	25,617 254,818 18,193 1 3,837 3,968	- - - - - -	1 2 - - - -
	12	Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc. Fuel-Spirit International Inc. Dyaco (Shanghai) Trading Co., Ltd.	b c c	Sales Accounts receivable from related parties Other payables to related parties Inventories Sales Accounts receivable from related parties Other receivables from related parties Accounts receivable from related parties Sales Cost of goods sold	415,189 290,043 2 221 51,862 26,848 3 7,251 10,502 846	- - - - - - - - - -	11 3 - - 1 - - - - -
	13	Dyaco Health Technology (Beijing) Co., Ltd.	Dyaco (Shanghai) Trading Co., Ltd.	c	Other payables to related parties	210	-	-
	14	Fitness Equipment Services, LLC.	Spirit Manufacturing Inc. Dyaco International Inc. SOLE INC.	c b c	Cost of goods sold Other payables to related parties Accounts receivable from related parties Accounts payable to related parties Inventories Cost of goods sold Other receivables from related parties	8,491 43,818 61,015 1,647,341 191,804 348,395 9,273	- - - - - - -	- - 1 15 2 10 -

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	15	SOLE INC.	Dyaco International Inc. Fitness Equipment Services, LLC.	b c	Other payables to related parties Other payables to related parties	\$ 275 9,273	- -	- -
	16	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	b	Guarantee deposits received Other payables to related parties Rental revenue	900 1,600 1,524	- - -	- - -
	17	Cikayda Inc.	Dyaco International Inc.	b	Other payables to related parties Rental expenses Labor revenue	390 210 238	- - -	- - -
	18	CITY SPORTS (THAILAND) CO., LTD.	Dyaco International Inc. Fuel-Spirit International Inc.	b c	Accounts payable to related parties Other payables to related parties Cost of goods sold Inventories Cost of goods sold	997 27,109 925 63 2,237	- - - - -	- - - - -
	19	Neutron Ventures Ltd	Interactive Online Commerce Ltd Sweatband.com Ltd	c c	Other payables to related parties Other receivables from related parties	88,004 80,098	- -	1 1
	20	Interactive Online Commerce Ltd	Neutron Ventures Ltd Sweatband.com Ltd	c c	Other receivables from related parties Other payables to related parties	88,004 87,811	- -	1 1
	21	Neutron Ventures Poland S.p Z.o.o	Sweatband.com Ltd	c	Other payables to related parties Other receivables from related parties Sales	739 1,361 4,922	- - -	- - -
	22	Sweatband.com Ltd	Dyaco International Inc. Dyaco Europe GmbH Dyaco UK Ltd. Neutron Ventures Ltd Interactive Online Commerce Ltd Neutron Ventures Poland S.p Z.o.o	b c c c c c	Other payables to related parties Accounts payable to related parties Cost of goods sold Accounts payable to related parties Cost of goods sold Other payables to related parties Other receivables from related parties Other payables to related parties Other receivables from related parties Other expenses	14,428 267 894 3,837 3,968 80,098 87,811 1,361 739 4,922	- - - - - - - - - -	- - - - - 1 1 - - -

Note 1: Companies are numbered as follows:

- a. The parent is numbered as "0."
- b. Subsidiaries are numbered from "1" onward.

Note 2: The flow of transactions is as follows:

- a. From the parent to the subsidiary.
- b. From the subsidiary to the parent.
- c. From the subsidiary to the subsidiary.

(Continued)

Note 3: The prices and payment terms for related-party transactions were based on agreements.

Note 4: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 5: Eliminated from the consolidated financial statements.

(Concluded)

TABLE 11**DYACO INTERNATIONAL INC.****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lin, Ing-Gin	10,038,283	7.48
Guang-Ying Limited	9,796,727	7.30
Chuan-Feng Investment Corporation	8,111,882	6.04
Dyaco International Inc	7,953,000	5.92
Ho, I-Hsing Investment Corporation	6,865,725	5.11

Note: The table discloses stockholding information of stockholders whose percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of ordinary shares that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.