

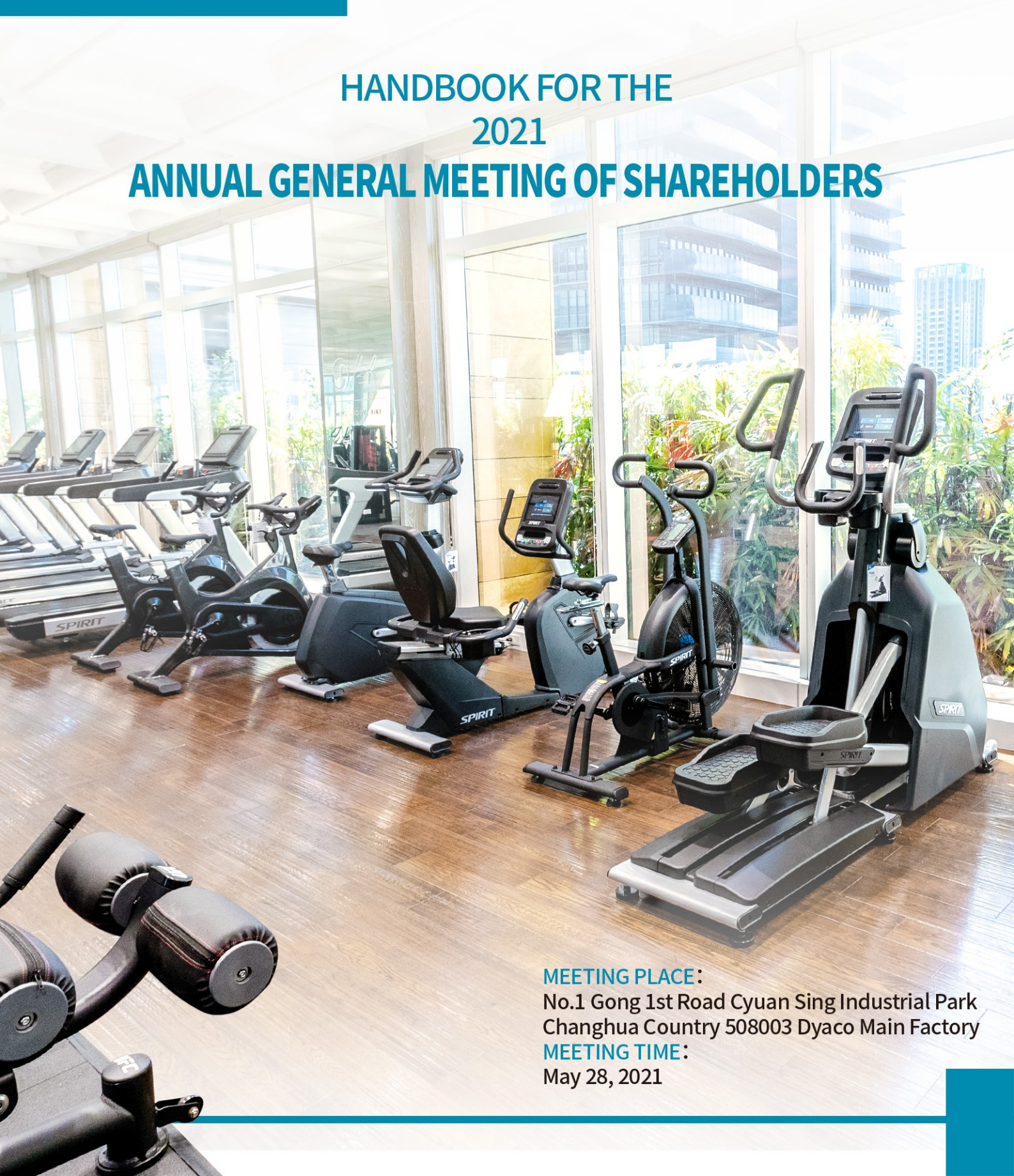
dyaco

岱宇國際

Stock code: 1598

Dyaco International Inc. 岱宇國際股份有限公司

HANDBOOK FOR THE 2021 ANNUAL GENERAL MEETING OF SHAREHOLDERS



MEETING PLACE:

No.1 Gong 1st Road Cyuan Sing Industrial Park
Changhua County 508003 Dyaco Main Factory

MEETING TIME:

May 28, 2021

In case of any discrepancy between the English and the Chinese version, the Chinese version shall prevail

Dyaco International Inc.(the “Company”)
Handbook for the 2021 Annual General Meeting of Shareholders (the “Handbook”)
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Dyaco International Inc.

Annual Shareholders' Meeting Procedure for 2021

1. Chairperson to announce the commencement of meeting
2. Chairperson's address
3. Report matters
4. Ratifications matters
5. Discussion matters
6. Motions
7. Adjournment

In case of any discrepancy between the English and the Chinese version, the Chinese version shall prevail

Dyaco International Inc.

2021 Shareholders' Meeting Agenda

Date : 9:00 a.m., May 28, 2021 (Friday)

Location : No.1, Gong 1st Rd., Hemei Township, Changhua County (Meeting Center at Dyaco's Headquarters, Chuansing Industrial Park)

I. Chairperson to announce the commencement of meeting

II. Chairperson's address

III. Report matters

1. To report the business of 2020.
2. To report the Audit Committee's Review Report of 2020.
3. To report 2020 employees' profits sharing bonus and directors' compensation.
4. To report the proposal for cash distribution of 2020 earnings.
5. To report the implementation of share repurchase..
6. Status report of domestic 2nd secured convertible bonds

IV. Ratifications matters

1. To accept 2020 Business Report and Financial Statements.
2. To approve the proposal for distribution of 2020 earnings.

V. Discussion matters

1. Amendment to the "Articles of Incorporation".
2. Amendment to the "Rules of Procedure for Shareholders Meetings".

VI. Motions

VII. Adjournment

Report matters

Report Matter 1

Subject : To report the business of 2020.

Description : 1. 2020 Business Report can be found on page 7.
2. Please review.

Report Matter 2

Subject : To report the Audit Committee's Review Report of 2020.

Description : 1. 2020 Audit Committee's Review Report can be found on page 13.
2. Please review.

Report Matter 3

Subject : To report 2020 employees' profit sharing bonus and directors' compensation.

Description : 1. The Company's 2019 after-tax net profit amounted to NT\$ 1,623,572,050. It is expected that the amount of remuneration distributed to employees and directors at 1% and 0.31% in cash shall be NT\$ 16,235,721 and NT\$ 5,054,929, respectively, after the revision of Article 24 of the Company's Articles of Incorporation,
2. Please review.

Report Matter 4

Subject : To report the proposal for cash distribution of 2020 earnings.

Description : 1. It is processed in accordance with Articles of Incorporation of the Company and Article of Company Act. Earnings Distribution Table for 2020 can be found on page 14 and was approved at the meeting of Board of Directors on March 30, 2021.
2. To proposed distribution is NT\$953,026,905, cash dividend is NT\$7.50 per share. The cash dividends will be distributed to each shareholder and be rounded down to the nearest dollar. The amounts under one dollar due to the rounding off are summed and recognized as Company's other income.
3. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Director be authorized to resolve the ex-dividend date, ex-rights date and other relevant issues.

4. Should the total amount of common shares outstanding change for any reason, the ultimate cash dividend to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Chairman of Board of Directors of be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of earnings resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.
5. Please review.

Report Matter 5

- Subject : To report the implementation of share repurchase.
- Description :
1. Implementation of the treasury stock buyback plan can be found on page 15.
 2. Please review.

Report Matter 6

- Subject : Status report of domestic 2nd secured convertible bonds.
- Description :
1. The contents of offering and issuance of secured convertible bonds for the company are described below.
 - (1)Reasons: To payoff bank loan at a total amount of NT\$ 603,000 thousand dollars.
 - (2)Amount: The total amount issued is NT\$600,000 thousand dollars, with a par value at NT\$ 100,000. The bonds will be issued in accordance with the principal amount with a maximum total amount of NT\$ 603,000 thousand of dollars.
 - (3)Upon approval by Securities and Futures Bureau, Financial Supervisory Commission R.O.C. (Taiwan), the issuance of convertible bonds was completed on August 20, 2020. Subsequently, bank loans were paid off during third quarter of 2020 as planned.
 - (4)As of March 31, 2021, total convertible bonds converted to common shares at a NT\$ 175,900 thousand.
 2. Please review.

Ratifications matters

Ratifications matter 1 (Proposed by the Board of Directors)

Subject : To accept 2020 Business Report and Financial Statements.

Description :

1. The above consolidated financial statements including balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and business report passed by resolution of the board of directors and submitted for supervisor review. The financial statements were audited by independent auditors Mr. Hsieh Chien-Hsin and Ms. CHEN, Chao-Mei of Deloitte Taiwan.
2. 2020 Business Report can be found on page 7.
3. Standalone and Consolidated Independent Certified Public Accountant Report for the year of 2020 can be found on page 16.
4. Standalone and Consolidated Financial Statement for the year of 2020 can be found on page 24.
5. Please accept the aforementioned.

Resolution:

Subject : To approve the proposal for distribution of 2020 earnings.

Description :

1. The Company's 2019 audited after-tax profit amounted to NT\$ 189,000,289. The amount of NT\$ 421,746 for remeasurement of defined benefit obligation. The amount of NT\$ 18,941,304 for legal purposes and NT\$ 26,688,608 for special reserve have been set aside which is with the undistributed surplus of NT\$ 71,652,577 in the previous year. A total of NT\$ 215,435,700 is available for distribution and to proposed distribution is NT\$124,321,065.
2. The Earnings Distribution Table for 2019 can be found on page 14 and was approved at the meeting of Board of Directors on March 27, 2020.
3. Please accept the aforementioned.

Resolution:

Discussion matters

Discussion matter 1 (Proposed by the Board of Directors)

Subject : Amendment to the "Articles of Incorporation".

Description :

1. In order to comply with the changes to the law and operating, it is proposed to amend certain provisions of the Procedures for Articles of Incorporation.
2. Comparison of Current and amended Procedures for Articles of Incorporation can be found on page 36.
3. Please discuss.

Resolution:

In case of any discrepancy between the English and the Chinese version, the Chinese version shall prevail

Discussion matter 2 (Proposed by the Board of Directors)

Subject : Amendment to the “Rules of Procedure for Shareholders Meetings”.

Description :

1. In order to comply with the changes to the law and operating, it is proposed to amend certain provisions of the “Rules of Procedure for Shareholders Meetings”.
2. Comparison of Current and amended “Rules of Procedure for Shareholders Meetings” can be found on page 37.
3. Please discuss.

Resolution:

Motions

Adjournment

Dyaco International Report

2020 Business Report

Dear shareholders:

First of all, thank you for your long-term support and love for Dyaco International Inc.

The rapid spread of the COVID-19 pandemic in the world from 2020 onwards has caused an unprecedented impact on the global economy, breaking all social, political, economic and financial market forecasts, and the United States and European countries were hit harder than Asian countries. Although the pandemic has impacted the fitness industry, it has also set off a new trend of home workout, and home fitness equipment is experiencing an unprecedented surge in demand. At the beginning of 2020, the company acquired Sole Fitness, the No. 1 online fitness brand in North America, and captured the market opportunity of exercise at home against the pandemic. The sales growth in North America was thus doubled, creating the best overall performance and profitability in the history of the company.

he following presents the Company's 2020 results of operations, 2021 business plan and future development strategy.

1.1 The business of 2020

(1). Results of business plan implementation

In January 2020, the Company acquired Sole Fitness, the No. 1 online fitness brand in North America, and later in March, the COVID-19 pandemic led to a surge in demand for at-home workout, resulting in the growth of more than 160% in the sales in North America and a 124% growth in overall operating revenue in fiscal year 2020 comparing to the same period last year. The new subsidiary, Sole Fitness, contributed to a higher gross profit margin, and the expansion of the overall scale of production and sales contributed to the reduction in production costs and a significant increase in gross profit margin. Because of the good control of operating expenses, the net operating profit was NT\$1.85 billion in fiscal year 2020. As a result of the weakening of U.S. dollar in the fourth quarter, the foreign exchange losses and income tax expense both increased, resulting in the net operating profit after tax of NT\$1.32 billion and the earnings per share of \$11.69.

(2). Budget execution

The Company did not disclose its financial projections for 2020, however, the overall operating conditions were affected by the economic environment and market competition and did not perform as well as the Company's internally developed business plan.

(3). Financial and Profitability Analysis

A. Financial Analysis

Unit: NT \$1,000

	2020		2019		Increase (Decrease)
	Amount	%	Amount	%	%
Net Operating Revenue	13,123,756	100%	5,850,528	100%	124%
Operating Costs	7,639,437	58%	4,134,129	71%	85%
Gross Profit	5,484,319	42%	1,716,399	29%	220%
Operating Expenses	3,644,573	28%	1,377,363	24%	165%
Other Operating Income and Expenses	13,164	-	-11,331	0%	NA
Profit (Loss) from Operations	1,852,910	14%	327,705	6%	465%
Non-Operating Income and Expenses	-198,006	-2%	-49,061	-1%	304%
Profit (Loss) before Income Tax	1,654,904	13%	278,644	5%	494%
Income Tax Expense (Benefit)	336,848	3%	58,549	1%	475%
Net Income (Loss)	1,318,056	10%	220,095	4%	499%

B. Profitability Analysis

Items		2020	2019
Liquidity	Current Ratio	124.92	92.88
	Quick Ratio	76.69	60.40
	Times interest earned	30.49	5.69
Operating ability	Average Collection Turnover (Times)	6.05	5.28
	Average Inventory Turnover (Times)	3.52	3.41
Profitability	Return on Total Assets (%)	13.27	3.74
	Return on Equity (%)	37.05	10.18
	Net Margin (%)	10.04	3.76
	Earnings Per Share (NT\$)	11.69	2.05

(4). Research and development status

The Company's technology sources are based on the integrated development of its R&D team and domestic upstream manufacturers, market demand and research institutions. Through marketing personnel to get close to the market and customers,

we can further understand the development trend of products and the application of new technologies, and develop products and technologies. Where necessary, it hires relevant consultants for advice, and cooperates with universities and research institutions in technology development, so that the overall product development efficiency and effectiveness are faster and more effective than those of our competitors. The R&D achievements for fiscal 2020 are listed below: :

- A. New models of light commercial motorized treadmill
- B. All-commercial dual-lift electric treadmill.
- C. Front-wheel drive and rear-wheel drive magnetic resistance exercise bike
- D. Exercise bike with multimedia interactive system
- E. Second generation medical rehabilitation treadmill
- F. Multi-functional plate-loaded machine (active, passive, constant speed)
- G. Digital training tracking system APP

Summary of the Business Plan 2021

(1). Management policy

- A. Adhering to the core value of "brand, service and innovation," the Company develops products and creates value based on people's needs, is committed to providing consumers with simple, comfortable and safe products, and continuously focusing on improving the quality of people's workouts and leisure life.
- B. What we provide to our customers is not only products, but also brand belief, product creativity and after-sales service experience, so as to build up our relationship with our partners. Based on this framework, we continue to expand the international market share of our self-owned brands SPIRIT and XTERRA, as well as distributing brand SOLE.
- C. Diversified expansion of new products and new brands, such as UFC Mixed Martial Arts brand weight training, fighting and related workout equipment added in 2018, and Johnny G new flywheel added in 2019, for its physical therapy and elderly rehabilitation equipment in the field of medical technology.
- D. Do the right thing on key decisions instead of dwelling on past successes. Dyaco International Inc. will continue to be dedicated to R&D technology innovation, and cooperate with the academic community, in the field of medical rehabilitation equipment, to extend the Company's R&D advantages, so that the Company's products can benefit not only the general public, but also those with mobility difficulties or elders at home, that everyone can take pleasure in sports, so as to take care of more people in need of help. After all, we need a healthy body to have a good quality of life.

(2). Marketing policy

- A. Build e-commerce marketing tools to increase market share outside the physical channel.
 - B. Enhance third-party sales platform materials and search engine resources to increase brand exposure in various countries.
 - C. Continuously develop brand agents in various countries and establish brand communication platforms.
 - D. Integrate the Company's official websites and fan pages to enhance the Company's image in Taiwan and increase the exposure of domestic products.
 - E. Upgrade the functionality of the Company's website and reinforce the impression with product press releases.
 - F. Design global physical channel marketing materials in a consistent manner.
- (3). R&D policy
- A. Actively develop new models of SPIRIT and SOLE series to increase consumer choice.
 - B. Provide consumers with practical and aesthetically pleasing products at a high price-performance ratio with a certain quality, and further introduce a smart cloud platform.
 - C. Break into the field of medical rehabilitation equipment by strengthening cooperation with academia and through cross-industry alliance and develop products for both the elderly and the mobility-impaired.
 - D. Develop a new TFT system for light commercial and commercial models.
 - E. Combine Internet of Things with wearable devices for the development of sports equipment control instruments with rich entertainment connectivity (APP software and 3C product connectivity control).
- (4). Production policy
- A. Appropriately expand production capacity and boost production efficiency to ensure on-time delivery, quality improvement and cost reduction.
 - B. Integrate industry supply chain, improve management efficiency and quality reliability, set up information sharing mechanisms, respond quickly to end market demand, reduce inventory cost and increase added value.

Future Company Development Strategy

(1). Continuous innovation of product technology

In addition to fitness equipment, Dyaco Inc. will continue to care for people, not only for the general public's sports and leisure quality, but also for that of the elderly and people with limited mobility. Therefore, the Company will continue to strengthen cooperation with academia to develop fitness and rehabilitation equipment that meets the needs of all walks of life, and to enhance the interaction between exercisers and

machines through technological innovation, so that everyone is not forced to exercise, but enjoys it and can do it with ease, thus providing people with different feelings and definitions of exercise.

(2). Development of health and rehabilitation products

Due to the rise of the fitness culture and the advent of an aging society, the health and care industry has stepped out of traditional service industry, with more and more applications of Internet of things (IoT) technology, artificial intelligence (AI) and sensing technology emerging, and the health and care industry booming. Dyaco Inc. has been developing safe rehabilitation equipment over a long period of time, combining R&D innovation, manufacturing technology and scale, and marketing channel strength to provide the world's best rehabilitation equipment, and creating new business opportunities in addition to traditional sports and fitness facilities.

This year, the company has officially launched a series of rehabilitation equipment products and has actively introduced its products into various markets to promote sales.

(3). Brand development

We are sticking to the core values of "brand, service and innovation" to provide customers with not only products, but also brand belief, product innovation and after-sales service experience to enhance the relationship with our partners. We continue to cultivate brand agents in various countries while establishing brand communication platforms to expand the international market share of our self-owned brands SOLE, SPIRIT, FUEL, XTERRA and authorized brands UFC distributed.

(4). Upholding principles and beliefs

- A. The requirements for product quality and the commitment to customers remain unchanged.
- B. Self-imposed expectation of excellence and innovation in R&D and design remains unchanged.
- C. The principle of integrating relationships up and down the supply chain to the mutual benefit of the customer and the supplier remains unchanged.
- D. The belief in promoting the brand and tapping into local channels to benefit more people remains unchanged.
- E. The principles of nurturing international talent and localizing the management team remain unchanged.

Affected by External Competitive Environment, Regulatory Environment and Overall Business Environment

Although COVID-19 vaccines may help to terminate the pandemic, the disease will continue to affect the development of the global economy due to the restrictions imposed by various countries and the concern of people about the infection. The government of every country

in the world must continue to provide stimulus packages to ensure that the economy can return to the conditions before the pandemic, and it is unlikely that the people in the world will return to normal life immediately with the introduction of vaccines. Many governments are heavily indebted and unable to provide fiscal stimulus while the central banks in those countries have reached the limits of their easing monetary policies. There is no new product or innovative breakthrough to stimulate market demand. In the absence of growth momentum, the global economy can only maintain a slow recovery. There are still many risks and variables for the global economic performance in the future, and enterprises continue to face a challenging business environment which tests their response capability. Although there are still many uncertainties in the global economy and the assessments of the economic performance in the markets around the world are still conservative, we continue to be optimistic about the company's operations in the future. In particular, the sales explosion in this fiscal year not only helped to increase the brand's market share and awareness but enabled the company to enhance its capabilities in the aspect of marketing, logistics, sales and after-sales service, creating a stronger competitive edge. At the same time, the company was able to leverage its resources and further increase its market share through the upstream and downstream integration.

Overall, with rapid market changes and rising production costs, enterprises are facing increasingly severe challenges in their operations. We believe that by adhering to the Company's core business philosophy of sustainable management and following the Company's path to steadily maneuver itself into position in the local market, we can establish a corporate culture of innovation and growth, implement corporate social responsibility, take care of more people in need of help, and ultimately maintain the original competitive advantage and accumulate more strengths, so that shareholders, customers and employees can share fruitful business results.

Sincerely yours,

Chairman: Lin, Ing-Gin

General Manager: Chen, Ming-Nan

Chief Accountant Officer: Chiu, Yuan-Sheng

Dyaco International Inc.

Audit Committee's Report

(This English version is only a translation of the Chinese version)

The Board of Directors has prepared and submitted the 2020 Consolidated Financial Statement (Include Financial Statement), business report, and earnings distribution proposal. The Consolidated financial statements (Include Financial Statement) were audited by Deloitte & Touche Taiwan and has issued a review report. These have been reviewed by the Audit Committee and determined to be correct and accurate. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Dyaco International Inc

Audit Committee convener: Hsieh, Chang-Hung

March 30, 2021

Dyaco International Inc.

Earnings Distribution Table

Year Ended December 31, 2020

Unit: NT\$

Items	Amount
Net Income of 2020	1,321,109,133
Less: Remeasurement of defined benefit obligation that has been recognized in retained earnings.	(846,096)
	1,320,263,037
Less: Appropriated Statutory reserves	(132,026,304)
Less: Appropriated Special reserves	(69,815,207)
2020 Distributable earnings	1,118,421,526
Plus: Unappropriated earnings-beginning	91,114,635
2016 Distributable retained earnings	1,209,536,161
Distributable items:	
Less: Dividend to shareholders (NT\$7.5/per share)	(953,026,905)
Unappropriated earnings-ending	256,509,256

(Note 1)

The principle of 2020 earnings distribution: Earnings available for distribution by the end of the fiscal year shall be distributed first.

(Note 2)

The dividend distribution ratio based on the actual number of outstanding shares if there is any change in number of common shares of the Company which consequently leads to a change in the ratio.

Dyaco International Inc.

Implementation status report of the Company's treasury share

Treasury stocks in batches		1 ST Batch	2 nd Batch	3 rd Batch
Scheduled buyback plan	Date of board	December 21, 2017	February 21, 2020	March 20, 2020
	Purpose of buy-back	Transfer ownership of share to employee	Transfer ownership of share to employee	Transfer ownership of share to employee
	Scheduled buy-back	2017/12/22~2018/02/21	2020/02/24~2020/04/23	2020/03/23~2020/05/19
	Scheduled buy-back quantity	4,000,000 shares	3,000,000 shares	4,500,000 shares
	Price range	NT\$30 to NT\$50	NT\$30 to NT\$50	NT\$25 to NT\$45
	Scheduled buy-back quantity (as a percentage of total) (Note 1)	4.30%	2.61%	3.91%
	Spending limits for	NT\$950,382,893	NT\$1,002,912,315	NT\$1,002,912,315
Execution of the buyback plan	Actual buy-back	2017/12/22~2018/02/21	2020/02/27~2020/03/20	2020/03/23~2020/04/08
	Actual buy-back quantity (as a percentage of total) (Note 2)	2.61%	2.61%	1.36%
	Actual amount	NT\$172,339,773	NT\$104,927,035	NT\$50,663,964
	Average Price per share	NT\$43.08	NT\$34.98	NT\$32.37
	Reasons for Incompletion	Completed	Completed	To balance market mechanism and not influencing share price, the Company adopts batch buying strategies according to change of share price and volume as a result the Company hasn't completed.
	Status	Nullified	Not Nullified	Not Nullified

Note 1: Calculated based upon the total outstanding shares of the Company at the time announcement of buyback was made.

Note 2: Calculated based upon the total outstanding shares of the Company after expiration of the announcement or completion of re-acquisition.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Dyaco International Inc.

Opinion

We have audited the accompanying financial statements of Dyaco International Inc. (the “Corporation”), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The descriptions for the key audit matters of the financial statements are as follows:

Loss on Inventory Obsolescence

As of December 31, 2020, the carrying amounts of inventories held by the Corporation and its subsidiaries which are accounted for by using the equity method were \$710,403 thousand and \$2,431,338 thousand, respectively. The amount of inventories is significant and the valuation of inventories involves significant accounting judgments and estimates made by management, especially when estimating losses from obsolete finished goods and merchandise. Therefore, the estimation of obsolescence loss from finished goods and merchandise was considered to be a key audit matter. For the accounting policies, significant accounting judgments and estimates related to inventory, refer to Notes 4-5 and 5-1. For more information about the Corporation's inventory, refer to Note 10 to the financial statements.

We evaluated the appropriateness of method applied in the calculation of obsolescence loss for finished goods and merchandise at year end. Then, we verified the data used in assumptions against the relevant supporting documents and recalculated the loss provision to ensure its accuracy. In addition, we reviewed the aging report of finished goods and merchandise and compared the allocated historical obsolescence loss with actual disposal of finished goods and merchandise from previous years in order to evaluate the adequacy of inventory losses due to obsolescence.

Evaluation of Impairment Loss on Goodwill from the Subsidiaries which Are Accounted for By Using the Equity Method

The book value of the subsidiaries which are accounted for using the equity method included the goodwill of purchase Dongguan Dayu Sports Equipment Co., Ltd., Shelton Corporation (Jiaxing), Ltd., CARDIO fitness GmbH & Co. KG, Dyaco Canada Inc. and Fitness Equipment Services, LLC. As of December 31, 2020, the carrying amount of goodwill was \$478,118 thousand. According to IAS 36 "Impairment of Assets", goodwill arising from the acquisition of a business is subject to an annual impairment test by comparing its carrying amount (including attributable goodwill) with its recoverable amount. The impairment test of goodwill impairment involves significant accounting judgments and estimates made by management, especially when estimating the future cash flows and discount rates used to calculate the present value of a cash-generating unit. Thus, the impairment test of goodwill was considered to be a key audit matter. For the accounting policies, significant accounting judgments and estimates related to goodwill, refer to Notes 4-6 and 5-2. The cash-generating unit of goodwill arising from business combination and basic assumptions of estimated recoverable amount have been disclosed in Note 13-2, including the projected future cash flows and discount rates (weighted average cost of capital).

We assessed the professional skills, competencies, and objectivity of independent appraisers hired by management, and also verified the qualifications of appointed appraisers. In addition, we confirmed that nothing would affect the objectivity or restriction of job duties by discussing the job scope and reviewing conditions of appointment with management. We checked whether the method used by the independent appraisers was in accordance with the International Accounting Standards (IAS).

We assessed management's judgments based on the opinion of our financial advisor, especially with regard to material assumptions, (including the prediction of future cash flows and discount rates) used by management to confirm the appropriateness of management's judgments. Our primary audit procedures performed included the following:

1. We tested the data used to estimate recoverable amount of goodwill, such as historical operating revenue, revenue growth rate and gross margin for assessing the reasonableness of assumptions.
2. We compared the budgeted amounts with actual operating results of the Corporation in 2020 when considering the assessment of reliability prediction for 2021 and future years in order to assess the accuracy of management's historical predictions.

3. We checked if there were significant differences between the weighted average cost of capital calculated by using the same valuation method and the weighted average cost of capital adopted by the Corporation to confirm that management applied the appropriate discount rates for assessing goodwill impairment.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2021

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Dyaco International Inc.

Opinion

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

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

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The descriptions for the key audit matters of the consolidated financial statements are as follows:

Loss on Inventory Obsolescence

The carrying amount of inventories held by Group was \$3,141,741 thousand as of December 31, 2020, which represented 24% of the consolidated total assets. The amount of inventories is significant and the valuation of inventories involves significant accounting judgments and estimates made by management, especially when estimating losses from obsolete finished goods and merchandise. Therefore, the estimation of obsolescence loss from finished goods and merchandise was considered to be a key audit matter. For the accounting policies, significant accounting judgments and estimates related to inventory, refer to Notes 4-8 and 5-1.

We evaluated the appropriateness of method applied in the calculation of obsolescence loss for finished goods and merchandise at year end. Then, we verified the data used in assumptions against the relevant supporting documents and recalculated the loss provision to ensure its accuracy. In addition, we reviewed the aging report of finished goods and merchandise and compared the allocated historical obsolescence loss with actual disposal of finished goods and merchandise from previous years in order to evaluate the adequacy of inventory losses due to obsolescence.

Impairment of Goodwill

According to IAS 36 “Impairment of Assets”, goodwill arising from the acquisition of a business is subject to an annual impairment test by comparing its carrying amount (including attributable goodwill) with its recoverable amount. As of December 31, 2020, the carrying amount of goodwill held by the Group was \$478,118 thousand, which represented 4% of the total assets in the consolidated balance sheets. The impairment test of goodwill involves significant accounting judgments and estimates made by management, especially when estimating the future cash flows and discount rates used to calculate the present value of a cash-generating unit. Thus, the impairment test of goodwill was considered to be a key audit matter. For the accounting policies on impairment of goodwill and the related significant accounting judgments and estimates, refer to Notes 4-12 and 5-2. The cash-generating unit of goodwill from business combination and basic assumptions of estimated recoverable amount have been disclosed in Note 18, including the projected future cash flows and discount rates (weighted average cost of capital).

We assessed the professional skills, competencies, and objectivity of independent appraisers hired by management, and also verified the qualifications of appointed appraisers. In addition, we confirmed that nothing would affect the objectivity or restriction of job duties by discussing the job scope and reviewing conditions of appointment with management. We checked whether the method used by independent appraisers was in accordance with the International Accounting Standards (IAS).

We assessed management’s judgments based on the opinion of our financial advisor, especially with regard to material assumptions (including the prediction of future cash flows and discount rates) used by management to confirm the appropriateness of management’s judgments. Our primary audit procedures performed included the following:

1. We tested the data used to estimate recoverable amount of goodwill, such as historical operating revenue, revenue growth rate and gross margin for assessing the reasonableness of assumptions.
2. We compared the budgeted amounts with actual operating results of the Group in 2020 when considering the assessment of reliability prediction for 2021 and future years in order to assess the accuracy of management’s historical predictions.
3. We checked if there were significant differences between the weighted average cost of capital calculated by using the same valuation method and the weighted average cost of capital adopted by the Group to confirm that management applied the appropriate discount rates for assessing goodwill impairment.

Other Matter

We have also audited the parent company only financial statements of Dyaco International Inc. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2021

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DYACO INTERNATIONAL INC.

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 684,900	6	\$ 559,096	9
Financial assets at fair value through profit or loss (Notes 4, 7 and 32)	2,593	-	-	-
Notes receivable (Notes 4, 9 and 24)	1,829	-	1,232	-
Accounts receivable (Notes 4, 9 and 24)	142,678	1	93,313	2
Accounts receivable from related parties (Notes 4, 24 and 33)	4,189,287	38	1,061,571	18
Other receivables (Notes 4 and 9)	50,847	1	14,506	-
Other receivables from related parties (Notes 4 and 33)	394,894	4	176,980	3
Inventories (Notes 4, 5 and 10)	710,403	7	271,757	4
Prepayments (Note 11)	43,084	-	42,714	1
Other financial assets (Notes 4, 12 and 34)	208,931	2	328,357	5
Other current assets	19,434	-	31,330	1
Total current assets	6,448,880	59	2,580,856	43
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 32)	41,141	-	31,860	1
Investments accounted for using the equity method (Notes 4, 5 and 13)	2,348,793	21	1,443,675	24
Property, plant and equipment (Notes 4, 14 and 34)	1,672,688	15	1,690,350	28
Right-of-use assets (Notes 4 and 15)	3,947	-	6,295	-
Investment properties (Notes 4 and 16)	21,327	-	22,206	-
Intangible assets (Notes 4 and 17)	91,538	1	119,356	2
Deferred income tax assets (Notes 4 and 26)	278,657	3	141,565	2
Prepayments for equipment	8,022	-	3,585	-
Refundable deposits	47,325	1	2,847	-
Other non-current assets	5,683	-	5,683	-
Total non-current assets	4,519,121	41	3,467,422	57
TOTAL	\$ 10,968,001	100	\$ 6,048,278	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 1,145,000	10	\$ 1,255,000	21
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 32)	1,685	-	2,722	-
Notes payable (Note 20)	780,823	7	308,374	5
Accounts payable (Note 20)	818,672	8	193,541	3
Accounts payable to related parties (Note 33)	1,246,892	11	452,956	7
Other payables (Note 21)	317,082	3	160,282	3
Other payables to related parties (Note 33)	86,080	1	634	-
Current income tax liabilities (Note 26)	355,708	3	48,974	1
Lease liabilities (Notes 4 and 15)	2,062	-	2,312	-
Contract liabilities (Note 24)	29,640	-	4,191	-
Current portion of bonds payable (Notes 4 and 19)	-	-	592,874	10
Current portion of long-term borrowings (Notes 18 and 34)	158,021	2	109,207	2
Other current liabilities	49,421	1	72,180	1
Total current liabilities	4,991,086	46	3,203,247	53
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 19)	462,372	4	-	-
Long-term borrowings (Notes 18 and 34)	752,757	7	744,683	12
Deferred tax liabilities (Notes 4 and 26)	109,087	1	73,070	1
Lease liabilities (Notes 4 and 15)	1,921	-	3,983	-
Long-term payables (Note 21)	25,878	-	68,460	1
Credit balance of investments accounted for using the equity method (Notes 4 and 13)	90,524	1	40,360	1
Net defined benefit liabilities (Notes 4 and 22)	20,399	-	19,563	1
Guarantee deposits received	801	-	767	-
Total non-current liabilities	1,463,739	13	950,886	16
Total liabilities	6,454,825	59	4,154,133	69
EQUITY (Note 23)				
Share capital				
Ordinary shares	1,311,496	12	961,009	16
Advance share capital	15,027	-	-	-
Total share capital	1,326,523	12	961,009	16
Capital surplus	1,986,005	18	758,304	13
Retained earnings				
Legal reserve	152,827	1	133,886	2
Special reserve	105,812	1	79,123	1
Unappropriated earnings	1,390,288	13	239,976	4
Total retained earnings	1,648,927	15	452,985	7
Other equity	(175,628)	(2)	(105,813)	(2)
Treasury shares	(272,651)	(2)	(172,340)	(3)
Total equity	4,513,176	41	1,894,145	31
TOTAL	\$ 10,968,001	100	\$ 6,048,278	100

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

DYACO INTERNATIONAL INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)	\$ 8,492,324	100	\$ 3,549,315	100
LESS: SALES RETURNS	4,772	-	1,482	-
SALES DISCOUNTS AND ALLOWANCES	<u>1,642</u>	<u>-</u>	<u>2,989</u>	<u>-</u>
NET OPERATING REVENUE	8,485,910	100	3,544,844	100
OPERATING COSTS (Notes 10, 25 and 33)				
Cost of sales	<u>5,887,412</u>	<u>69</u>	<u>2,748,860</u>	<u>78</u>
GROSS PROFIT	2,598,498	31	795,984	22
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>(428,485)</u>	<u>(5)</u>	<u>33,367</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>2,170,013</u>	<u>26</u>	<u>829,351</u>	<u>23</u>
OPERATING EXPENSES (Notes 9, 25 and 33)				
Selling and marketing	432,424	5	270,042	8
General and administrative	206,583	3	161,183	4
Research and development	115,655	1	101,217	3
Expected credit gain	<u>(722)</u>	<u>-</u>	<u>(1,532)</u>	<u>-</u>
Total operating expenses	<u>753,940</u>	<u>9</u>	<u>530,910</u>	<u>15</u>
OTHER OPERATING INCOME (Notes 25 and 33)	<u>249,926</u>	<u>3</u>	<u>60,636</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>1,665,999</u>	<u>20</u>	<u>359,077</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries	140,631	2	(59,882)	(1)
Interest income (Note 33)	5,131	-	2,240	-
Rental income (Note 33)	4,766	-	4,646	-
Other income	4,694	-	1,591	-
Foreign exchange gain or loss, net (Note 25)	(182,314)	(2)	(28,734)	(1)
Gain or loss on valuation of financial instruments	(579)	-	684	-
Other expenses	(925)	-	(20)	-
Interest expense (Note 25)	<u>(35,122)</u>	<u>(1)</u>	<u>(38,224)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(63,718)</u>	<u>(1)</u>	<u>(117,699)</u>	<u>(3)</u>

(Continued)

DYACO INTERNATIONAL INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 1,602,281	19	\$ 241,378	7
INCOME TAX EXPENSE (Notes 4 and 26)	<u>281,172</u>	<u>3</u>	<u>52,377</u>	<u>1</u>
NET PROFIT	<u>1,321,109</u>	<u>16</u>	<u>189,001</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	(1,058)	-	516	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	206	-	800	-
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	(1,259)	-	1,099	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>212</u>	<u>-</u>	<u>(103)</u>	<u>-</u>
	<u>(1,899)</u>	<u>-</u>	<u>2,312</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(68,762)</u>	<u>(1)</u>	<u>(30,961)</u>	<u>(1)</u>
Other comprehensive loss for the period, net of income tax	<u>(70,661)</u>	<u>(1)</u>	<u>(28,649)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,250,448</u>	<u>15</u>	<u>\$ 160,352</u>	<u>5</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 11.69</u>		<u>\$ 2.05</u>	
Diluted	<u>\$ 11.38</u>		<u>\$ 1.82</u>	

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

(Concluded)

DYACO INTERNATIONAL INC.
**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Shares Capital	Advance Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2019	\$ 929,502	\$ -	\$ 738,397	\$ 123,174	\$ 59,258	\$ 145,777	\$ (78,745)	\$ (378)	\$ (172,340)	\$ 1,744,645
Issuance of ordinary shares under employee share options (Note 28)	-	-	17,200	-	-	-	-	-	-	17,200
Changes in capital surplus from investments using the equity method	-	-	1,600	-	-	-	-	-	-	1,600
Appropriation of prior year's earnings										
Legal reserve	-	-	-	10,712	-	(10,712)	-	-	-	-
Special reserve	-	-	-	-	19,865	(19,865)	-	-	-	-
Cash dividends to shareholder - NT\$0.35 per share	-	-	-	-	-	(31,133)	-	-	-	(31,133)
Share dividends to shareholder - NT\$0.35 per share	31,133	-	-	-	-	(31,133)	-	-	-	-
	31,133	-	-	10,712	19,865	(92,843)	-	-	-	(31,133)
Convertible bonds converted to ordinary shares (Note 19)	374	-	1,107	-	-	-	-	-	-	1,481
Net profit for the year ended December 31, 2019	-	-	-	-	-	189,001	-	-	-	189,001
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	413	(30,961)	1,899	-	(28,649)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	189,414	(30,961)	1,899	-	160,352
Disposal of investments in equity instruments designated as at fair value through other comprehensive income from subsidiaries	-	-	-	-	-	(2,372)	-	2,372	-	-
BALANCE AT DECEMBER 31, 2019	961,009	-	758,304	133,886	79,123	239,976	(109,706)	3,893	(172,340)	1,894,145
Issuance of ordinary shares under employee share options (Note 28)	3,000	1,000	121,631	-	-	-	-	-	-	125,631
Equity component of convertible bonds issued by the corporation (Notes 19 and 23)	-	-	12,666	-	-	-	-	-	-	12,666
Changes in capital surplus from investments using the equity method	-	-	558	-	-	-	-	-	-	558
Appropriation of prior year's earnings										
Legal reserve	-	-	-	18,941	-	(18,941)	-	-	-	-
Special reserve	-	-	-	-	26,689	(26,689)	-	-	-	-
Cash dividends to shareholder - NT\$1.15 per share	-	-	-	-	-	(124,321)	-	-	-	(124,321)
	-	-	-	18,941	26,689	(169,951)	-	-	-	(124,321)
Convertible bonds converted to ordinary shares (Note 19)	157,487	14,027	549,273	-	-	-	-	-	-	720,787
Net profit for the year ended December 31, 2020	-	-	-	-	-	1,321,109	-	-	-	1,321,109
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	(846)	(68,762)	(1,053)	-	(70,661)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,320,263	(68,762)	(1,053)	-	1,250,448
Issuance of ordinary shares for cash (Note 23)	190,000	-	548,745	-	-	-	-	-	-	738,745
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	-	(155,550)	(155,550)
Treasury shares transferred to employees (Note 23)	-	-	(5,172)	-	-	-	-	-	55,239	50,067
BALANCE AT DECEMBER 31, 2020	\$ 1,311,496	\$ 15,027	\$ 1,986,005	\$ 152,827	\$ 105,812	\$ 1,390,288	\$ (178,468)	\$ 2,840	\$ (272,651)	\$ 4,513,176

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

DYACO INTERNATIONAL INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,602,281	\$ 241,378
Adjustments for:		
Depreciation expense	76,313	79,458
Amortization expense	44,466	40,032
Expected credit loss reversed	(722)	(1,532)
Net loss (gain) on fair value changes of financial instrument at fair value through profit or loss	579	(684)
Interest expense	35,122	38,224
Interest income	(5,131)	(2,240)
Compensation costs of employee share options	109,556	17,200
Share of loss (profit) of subsidiaries accounted for using the equity method	(140,631)	59,882
Gain on disposal of property, plant and equipment	(266)	(15)
Loss on inventories valuation and obsolescence	3,155	-
Unrealized gain on the transactions with subsidiaries	433,270	4,803
Realized gain on the transactions with subsidiaries	(4,785)	(38,170)
Unrealized loss on foreign currency exchange	78,543	36,641
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	24,059
Notes receivable	(597)	2,567
Accounts receivable	(55,605)	3,991
Accounts receivable from related parties	(3,177,128)	(11,794)
Other receivables	(36,341)	3,376
Other receivables from related parties	(211,461)	65,490
Inventories	(441,801)	20,008
Prepayments	(1,115)	(18,762)
Other current assets	11,896	(13,873)
Contract liabilities	26,509	(2,365)
Notes payable	472,449	(157,464)
Accounts payable	625,198	20,209
Accounts payable to related parties	773,234	146,733
Other payables	106,967	20,966
Other payables to related parties	516	(11,945)
Other current liabilities	9,857	17,734
Net defined benefit liabilities	(222)	(166)
Cash generated from operations	334,106	583,741
Interest received	2,514	2,240
Interest paid	(28,124)	(28,954)
Income tax paid	(75,301)	(20,344)
Net cash generated from operating activities	233,195	536,683

(Continued)

DYACO INTERNATIONAL INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (9,075)	\$ (31,060)
Increase in investments in subsidiaries (Note 13)	(868,701)	(48,144)
Net cash outflow on acquisition of subsidiaries (Note 13)	(230,206)	-
Proceeds from subsidiary's capital reduction	-	58,388
Payments for property, plant and equipment (Note 30)	(60,036)	(24,440)
Proceeds from disposal of property, plant and equipment	480	413
Increase in refundable deposits	(44,478)	(515)
Increase in other receivables from related parties	(3,836)	(67,803)
Payments for intangible assets (Note 30)	(37,701)	(36,067)
Decrease (increase) in other financial assets	<u>119,426</u>	<u>(76,071)</u>
Net cash used in investing activities	<u>(1,134,127)</u>	<u>(225,299)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(110,000)	(81,500)
Proceeds from issuance of convertible bonds	594,648	-
Repayments of bond payables	(100)	-
Proceeds from long-term borrowings	200,000	470,000
Repayments of long-term borrowings	(143,112)	(285,100)
Proceeds from guarantee deposits received	34	100
Repayment of the principal portion of lease liabilities	(2,394)	(1,126)
Cash dividends	(124,321)	(31,133)
Proceeds from issuance of ordinary shares (Note 23)	706,129	32,616
Exercise of employee share options	16,075	-
Payments for buy-back of ordinary shares	(155,550)	-
Proceeds from treasury shares transferred to employees	<u>50,067</u>	<u>-</u>
Net cash generated from financing activities	<u>1,031,476</u>	<u>103,857</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(4,740)</u>	<u>(7,754)</u>
NET INCREASE IN CASH	<u>125,804</u>	<u>407,487</u>
CASH, BEGINNING OF THE YEAR	<u>559,096</u>	<u>151,609</u>
CASH, END OF THE YEAR	<u>\$ 684,900</u>	<u>\$ 559,096</u>

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 1,542,324	12	\$ 826,213	11
Financial assets at fair value through profit or loss (Notes 4 and 7)	2,593	-	-	-
Notes receivable (Notes 4, 9 and 27)	2,020	-	1,501	-
Accounts receivable (Notes 4, 9 and 27)	3,050,265	23	1,009,492	14
Other receivables (Notes 4 and 9)	86,259	1	44,531	1
Current tax assets (Note 29)	17,980	-	1,282	-
Inventories (Notes 4, 5, 10 and 38)	3,141,741	24	1,202,977	17
Prepayments (Note 11)	183,385	1	103,677	1
Other financial assets (Notes 4, 12 and 38)	208,931	1	328,357	5
Other current assets	20,363	-	32,119	-
Total current assets	8,255,861	62	3,550,149	49
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	51,165	-	42,984	1
Investments accounted for using the equity method (Notes 4 and 14)	5,252	-	-	-
Property, plant and equipment (Notes 4, 15 and 38)	2,877,597	22	2,656,050	36
Right-of-use assets (Notes 4, 16 and 38)	350,377	3	372,771	5
Investment properties (Notes 4 and 17)	57,061	-	59,762	1
Goodwill (Notes 4, 5, 18 and 32)	478,118	4	182,483	3
Other intangible assets (Notes 4 and 19)	760,552	6	233,838	3
Deferred income tax assets (Notes 4 and 29)	330,238	3	181,176	2
Prepayments for equipment	15,931	-	4,694	-
Refundable deposits	57,918	-	10,742	-
Other non-current assets	11,918	-	652	-
Total non-current assets	4,996,127	38	3,745,152	51
TOTAL	\$ 13,251,988	100	\$ 7,295,301	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 38)	\$ 1,573,781	12	\$ 1,513,300	21
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	1,685	-	3,043	-
Notes payable (Note 22)	781,353	6	308,558	4
Accounts payable (Note 22)	2,438,687	18	780,661	11
Other payables (Note 23)	1,075,723	8	324,232	4
Current income tax liabilities (Note 29)	401,093	3	56,348	1
Provisions (Notes 4 and 24)	18,359	-	15,835	-
Lease liabilities (Notes 4 and 16)	19,863	-	24,173	-
Contract liabilities (Note 27)	74,531	1	7,901	-
Current portion of bonds payable (Notes 4 and 21)	-	-	592,874	8
Current portion of long-term borrowings (Notes 20 and 38)	159,929	1	112,124	2
Other current liabilities (Note 26)	63,901	1	83,122	1
Total current liabilities	6,608,905	50	3,822,171	52
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 21)	462,372	4	-	-
Long-term borrowings (Notes 20 and 38)	790,621	6	785,594	11
Deferred tax liabilities (Notes 4 and 29)	426,806	3	226,487	3
Lease liabilities (Notes 4 and 16)	44,408	-	58,188	1
Long-term payables (Note 23)	25,878	-	136,310	2
Net defined benefit liabilities (Note 25)	20,399	-	19,563	-
Guarantee deposits received	2,737	-	2,671	-
Total non-current liabilities	1,773,221	13	1,228,813	17
Total liabilities	8,382,126	63	5,050,984	69
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)				
Share capital				
Ordinary shares	1,311,496	10	961,009	13
Advance share capital	15,027	-	-	-
Total share capital	1,326,523	10	961,009	13
Capital surplus	1,986,005	15	758,304	10
Retained earnings				
Legal reserve	152,827	1	133,886	2
Special reserve	105,812	1	79,123	1
Unappropriated earnings	1,390,288	10	239,976	3
Total retained earnings	1,648,927	12	452,985	6
Other equity	(175,628)	(1)	(105,813)	(1)
Treasury shares	(272,651)	(2)	(172,340)	(2)
Total equity attributable to owners of the Corporation	4,513,176	34	1,894,145	26
NON-CONTROLLING INTERESTS (Notes 13 and 26)	356,686	3	350,172	5
Total equity	4,869,862	37	2,244,317	31
TOTAL	\$ 13,251,988	100	\$ 7,295,301	100

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 27)	\$ 13,267,753	101	\$ 5,925,017	101
LESS: SALES RETURNS	28,424	-	19,664	-
SALES DISCOUNTS AND ALLOWANCES	<u>115,573</u>	<u>1</u>	<u>54,825</u>	<u>1</u>
NET OPERATING REVENUE	13,123,756	100	5,850,528	100
OPERATING COSTS (Notes 10 and 28)				
Cost of sales	<u>7,639,437</u>	<u>58</u>	<u>4,134,129</u>	<u>71</u>
GROSS PROFIT	<u>5,484,319</u>	<u>42</u>	<u>1,716,399</u>	<u>29</u>
OPERATING EXPENSES (Notes 28 and 35)				
Selling and marketing	2,783,591	21	631,751	11
General and administrative	731,158	6	643,738	11
Research and development	115,655	1	101,217	1
Expected credit loss	<u>14,169</u>	<u>-</u>	<u>657</u>	<u>-</u>
Total operating expenses	<u>3,644,573</u>	<u>28</u>	<u>1,377,363</u>	<u>23</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 19 and 28)	<u>13,164</u>	<u>-</u>	<u>(11,331)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>1,852,910</u>	<u>14</u>	<u>327,705</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	2,819	-	9,807	-
Rental income	16,209	-	16,981	-
Other income	35,560	-	21,747	-
Foreign exchange gain or loss, net (Note 28)	(194,560)	(1)	(22,912)	-
Gain or loss on valuation of financial instruments	(579)	-	363	-
Other expenses	(1,339)	-	(454)	-
Loss on disposal of subsidiaries	-	-	(15,169)	-
Interest expense (Note 28)	<u>(56,116)</u>	<u>-</u>	<u>(59,424)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(198,006)</u>	<u>(1)</u>	<u>(49,061)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	1,654,904	13	278,644	5
INCOME TAX EXPENSE (Notes 4 and 29)	<u>336,848</u>	<u>3</u>	<u>58,549</u>	<u>1</u>
NET PROFIT	<u>1,318,056</u>	<u>10</u>	<u>220,095</u>	<u>4</u>

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	\$ (1,058)	-	\$ 516	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(1,053)	-	1,899	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 29)	<u>212</u>	<u>-</u>	<u>(103)</u>	<u>-</u>
	<u>(1,899)</u>	<u>-</u>	<u>2,312</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(59,195)</u>	<u>-</u>	<u>(45,759)</u>	<u>(1)</u>
Other comprehensive loss for the period, net of income tax	<u>(61,094)</u>	<u>-</u>	<u>(43,447)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,256,962</u>	<u>10</u>	<u>\$ 176,648</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,321,109	10	\$ 189,001	3
Non-controlling interests	<u>(3,053)</u>	<u>-</u>	<u>31,094</u>	<u>1</u>
	<u>\$ 1,318,056</u>	<u>10</u>	<u>\$ 220,095</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,250,448	10	\$ 160,352	3
Non-controlling interests	<u>6,514</u>	<u>-</u>	<u>16,296</u>	<u>-</u>
	<u>\$ 1,256,962</u>	<u>10</u>	<u>\$ 176,648</u>	<u>3</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 11.69</u>		<u>\$ 2.05</u>	
Diluted	<u>\$ 11.38</u>		<u>\$ 1.82</u>	

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 26)											Total Equity
							Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	
							Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Share Capital		Capital Surplus	Retained Earnings			Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
	Shares Capital	Advance share capital										
BALANCE AT JANUARY 1, 2019	\$ 929,502	\$ -	\$ 738,397	\$ 123,174	\$ 59,258	\$ 145,777	\$ (78,745)	\$ (378)	\$ (172,340)	\$ 1,744,645	\$ 333,876	\$ 2,078,521
Issuance of ordinary shares under employee share options (Note 31)	-	-	17,200	-	-	-	-	-	-	17,200	-	17,200
Changes in capital surplus from investments using the equity method	-	-	1,600	-	-	-	-	-	-	1,600	-	1,600
Appropriation of prior year's earnings												
Legal reserve	-	-	-	10,712	-	(10,712)	-	-	-	-	-	-
Special reserve	-	-	-	-	19,865	(19,865)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$0.35 per share	-	-	-	-	-	(31,133)	-	-	-	(31,133)	-	(31,133)
Share dividends to shareholder - NT\$0.35 per share	31,133	-	-	-	-	(31,133)	-	-	-	-	-	-
	31,133	-	-	10,712	19,865	(92,843)	-	-	-	(31,133)	-	(31,133)
Convertible bonds converted to ordinary shares (Note 21)	374	-	1,107	-	-	-	-	-	-	1,481	-	1,481
Net profit for the year ended December 31, 2019	-	-	-	-	-	189,001	-	-	-	189,001	31,094	220,095
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	413	(30,961)	1,899	-	(28,649)	(14,798)	(43,447)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	189,414	(30,961)	1,899	-	160,352	16,296	176,648
Disposal of investments in equity instruments designated as at fair value through other comprehensive income from subsidiaries (Note 8)	-	-	-	-	-	(2,372)	-	2,372	-	-	-	-
BALANCE AT DECEMBER 31, 2019	961,009	-	758,304	133,886	79,123	239,976	(109,706)	3,893	(172,340)	1,894,145	350,172	2,244,317
Issuance of ordinary shares under employee share options (Note 31)	3,000	1,000	121,631	-	-	-	-	-	-	125,631	-	125,631
Equity component of convertible bonds issued by the Corporation (Notes 21 and 26)	-	-	12,666	-	-	-	-	-	-	12,666	-	12,666
Changes in capital surplus from investments using the equity method	-	-	558	-	-	-	-	-	-	558	-	558
Appropriation of prior year's earnings												
Legal reserve	-	-	-	18,941	-	(18,941)	-	-	-	-	-	-
Special reserve	-	-	-	-	26,689	(26,689)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$1.15 per share	-	-	-	-	-	(124,321)	-	-	-	(124,321)	-	(124,321)
	-	-	-	18,941	26,689	(169,951)	-	-	-	(124,321)	-	(124,321)
Convertible bonds converted to ordinary shares (Note 21)	157,487	14,027	549,273	-	-	-	-	-	-	720,787	-	720,787
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	-	1,321,109	-	-	-	1,321,109	(3,053)	1,318,056
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	(846)	(68,762)	(1,053)	-	(70,661)	9,567	(61,094)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,320,263	(68,762)	(1,053)	-	1,250,448	6,514	1,256,962
Issuance of ordinary shares for cash (Note 26)	190,000	-	548,745	-	-	-	-	-	-	738,745	-	738,745
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(155,550)	(155,550)	-	(155,550)
Treasury shares transferred to employees (Note 26)	-	-	(5,172)	-	-	-	-	-	55,239	50,067	-	50,067
BALANCE AT DECEMBER 31, 2020	\$ 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

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,654,904	\$ 278,644
Adjustments for:		
Depreciation expense	199,252	188,246
Amortization expense	124,398	92,592
Expected credit loss recognized	14,169	657
Net loss (gain) on fair value changes of financial instrument at fair value through profit or loss	579	(363)
Interest expense	56,116	59,424
Interest income	(2,819)	(9,807)
Compensation costs of employee share options	110,114	18,800
Loss on disposal of property, plant and equipment	213	2,505
Loss (gain) on disposal of intangible assets	(18,960)	293
Impairment loss on non-financial assets	-	8,826
Loss on inventories valuation and obsolescence	1,942	13,129
Loss on lease modification	16	-
Impairment loss on prepayment for goods	5,567	-
Unrealized loss on foreign currency exchange	110,426	14,373
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	24,059
Notes receivable	(519)	2,485
Accounts receivable	(1,627,374)	(99,988)
Other receivables	(37,029)	(23,343)
Inventories	(1,686,436)	19,531
Prepayments	(81,082)	(5,618)
Other current assets	7,703	(11,621)
Contract liabilities	66,630	(1,419)
Notes payable	472,795	(157,303)
Accounts payable	1,575,672	29,543
Other payables	502,792	24,286
Provisions	2,997	2,116
Other current liabilities	13,392	18,441
Net defined benefit liabilities	(222)	(166)
Cash generated from operations	1,465,236	488,322
Interest received	2,810	9,807
Interest paid	(48,088)	(51,155)
Income tax paid	(142,872)	(35,227)
Net cash generated from operating activities	1,277,086	411,747

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (9,075)	\$ (35,085)
Proceeds from sale of financial assets at fair value through profit or loss	-	22,265
Acquisition of investments accounted for using the equity method	(5,138)	-
Net cash outflow on acquisition of subsidiaries (Notes 32 and 33)	(1,089,333)	-
Payments for property, plant and equipment (Note 34)	(96,792)	(60,861)
Proceeds from disposal of property, plant and equipment	1,152	443
Increase in refundable deposits	(43,123)	(962)
Payments for intangible assets (Note 34)	(67,141)	(55,395)
Decrease (increase) in other financial assets	119,426	(76,071)
Decrease (increase) in other non-current assets	<u>(5,717)</u>	<u>898</u>
Net cash used in investing activities	<u>(1,195,741)</u>	<u>(204,768)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(453,384)	(133,393)
Proceeds from issuance of convertible bonds	594,648	-
Repayments of bond payables	(100)	-
Proceeds from long-term borrowings	200,000	470,000
Repayments of long-term borrowings	(145,956)	(288,725)
Proceeds from (refund of) guarantee deposits received	157	(376)
Repayment of the principal portion of lease liabilities	(24,375)	(21,310)
Cash dividends	(124,321)	(31,133)
Proceeds from issuance of ordinary shares (Note 26)	706,129	32,616
Exercise of employee share options	16,075	-
Payments for buy-back of ordinary shares	(155,550)	-
Proceeds from treasury shares transferred to employees	<u>50,067</u>	<u>-</u>
Net cash generated from financing activities	<u>663,390</u>	<u>27,679</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(28,624)</u>	<u>(4,042)</u>
NET INCREASE IN CASH	716,111	230,616
CASH, BEGINNING OF THE YEAR	<u>826,213</u>	<u>595,597</u>
CASH, END OF THE YEAR	<u>\$ 1,542,324</u>	<u>\$ 826,213</u>

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

(Concluded)

**Comparison Table for the Procedures for Acquisition or Disposal of Assets
Before and After Revisions**

After the Revision			Before the Revision			Description
Article 15 The principles and guidelines of Procedure for Acquisition or Disposal of Derivatives (Omitted) Delegation of powers and duties (Omitted) 4. Authorized limit <div>(1) Hedge trading of derivative product shall be obtained according to the following combinations of authorization.</div>			Article 15 The principles and guidelines of Procedure for Acquisition or Disposal of Derivatives (Omitted) Delegation of powers and duties (Omitted) 4. Authorized limit <div>(1) Hedge trading of derivative product shall be obtained according to the following combinations of authorization.</div>			Adjustment for authorized level
Authority Level	Total daily limit	Total net accumulative contract limit	Authority Level	Total daily limit	Total net accumulative contract limit	
CFO	Below USD <u>10</u> million (inclusive)	Below USD <u>20</u> million (inclusive)	CFO	Below USD 5 million (inclusive)	Below USD 10 million (inclusive)	
Chairman	USD <u>10</u> million to USD 20million (Inclusive)	USD <u>20</u> million to USD 40million (Inclusive)	Chairman	USD 5 million to USD 20million (Inclusive)	USD 10 million to USD 40million (Inclusive)	
BOD	More than USD 20 million	More than USD 40 million	BOD	More than USD 20 million	More than USD 40 million	
<div>(2) Trading of derivative product shall be obtained the BOD of authorization, for every executed transaction.</div> (Omitted)			<div>(2) Trading of derivative product shall be obtained the BOD of authorization, for every executed transaction.</div> (Omitted)			

Dyaco International Inc.

**Comparison Table for the Rule and Procedures of Shareholders' Meeting Before
and After Revisions**

After the Revision	Before the Revision	Description
<p>Article 19</p> <p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected <u>and directors, supervisors and the numbers of votes with which they were fail to be elected.</u></p> <p>(Omitted)</p>	<p>Article 19</p> <p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.</p> <p>(Omitted)</p>	<p>In order to improve corporate governance and safeguard shareholders' rights, the first item is amended.</p>

dyaco

岱宇國際

Stock code: 1598

Dyaco International Inc.
岱宇國際股份有限公司