

Dyaco International Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019 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 March 31, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three 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 March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three months then ended 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 Chao-Mei Chen and Chien-Hsin Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 12, 2020

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)

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash (Note 6)	\$ 625,864	8	\$ 826,213	11	\$ 605,635	9
Financial assets at fair value through profit or loss (Note 7)	-	-	-	-	835	-
Notes receivable (Notes 9 and 26)	972	-	1,501	-	3,204	-
Accounts receivable (Notes 9 and 26)	1,257,551	15	1,009,492	14	1,090,641	16
Other receivables (Note 9)	31,735	-	44,531	1	13,866	-
Current tax assets (Note 28)	178	-	1,282	-	33,783	-
Inventories (Notes 10 and 36)	1,128,359	14	1,202,977	17	1,051,899	15
Prepayments (Note 11)	155,825	2	103,677	1	107,869	2
Other financial assets (Notes 12 and 36)	314,832	4	328,357	5	115,434	2
Other current assets	<u>28,049</u>	<u>-</u>	<u>32,119</u>	<u>-</u>	<u>29,261</u>	<u>-</u>
Total current assets	<u>3,543,365</u>	<u>43</u>	<u>3,550,149</u>	<u>49</u>	<u>3,052,427</u>	<u>44</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 8)	51,930	1	42,984	1	31,319	-
Property, plant and equipment (Notes 14 and 36)	2,637,027	32	2,656,050	36	2,811,109	40
Right-of-use assets (Notes 15 and 36)	359,833	4	372,771	5	381,081	6
Investment properties (Note 16)	58,510	1	59,762	1	35,351	1
Goodwill (Notes 17 and 31)	563,034	7	182,483	3	198,746	3
Other intangible assets (Note 18)	834,505	10	233,838	3	289,367	4
Deferred income tax assets (Note 28)	193,022	2	181,176	2	155,727	2
Prepayments for plant and equipment	4,578	-	4,694	-	12,798	-
Refundable deposits	10,561	-	10,742	-	5,692	-
Other non-current assets	<u>16,922</u>	<u>-</u>	<u>652</u>	<u>-</u>	<u>1,422</u>	<u>-</u>
Total non-current assets	<u>4,729,922</u>	<u>57</u>	<u>3,745,152</u>	<u>51</u>	<u>3,922,612</u>	<u>56</u>
TOTAL	<u>\$ 8,273,287</u>	<u>100</u>	<u>\$ 7,295,301</u>	<u>100</u>	<u>\$ 6,975,039</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 36)	\$ 1,619,397	20	\$ 1,513,300	21	\$ 1,522,230	22
Financial liabilities at fair value through profit or loss (Note 7)	1,397	-	3,043	-	2,386	-
Notes payable (Note 21)	215,663	3	308,558	4	316,059	5
Accounts payable (Note 21)	556,623	7	780,661	11	722,415	10
Other payables (Note 22)	764,988	9	324,232	4	286,486	4
Current income tax liabilities (Note 28)	58,465	1	56,348	1	62,522	1
Provisions (Note 23)	14,602	-	15,835	-	14,870	-
Lease liabilities (Note 15)	23,338	-	24,173	-	18,198	-
Contract liabilities (Note 26)	11,288	-	7,901	-	7,249	-
Current portion of bonds payable (Note 20)	594,823	7	592,874	8	588,537	8
Current portion of long-term borrowings (Notes 19 and 36)	151,204	2	112,124	2	59,345	1
Other current liabilities	<u>46,266</u>	<u>-</u>	<u>83,122</u>	<u>1</u>	<u>35,530</u>	<u>1</u>
Total current liabilities	<u>4,058,054</u>	<u>49</u>	<u>3,822,171</u>	<u>52</u>	<u>3,635,827</u>	<u>52</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 36)	911,889	11	785,594	11	641,448	9
Deferred tax liabilities (Note 28)	389,084	5	226,487	3	234,782	3
Lease liabilities (Note 15)	51,498	-	58,188	1	46,300	1
Long-term payable (Note 22)	134,912	2	136,310	2	194,787	3
Net defined benefit liabilities (Note 24)	19,639	-	19,563	-	20,395	-
Guarantee deposits received	<u>2,649</u>	<u>-</u>	<u>2,671</u>	<u>-</u>	<u>2,960</u>	<u>-</u>
Total non-current liabilities	<u>1,509,671</u>	<u>18</u>	<u>1,228,813</u>	<u>17</u>	<u>1,140,672</u>	<u>16</u>
Total liabilities	<u>5,567,725</u>	<u>67</u>	<u>5,050,984</u>	<u>69</u>	<u>4,776,499</u>	<u>68</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 25)						
Ordinary shares	<u>1,151,009</u>	<u>14</u>	<u>961,009</u>	<u>13</u>	<u>929,502</u>	<u>13</u>
Capital surplus	<u>1,308,607</u>	<u>16</u>	<u>758,304</u>	<u>10</u>	<u>742,399</u>	<u>11</u>
Retained earnings						
Legal reserve	133,886	2	133,886	2	123,174	1
Special reserve	79,123	1	79,123	1	59,258	1
Unappropriated earnings	<u>116,247</u>	<u>1</u>	<u>239,976</u>	<u>3</u>	<u>200,816</u>	<u>3</u>
Total retained earnings	<u>329,256</u>	<u>4</u>	<u>452,985</u>	<u>6</u>	<u>383,248</u>	<u>5</u>
Other equity	<u>(120,201)</u>	<u>(1)</u>	<u>(105,813)</u>	<u>(1)</u>	<u>(53,800)</u>	<u>(1)</u>
Treasury shares	<u>(312,201)</u>	<u>(4)</u>	<u>(172,340)</u>	<u>(2)</u>	<u>(172,340)</u>	<u>(2)</u>
Total equity attributable to owners of the Corporation	2,356,470	29	1,894,145	26	1,829,009	26
NON-CONTROLLING INTERESTS	<u>349,092</u>	<u>4</u>	<u>350,172</u>	<u>5</u>	<u>369,531</u>	<u>6</u>
Total equity	<u>2,705,562</u>	<u>33</u>	<u>2,244,317</u>	<u>31</u>	<u>2,198,540</u>	<u>32</u>
TOTAL	<u>\$ 8,273,287</u>	<u>100</u>	<u>\$ 7,295,301</u>	<u>100</u>	<u>\$ 6,975,039</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 March 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Note 26)	\$ 1,683,507	102	\$ 1,810,853	101
LESS: SALES RETURNS	5,801	-	6,032	-
SALES DISCOUNTS AND ALLOWANCES	<u>29,905</u>	<u>2</u>	<u>22,582</u>	<u>1</u>
NET OPERATING REVENUE	1,647,801	100	1,782,239	100
OPERATING COSTS (Notes 10 and 28)				
Cost of sales	<u>1,185,779</u>	<u>72</u>	<u>1,265,553</u>	<u>71</u>
GROSS PROFIT	<u>462,022</u>	<u>28</u>	<u>516,686</u>	<u>29</u>
OPERATING EXPENSES (Notes 27 and 35)				
Selling and marketing	291,304	18	207,983	12
General and administrative	146,232	9	173,571	10
Research and development	21,013	1	26,342	1
Expected credit loss	<u>4,669</u>	<u>-</u>	<u>(1,008)</u>	<u>-</u>
Total operating expenses	<u>463,218</u>	<u>28</u>	<u>406,888</u>	<u>23</u>
OTHER OPERATING INCOME AND EXPENSES (Note 27)	<u>43</u>	<u>-</u>	<u>13</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(1,153)</u>	<u>-</u>	<u>109,811</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	1,421	-	1,674	-
Rental income	3,776	-	3,671	-
Other income	3,333	-	5,483	-
Foreign exchange gain, net (Note 27)	14,074	1	7,159	1
Other expenses	(114)	-	(608)	-
Gain or loss on valuation of financial instruments	(1,410)	-	1,855	-
Interest expense	<u>(15,606)</u>	<u>(1)</u>	<u>(16,108)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>5,474</u>	<u>-</u>	<u>3,126</u>	<u>-</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 March 31			
	2020		2019	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 4,321	-	\$ 112,937	6
INCOME TAX EXPENSE (BENEFIT) (Note 28)	<u>(790)</u>	<u>-</u>	<u>29,429</u>	<u>1</u>
NET PROFIT	<u>5,111</u>	<u>-</u>	<u>83,508</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(19,987)</u>	<u>(1)</u>	<u>32,509</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (14,876)</u>	<u>(1)</u>	<u>\$ 116,017</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 592	-	\$ 57,411	3
Non-controlling interests	<u>4,519</u>	<u>-</u>	<u>26,097</u>	<u>2</u>
	<u>\$ 5,111</u>	<u>-</u>	<u>\$ 83,508</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (13,796)	(1)	\$ 80,362	5
Non-controlling interests	<u>(1,080)</u>	<u>-</u>	<u>35,655</u>	<u>2</u>
	<u>\$ (14,876)</u>	<u>(1)</u>	<u>\$ 116,017</u>	<u>7</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 0.01</u>		<u>\$ 0.65</u>	
Diluted	<u>\$ 0.01</u>		<u>\$ 0.57</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 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation (Notes 26)												
								Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Number of Shares (In Thousands)	Shares Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings						
BALANCE AT JANUARY 1, 2019	92,950	\$ 929,502	\$ 738,397	\$ 123,174	\$ 59,258	\$ 145,777	\$ 328,209	\$ (78,745)	\$ (378)	\$ (172,340)	\$ 1,744,645	\$ 333,876	\$ 2,078,521
Issuance of ordinary shares under employee share options (Note 30)	-	-	3,602	-	-	-	-	-	-	-	3,602	-	3,602
Changes in capital surplus from investments using the equity method	-	-	400	-	-	-	-	-	-	-	400	-	400
Net profit for the three months ended March 31, 2019	-	-	-	-	-	57,411	57,411	-	-	-	57,411	26,097	83,508
Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	-	-	22,951	-	-	22,951	9,558	32,509
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	57,411	57,411	22,951	-	-	80,362	35,655	116,017
Disposal of investments in equity instruments designated as at fair value through other comprehensive income from subsidiaries (Note 8)	-	-	-	-	-	(2,372)	(2,372)	-	2,372	-	-	-	-
BALANCE AT MARCH 31, 2019	92,950	\$ 929,502	\$ 742,399	\$ 123,174	\$ 59,258	\$ 200,816	\$ 383,248	\$ (55,794)	\$ 1,994	\$ (172,340)	\$ 1,829,009	\$ 369,531	\$ 2,198,540
BALANCE AT JANUARY 1, 2020	96,100	\$ 961,009	\$ 758,304	\$ 133,886	\$ 79,123	\$ 239,976	\$ 452,985	\$ (109,706)	\$ 3,893	\$ (172,340)	\$ 1,894,145	\$ 350,172	\$ 2,244,317
Issuance of ordinary shares under employee share options (Note 30)	-	-	1,402	-	-	-	-	-	-	-	1,402	-	1,402
Changes in capital surplus from investments using the equity method	-	-	156	-	-	-	-	-	-	-	156	-	156
Appropriation of prior year's earnings Cash dividends to shareholder - NT\$1.15 per share	-	-	-	-	-	(124,321)	(124,321)	-	-	-	(124,321)	-	(124,321)
Net profit for the three months ended March 31, 2020	-	-	-	-	-	592	592	-	-	-	592	4,519	5,111
Other comprehensive income/(loss) for the three months ended March 31, 2020	-	-	-	-	-	-	-	(14,388)	-	-	(14,388)	(5,599)	(19,987)
Total comprehensive income/(loss) for the three months ended March 31, 2020	-	-	-	-	-	592	592	(14,388)	-	-	(13,796)	(1,080)	(14,876)
Issuance of ordinary shares for cash (Note 25)	19,000	190,000	548,745	-	-	-	-	-	-	-	738,745	-	738,745
Buy-back of ordinary shares (Note 25)	-	-	-	-	-	-	-	-	-	(139,861)	(139,861)	-	(139,861)
BALANCE AT MARCH 31, 2020	115,100	\$ 1,151,009	\$ 1,308,607	\$ 133,886	\$ 79,123	\$ 116,247	\$ 329,256	\$ (124,094)	\$ 3,893	\$ (312,201)	\$ 2,356,470	\$ 349,092	\$ 2,705,562

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 Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 4,321	\$ 112,937
Adjustments for:		
Depreciation expense	48,498	45,310
Amortization expense	24,824	24,819
Expected credit loss recognized/(reversed)	4,669	(1,008)
Interest expense	15,606	16,108
Interest income	(1,421)	(1,674)
Compensation costs of employee share options	1,558	4,002
Gain on disposal of property, plant and equipment	(43)	(13)
Loss on inventories valuation and obsolescence	-	23,675
Unrealized gain on foreign currency exchange	(14,400)	(17,405)
Net gain on fair value changes of financial instruments at fair value through profit or loss	(1,646)	(1,855)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	24,059
Notes receivable	529	782
Accounts receivable	299,611	(161,174)
Other receivables	12,796	7,322
Inventories	354,620	170,461
Prepayments	(47,955)	(9,810)
Other current assets	223	(4,834)
Contract liabilities	3,387	(2,071)
Notes payable	(92,895)	(149,802)
Accounts payable	(376,647)	(19,214)
Provisions	(764)	1,064
Other payables	(99,278)	8,058
Other current liabilities	(36,856)	3,465
Net defined benefit liabilities	76	150
Cash generated from operations	98,813	73,352
Interest received	1,421	1,674
Interest paid	(14,595)	(12,776)
Income tax refund/(paid)	(6,557)	1,413
Net cash generated from operating activities	79,082	63,663

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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 Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (9,075)	\$ (4,108)
Disposal of financial assets at fair value through other comprehensive income	-	2,185
Net cash outflow on acquisition of subsidiaries (Note 31)	(658,305)	-
Payments for property, plant and equipment (Note 32)	(5,947)	(29,570)
Proceeds from disposal of property, plant and equipment	78	531
Decrease in refundable deposits	4,028	159
Decrease in other financial assets	13,525	136,852
Payments for intangible assets (Note 32)	(5,801)	(2,797)
Decrease/(increase) in other non-current assets	<u>(10,721)</u>	<u>128</u>
Net cash generated from/(used in) investing activities	<u>(672,218)</u>	<u>103,380</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,586,691	1,061,173
Repayments of short-term borrowings	(1,958,061)	(1,199,060)
Proceeds from long-term borrowings	200,000	-
Repayments of long-term borrowings	(31,508)	(15,606)
Refund of guarantee deposits received	(46)	(60)
Repayment of the principal portion of lease liabilities	(6,340)	(3,805)
Issuance of ordinary shares for cash	738,745	-
Payments for buy-back of ordinary shares	<u>(139,861)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>389,620</u>	<u>(157,358)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>3,167</u>	<u>353</u>
NET INCREASE (DECREASE) IN CASH	(200,349)	10,038
CASH, BEGINNING OF THE PERIOD	<u>826,213</u>	<u>595,597</u>
CASH, END OF THE PERIOD	<u>\$ 625,864</u>	<u>\$ 605,635</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 THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Dyaco International Inc. (the “Corporation”) and its subsidiaries (collectively referred to as the “Group”) was established in 1990. The Group mainly manufactures, imports, exports and sells sports equipment and outdoor furniture. The Corporation’s stock was traded 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 May 12, 2020.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group has evaluated that the initial application of the abovementioned IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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, 2021 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

Note 2: On March 17, 2020, IASB decided to postpone the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023. However, the amendment of the standard is expected to be officially released in the second quarter of 2020.

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 or loss 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.

See Note 13, Tables 6 and 7 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, 2019 except for the information below.

1) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are 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.

2) Intangible assets

a) Intangible assets acquired separately

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

b) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

c) Derecognition of intangible assets

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

3) 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.

4) 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, 2019.

Impairment of Goodwill and Brand Value

Determining whether goodwill and the brand value is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 968	\$ 783	\$ 1,756
Checking accounts and demand deposits	<u>624,896</u>	<u>825,430</u>	<u>603,879</u>
	<u>\$ 625,864</u>	<u>\$ 826,213</u>	<u>\$ 605,635</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Demand deposits	0.001%-0.25%	0.001%-0.5%	0.001%-0.48%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Cross-currency swap contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835</u>

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Cross-currency swap contracts	\$ 458	\$ 2,072	\$ -
Foreign exchange forward contracts	939	971	-
Convertible options (Note 20)	<u>-</u>	<u>-</u>	<u>2,386</u>
	<u>\$ 1,397</u>	<u>\$ 3,043</u>	<u>\$ 2,386</u> (Concluded)

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>March 31, 2020</u>			
Cross-currency swap contracts	NTD/USD	2020.10.29-2020.11.06	NTD150,212/USD5,000
Foreign exchange forward contracts	NTD/USD	2020.04.06-2020.08.05	NTD105,468/USD3,500
Foreign exchange forward contracts	RMB/USD	2020.05.06-2020.08.06	RMB11,110/USD1,600
<u>December 31, 2019</u>			
Cross-currency swap contracts	NTD/USD	2020.10.29-2020.11.06	NTD150,212/USD5,000
Foreign exchange forward contracts	USD/RMB	2020.01.06-2020.02.11	USD2,900/RMB20,073
Foreign exchange forward contracts	RMB/USD	2020.02.06-2020.08.06	RMB15,273/USD2,200
<u>March 31, 2019</u>			
Cross-currency swap contracts	NTD/USD	2019.5.13-2019.6.11	NTD91,399/USD3,000

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Foreign investments			
Gomore Inc.	\$ 31,860	\$ 31,860	\$ -
Uniigym Global Holdings Limited	9,075	-	-
Beijing Zhongtai Tianhe Health Technology Co., Ltd.	-	-	20,610
Bigger Fit Technology (Beijing) Co., Ltd.	5,000	6,067	6,587
Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	<u>5,995</u>	<u>5,057</u>	<u>4,122</u>
	<u>\$ 51,930</u>	<u>\$ 42,984</u>	<u>\$ 31,319</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.

Due to the liquidation of Beijing Sanshi Hospital Management Co., Ltd. in February 2019, unrealized loss of \$2,372 thousand on financial assets at fair value through other comprehensive income was transferred from other equity to retained earnings.

The Group sold the shares of Beijing Zhongtai Tianhe Health Technology Co., Ltd. to others at the cost of original investment amount. As of March 31, 2020, proceeds from sale of financial assets at fair value through other comprehensive income of RMB4,500 thousand (around NT\$19,147 thousand) was not recovered and recognized as other receivables.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 972	\$ 1,501	\$ 3,204
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 972</u>	<u>\$ 1,501</u>	<u>\$ 3,204</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,397,088	\$ 1,144,531	\$ 1,228,363
Less: Allowance for impairment loss	<u>139,537</u>	<u>135,039</u>	<u>137,722</u>
	<u>\$ 1,257,551</u>	<u>\$ 1,009,492</u>	<u>\$ 1,090,641</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 4,186	\$ 14,408	\$ 9,046
Others	<u>27,549</u>	<u>30,123</u>	<u>4,820</u>
	<u>\$ 31,735</u>	<u>\$ 44,531</u>	<u>\$ 13,866</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 accounts receivable at an amount equal to lifetime ECLs under IFRS 9. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. The Group distinguished customer segments based on operating area of subsidiaries, and 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.

March 31, 2020

	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%-5.64%	0%-17.77%	0%-38.58%	0%-44.70%	0%-100%	0%-100%	0%-100%
Gross carrying amount	\$ 916,033	\$ 311,953	\$ 29,500	\$ 4,795	\$ 5,145	\$ 129,662	\$ 1,397,088
Loss allowance (Lifetime ECLs)	(1,232)	(1,738)	(3,225)	(916)	(2,764)	(129,662)	(139,537)
Amortized cost	<u>\$ 914,801</u>	<u>\$ 310,215</u>	<u>\$ 26,275</u>	<u>\$ 3,879</u>	<u>\$ 2,381</u>	<u>\$ -</u>	<u>\$ 1,257,551</u>

December 31, 2019

	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%-5.64%	0%-17.77%	0%-38.58%	0%-44.70%	0%-100%	100%	0%-100%
Gross carrying amount	\$ 925,112	\$ 58,715	\$ 11,261	\$ 16,449	\$ 5,861	\$ 127,133	\$ 1,144,531
Loss allowance (Lifetime ECLs)	(1,514)	(2,006)	(246)	(1,094)	(3,046)	(127,133)	(135,039)
Amortized cost	<u>\$ 923,598</u>	<u>\$ 56,709</u>	<u>\$ 11,015</u>	<u>\$ 15,355</u>	<u>\$ 2,815</u>	<u>\$ -</u>	<u>\$ 1,009,492</u>

March 31, 2019

	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%-8.82%	0%-39.61%	0%-67.36%	0%-75.05%	0%-100%	0%-100%	0%-100%
Gross carrying amount	\$ 937,828	\$ 148,157	\$ 10,696	\$ 5,410	\$ 2,217	\$ 124,055	\$ 1,228,363
Loss allowance (Lifetime ECLs)	(3,635)	(5,211)	(1,689)	(1,503)	(1,629)	(124,055)	(137,722)
Amortized cost	<u>\$ 934,193</u>	<u>\$ 142,946</u>	<u>\$ 9,007</u>	<u>\$ 3,907</u>	<u>\$ 588</u>	<u>\$ -</u>	<u>\$ 1,090,641</u>

The Group's customer New Level UK Ltd. was in severe financial difficulty and, on February 26, 2018, went into administration procedures under the UK insolvency law. As of March 31, 2020, accounts receivable from New Level UK Ltd. was \$108,174 thousand (NT\$79,163 thousand and US\$960 thousand). Due to the uncertainty of recoverable accounts receivable according to legal proceedings, the Group recognized loss allowance of \$108,174 thousand.

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

	For the Three Months Ended March 31	
	2020	2019
Beginning balance	\$ 135,039	\$ 138,260
Add: Acquisitions through business combinations	749	-
Add: Net remeasurement of loss allowance	4,669	-
Less: Net remeasurement of loss allowance	-	(1,008)
Less: Amounts written off	(982)	-
Foreign exchange gains and losses	<u>62</u>	<u>470</u>
Ending balance	<u>\$ 139,537</u>	<u>\$ 137,722</u>

c. Other receivables

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

The Group adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors in order to measure twelve-month expected credit losses or lifetime expected credit losses. As of March 31, 2020, the ratio of allowance for impairment loss of other receivables was 0%.

10. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Raw materials	\$ 144,131	\$ 105,741	\$ 153,720
Work in progress	153,102	198,177	179,778
Finished goods	631,966	636,997	571,811
Merchandise	<u>199,160</u>	<u>262,062</u>	<u>146,590</u>
	<u>\$ 1,128,359</u>	<u>\$ 1,202,977</u>	<u>\$ 1,051,899</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2020 was \$1,185,779 thousand, including warranties of \$17,194 thousand. The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2019 was \$1,265,553 thousand, including warranties of \$20,467 thousand and inventory write-downs of \$23,675 thousand.

The inventories pledged as collateral for bank borrowings are set out in Note 36.

11. PREPAYMENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Prepaid expenses	\$ 57,421	\$ 38,702	\$ 54,219
Prepayments for goods	63,112	16,868	24,007
Tax overpayment retained for offsetting future tax payable	13,777	24,022	21,541
Others	<u>21,515</u>	<u>24,085</u>	<u>8,102</u>
	<u>\$ 155,825</u>	<u>\$ 103,677</u>	<u>\$ 107,869</u>

12. OTHER FINANCIAL ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Restricted deposits	<u>\$ 314,832</u>	<u>\$ 328,357</u>	<u>\$ 115,434</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Restricted deposits	0.16%-0.45%	0.01%-1.94%	0.16%-2.15%

b. The other financial assets pledged as collateral are set out in Note 36.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
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	1)
	Dyaco UK Ltd.	Import, export and selling	100	100	100	-
SOLE INC.	SOLE INC.	Investment	100	-	-	2)
	Fitness Equipment Services LLC.	Import, export and selling	100	-	-	2)
Dyaco Europe GmbH	CARDIOfitness GmbH & Co. KG	Import, export and selling	100	100	100	-
	Cardiofitness 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	-
	Dongguan Dayu Sports Equipment Co., Ltd.	Manufacturing and selling	-	-	100	3)
	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	-
	Spirit Manufacturing Inc.	Import, export and selling	100	100	100	-
Fuel-Spirit International Inc.	Dyaco Canada Inc.	Import, export and selling	100	100	100	-
	Spirit Direct, LLC.	Import, export and selling	100	100	100	-
Spirit Manufacturing Inc.	Dyaco Commercial & Medical North America, LLC.	Import, export and selling	100	100	100	-

Remarks:

- 1) The Group acquired interests in subsidiary Wing Long Co., Ltd. for NT\$3,000 thousand in March 2020.
- 2) On January 2020, the Group made the announcement to establish the subsidiary SOLE INC. by the board of directors resolution, and purchased the 100% equity of Fitness Equipment Services, LLC by the subsidiary. As of March 31, 2020, the board of directors resolved acquired interests in subsidiary SOLE INC. for US\$31,800 thousand (NT\$957,970 thousand) by the president. In addition, on February 1, 2020, SOLE INC. purchased 100% equity of Fitness Equipment Services, LLC. by US\$28,000 thousand plus the net asset value on the closing date US\$3,477 thousand (NT\$948,251 thousand). As of March 31, 2020, US\$9,477 thousand (NT\$286,454 thousand) was not paid and recognized as other payables. The information of business combinations please refer to Note 31.
- 3) Dongguan Dayu Sports Equipment Co., Ltd. completed liquidation and cancellation in November 2019.

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		
		March 31, 2020	December 31, 2019	March 31, 2019
Shelton Corporation (Jiaying), Ltd.	China	40%	40%	40%

See Table 7 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 March 31		March 31, 2020	December 31, 2019	March 31, 2019
	2020	2019	2020	2019	2019
Shelton Corporation (Jiaying), Ltd.	\$ 4,519	\$ 26,097	\$ 349,092	\$ 350,172	\$ 369,531

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

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 921,175	\$ 1,031,195	\$ 1,229,171
Non-current assets	992,607	1,021,019	1,132,027
Current liabilities	(746,578)	(881,457)	(1,126,080)
Non-current liabilities	(141,305)	(144,086)	(157,022)
Equity	\$ 1,025,899	\$ 1,026,671	\$ 1,078,096

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
Equity attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 676,807	\$ 676,499	\$ 708,565
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>349,092</u>	<u>350,172</u>	<u>369,531</u>
	<u>\$ 1,025,899</u>	<u>\$ 1,026,671</u>	<u>\$ 1,078,096</u> (Concluded)

	For the Three Months Ended March 31	
	2020	2019
Revenue	<u>\$ 422,161</u>	<u>\$ 726,811</u>
Net profit from continuing operations (Remark)	\$ 11,297	\$ 65,243
Other comprehensive income for the period	<u>(25,296)</u>	<u>23,895</u>
Total comprehensive income for the period	<u>\$ (13,999)</u>	<u>\$ 89,138</u>
Profit attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 6,778	\$ 39,146
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>4,519</u>	<u>26,097</u>
	<u>\$ 11,297</u>	<u>\$ 65,243</u>
Total comprehensive income attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (8,400)	\$ 53,483
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(5,599)</u>	<u>35,655</u>
	<u>\$ (13,999)</u>	<u>\$ 89,138</u>
Net cash inflow/(outflow) from:		
Operating activities	\$ (20,598)	\$ (20,095)
Investing activities	(267)	(18,145)
Financing activities	<u>51,554</u>	<u>120,384</u>
Net cash inflow	<u>\$ 30,689</u>	<u>\$ 82,144</u>

Remark: Net profit was \$14,663 thousand less amortization of \$3,366 thousand for the three months ended March 31, 2020. Net profit was \$68,809 thousand less amortization of \$3,566 thousand for the three months ended March 31, 2019.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 993,472	\$ 1,911,586	\$ 690,454	\$ 43,768	\$ 72,039	\$ 21,524	\$ 3,732,843
Acquisitions through business combinations (Note 31)	-	-	36,712	-	346	1,599	38,657
Additions	-	160	2,940	162	1,388	775	5,425
Disposals	-	-	(161)	(36)	(290)	-	(487)
Effects of foreign currency exchange differences	119	(12,594)	(2,824)	(100)	(1,137)	(176)	(16,712)
Balance at March 31, 2020	<u>993,591</u>	<u>1,899,152</u>	<u>727,121</u>	<u>43,794</u>	<u>72,346</u>	<u>23,722</u>	<u>3,759,726</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	-	527,450	458,061	31,823	53,143	6,316	1,076,793
Acquisitions through business combinations (Note 31)	-	-	13,257	-	75	1,094	14,426
Depreciation expenses	-	17,060	17,774	1,023	2,014	964	38,835
Disposals	-	-	(145)	(36)	(271)	-	(452)
Effects of foreign currency exchange differences	-	(4,489)	(1,762)	(59)	(551)	(42)	(6,903)
Balance at March 31, 2020	<u>-</u>	<u>496,073</u>	<u>487,185</u>	<u>32,751</u>	<u>54,410</u>	<u>8,332</u>	<u>1,122,699</u>
Carrying amounts at March 31, 2020	<u>\$ 993,591</u>	<u>\$ 1,359,131</u>	<u>\$ 239,936</u>	<u>\$ 11,043</u>	<u>\$ 17,936</u>	<u>\$ 15,390</u>	<u>\$ 2,637,027</u>
<u>Cost</u>							
Balance at January 1, 2019	\$ 993,829	\$ 1,998,295	\$ 677,693	\$ 44,365	\$ 67,858	\$ 26,380	\$ 3,808,420
Additions	-	293	26,600	1,148	1,211	333	29,585
Reclassification (Note)	-	(24,886)	-	-	-	-	(24,886)
Disposals	-	-	(22,690)	(1,115)	(1,600)	(3,798)	(29,203)
Effects of foreign currency exchange differences	52	23,078	5,982	226	1,415	(347)	30,406
Balance at March 31, 2019	<u>993,881</u>	<u>1,996,780</u>	<u>687,585</u>	<u>44,624</u>	<u>68,884</u>	<u>22,568</u>	<u>3,814,322</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2019	-	472,621	425,655	29,137	48,777	7,864	984,054
Depreciation expenses	-	17,615	16,205	1,370	1,875	735	37,800
Reclassification (Note)	-	(1,801)	-	-	-	-	(1,801)
Disposals	-	-	(22,639)	(822)	(1,426)	(3,798)	(28,685)
Effects of foreign currency exchange differences	-	7,638	3,605	100	565	(63)	11,845
Balance at March 31, 2019	<u>-</u>	<u>496,073</u>	<u>422,826</u>	<u>29,785</u>	<u>49,791</u>	<u>4,738</u>	<u>1,003,213</u>
Carrying amounts at March 31, 2019	<u>\$ 993,881</u>	<u>\$ 1,500,707</u>	<u>\$ 264,759</u>	<u>\$ 14,839</u>	<u>\$ 19,093</u>	<u>\$ 17,830</u>	<u>\$ 2,811,109</u>

Note: Reclassified as investment properties.

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	2-49 years
Machinery equipment	1-11 years
Transportation equipment	2-11 years
Office equipment	2-10 years
Leasehold improvements	2-5 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 36.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land	\$ 285,749	\$ 291,149	\$ 316,266
Buildings	65,613	71,656	58,814
Office equipment	125	154	211
Transportation equipment	<u>8,346</u>	<u>9,812</u>	<u>5,790</u>
	<u>\$ 359,833</u>	<u>\$ 372,771</u>	<u>\$ 381,081</u>
		For the Three Months Ended March 31	
		2020	2019
Depreciation charge for right-of-use assets			
Land		\$ 2,045	\$ 2,166
Buildings		5,441	3,977
Office equipment		19	19
Transportation equipment		<u>1,335</u>	<u>819</u>
		<u>\$ 8,840</u>	<u>\$ 6,981</u>

Right-of-use assets used by the Group and pledged as collateral for bank borrowings are set out in Note 36.

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 23,338</u>	<u>\$ 24,173</u>	<u>\$ 18,198</u>
Non-current	<u>\$ 51,498</u>	<u>\$ 58,188</u>	<u>\$ 46,300</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Buildings	1.56%-4.75%	1.56%-4.75%	2.06%-4.75%
Office equipment	4.07%	4.07%	4.07%
Transportation equipment	1.66%-3.41%	1.65%-3.41%	2.5%-3.41%

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 3 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 March 31	
	2020	2019
Expenses relating to short-term leases	\$ 5,034	\$ 5,264
Expenses relating to low-value asset leases	\$ 66	\$ 60
Total cash outflow for leases	\$ (11,440)	\$ (9,129)

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.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Lease commitments	\$ 58,921	\$ 64,659	\$ 94,532

16. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2019	\$ 26,935
Reclassification	24,886
Effects of foreign currency exchange differences	651
Balance at March 31, 2019	<u>52,472</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2019	14,441
Reclassification	1,801
Depreciation expenses	529
Effects of foreign currency exchange differences	350
Balance at March 31, 2019	<u>17,121</u>
Carrying amount at March 31, 2019	\$ 35,351

(Continued)

**Completed
Investment
Properties**

Cost

Balance at January 1, 2020	\$ 78,432
Effects of foreign currency exchange differences	<u>(622)</u>
Balance at March 31, 2020	<u>77,810</u>

Accumulated depreciation

Balance at January 1, 2020	18,670
Depreciation expenses	823
Effects of foreign currency exchange differences	<u>(193)</u>
Balance at March 31, 2020	<u>19,300</u>

Carrying amount at March 31, 2020	<u>\$ 58,510</u> (Concluded)
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The investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Lease commitments with lease terms commencing after the balance sheet dates are as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Lease commitments of investment properties	<u>\$ 33,874</u>	<u>\$ 37,146</u>	<u>\$ 36,969</u>

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

The Group reclassified property, plant and equipment which are leased out for rental revenue to investment property. The fair value of investment property located in Zhongshan District, Taipei City was \$32,507 thousand. The determination of fair value was not performed by independent qualified professional valuers. The management of the Group used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Another investment property was reclassified from property, plant and equipment based on the purpose of use in the fourth quarter of 2018. 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.

17. GOODWILL

	For the Three Months Ended March 31	
	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 191,049	\$ 196,045
Acquisitions through business combinations - Fitness Equipment Services LLC. (Note 31)	383,158	-
Effect of foreign currency exchange differences	(2,696)	2,701
Balance at March 31	<u>571,511</u>	<u>198,746</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	8,566	-
Effect of foreign currency exchange differences	(89)	-
Balance at March 31	<u>8,477</u>	<u>-</u>
Carrying amounts at March 31	<u>\$ 563,034</u>	<u>\$ 198,746</u>

On February 2020, the Group acquired 100% equity of Fitness Equipment Services, LLC. The amount of goodwill NT\$383,158 thousand was recognized as provisional at the end of the reporting period, because the measurement of identifiable assets and liabilities assumed by the business combination has not been completed.

The information of business combinations please refer to Note 31.

18. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 81,261	\$ 83,665	\$ 73,825	\$ 75,924	\$ 292,000	\$ -	\$ -	\$ 606,675
Acquisitions through business combinations (Note 31)	-	-	138,574	-	-	481,997	1,084	621,655
Additions	1,482	-	-	-	-	-	-	1,482
Disposals	(1,002)	-	-	(68,318)	-	-	-	(69,320)
Effects of foreign currency exchange differences	(595)	(2,286)	(4,933)	79	1,053	1,603	4	(5,075)
Balance at March 31, 2020	<u>81,146</u>	<u>81,379</u>	<u>207,466</u>	<u>7,685</u>	<u>293,053</u>	<u>483,600</u>	<u>1,088</u>	<u>1,155,417</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2020	54,903	52,798	73,825	75,924	115,387	-	-	372,837
Amortization expenses	2,792	1,909	2,923	-	17,155	-	45	24,824
Disposals	(1,002)	-	-	(68,318)	-	-	-	(69,320)
Effects of foreign currency exchange differences	(480)	(2,091)	(5,382)	79	445	-	-	(7,429)
Balance at December 31, 2020	<u>56,213</u>	<u>52,616</u>	<u>71,366</u>	<u>7,685</u>	<u>132,987</u>	<u>-</u>	<u>45</u>	<u>320,912</u>
Carrying amounts at March 31, 2020	<u>\$ 24,933</u>	<u>\$ 28,763</u>	<u>\$ 136,100</u>	<u>\$ -</u>	<u>\$ 160,066</u>	<u>\$ 483,600</u>	<u>\$ 1,043</u>	<u>\$ 834,505</u>
<u>Cost</u>								
Balance at January 1, 2019	\$ 65,917	\$ 85,644	\$ 72,509	\$ 78,571	\$ 251,005	\$ -	\$ -	\$ 553,646
Additions	1,346	-	-	-	44,319	-	-	45,665
Effects of foreign currency exchange differences	(72)	(314)	1,188	1,712	288	-	-	2,802
Balance at March 31, 2019	<u>67,191</u>	<u>85,330</u>	<u>73,697</u>	<u>80,283</u>	<u>295,612</u>	<u>-</u>	<u>-</u>	<u>602,113</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2019	46,536	45,659	67,152	78,571	47,269	-	-	285,187
Amortization expenses	2,082	2,005	3,361	-	17,371	-	-	24,819
Effects of foreign currency exchange differences	(7)	(77)	1,065	1,712	47	-	-	2,740
Balance at December 31, 2019	<u>48,611</u>	<u>47,587</u>	<u>71,578</u>	<u>80,283</u>	<u>64,687</u>	<u>-</u>	<u>-</u>	<u>312,746</u>
Carrying amounts at March 31, 2019	<u>\$ 18,580</u>	<u>\$ 37,743</u>	<u>\$ 2,119</u>	<u>\$ -</u>	<u>\$ 230,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,367</u>

- a. The Group signed royalty agreements for a duration of authorization from January 1, 2018 to December 31, 2023 with several foreign well-known sports brands to manufacture and sell products. The discounted cost was recognized as royalty in intangible assets at the beginning of authorization period, and the related liability was recognized as long-term payable as well as current portion of long-term payable. The interest expenses were calculated by the effective interest method.
- b. The Group acquired the brand value of Fitness Equipment Services, LLC. in February 2020. Management has evaluated the investigation of product life cycle, market, competition, and environmental trends, etc. Evaluation results show that brand value expected to generate the net cash flow of uncertain useful life. Thus, it is belong to uncertain useful life of an intangible assets. The useful life of brand value would not be amortised before the useful life be defined limited life. No matter if there is any indication of an impairment, the Group should conduct impairment test annually.

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

Computer software	1-10 years
Patents	5-15 years
Customer relationship	7-7.9 years
Existing technologies	3-5 years
Royalty	2-6 years
Website	4 years

19. BORROWINGS

- a. Short-term borrowings

	March 31, 2020	December 31, 2019	March 31, 2019
Unsecured borrowings	\$ 705,775	\$ 568,100	\$ 370,000
Secured borrowings	<u>913,622</u>	<u>945,200</u>	<u>1,152,230</u>
	<u>\$ 1,619,397</u>	<u>\$ 1,513,300</u>	<u>\$ 1,522,230</u>
Range of interest rates			
Unsecured borrowings	1.18%-3.49%	1.18%-1.50%	1.35%-1.87%
Secured borrowings	1.34%-4.87%	1.34%-4.87%	1.34%-4.87%

- b. Long-term borrowings

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Secured borrowings</u>			
Mega Bank	\$ 458,950	\$ 277,700	\$ 38,250
Taishin Bank	198,750	202,500	-
Taiwan Cooperative Bank	180,000	180,000	180,000
Bank SinoPac	150,332	155,753	172,290
Bank of Montreal	39,237	42,795	44,082
Chang Hua Bank	35,239	37,937	45,959

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
Kölner Bank	\$ 585	\$ 1,033	\$ 2,412
JihSun Bank	-	-	206,500
Yuanta Bank	-	-	11,300
	<u>1,063,093</u>	<u>897,718</u>	<u>700,793</u>
Less: Current portion	<u>151,204</u>	<u>112,124</u>	<u>59,345</u>
	<u>\$ 911,889</u>	<u>\$ 785,594</u>	<u>\$ 641,448</u>
			(Concluded)

- 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 March 31, 2020, December 31, 2019 and March 31, 2019, the borrowings were \$28,050 thousand, \$30,600 thousand and \$38,250 thousand, respectively, at the annual borrowing interest rate was 1.65%. In September 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2024. As of March 31, 2020 and December 31, 2019 the amount of borrowings was \$234,200 thousand and \$247,100 thousand, respectively, at the annual borrowing interest rate was 1.65%. In February 2020, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to February 2025. As of March 31, 2020 the amount of borrowings was \$196,700 thousand, at the annual borrowing interest rate was 1.7%.
- 2) 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 March 31, 2020 and December 31, 2019 the amount of borrowings was \$160,500 thousand and \$162,000 thousand, respectively, at annual interest rate of 1.45%. In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2024. As of March 31, 2020 and December 31, 2019 the amount of borrowings was \$38,250 thousand and \$40,500 thousand, respectively, at annual interest rate of 1.45%.
- 3) 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 March 31, 2020, the amount of borrowings was \$180,000 thousand, at annual interest rate of 1.48%.
- 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 March 31, 2020, December 31, 2019 and March 31, 2019, the borrowings were \$40,769 thousand, \$43,077 thousand and \$50,000 thousand, respectively, at annual interest rate of 1.71%. 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 March 31, 2020, December 31, 2019 and March 31, 2019, the borrowings were \$97,789 thousand, \$100,081 thousand and \$106,957 thousand, respectively, at annual interest rate of 1.51%. 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 March 31, 2020, December 31, 2019 and March 31, 2019, the borrowings were \$11,774 thousand, \$12,595 thousand and \$15,333 thousand, respectively, at annual interest rate of 1.60%.
- 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 March 31, 2020, December 31, 2019 and March 31, 2019, the annual borrowing interest rate was 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 March 31, 2020, December 31, 2019 and March 31, 2019, the annual borrowing interest rate were 2.06%, 2.06% and 1.79%, respectively.
- 7) Secured borrowings from Kölner Bank: CARDIOfitness GmbH & Co. KG signed a contract for borrowings, under which the principal and interest are repayable monthly from February 2016 to July 2020. As of March 31, 2020, December 31, 2019 and March 31, 2019, the annual borrowing interest rate was 2.50%.
- 8) Secured borrowings from JihSun Bank: In September 2017, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2032. As of March 31, 2019, the amount of borrowings was \$169,000 thousand at annual interest rate of 1.58%, the borrowings were fully repaid in June 2019. In December 2017, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2022. As of March 31, 2019, the amount of borrowings was \$37,500 thousand at annual interest rate of 1.58%, the borrowing was fully repaid in June 2019.
- 9) Secured borrowings from Yuanta Bank: In February 2011, the Corporation signed a contract for borrowings, under which the principal and interest are repayable to August 2028. As of March 31, 2019, the annual borrowing interest rate was 1.77%. The borrowings were fully repaid in May 2019.

20. BONDS PAYABLE

	March 31, 2020	December 31, 2019	March 31, 2019
Secured domestic convertible bonds	\$ 594,823	\$ 592,874	\$ 588,537
Less: Current portion	<u>(594,823)</u>	<u>(592,874)</u>	<u>(588,537)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

On September 20, 2017, the Corporation issued 0% three-year secured domestic convertible bonds at 100.5% of face value of \$600,000 thousand for the first time, with maturity date of September 20, 2020, 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 \$40.1. Conversion may occur at any time between December 21, 2017 and September 20, 2020.

According to restrictions for first-time issuance and conversion of secured convertible bond, the Corporation is entitled to redeem the bonds by cash at face value from December 21, 2017 to August 11 2020, 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 September 20, 2019. The holder is required to inform the stock agency of the Corporation regarding the sale by giving 30-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 101.0025% 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 1.31% per annum on initial recognition.

As of March 31, 2020, the amount of convertible bonds of NT\$1,500 thousand was reclassified to advance share capital at NT\$374 thousand. Capital surplus - options and bonds payable discounts on the conversion date decreased in the amounts of NT\$40 thousand and NT\$19 thousand, respectively. The capital surplus - options of NT\$1,147 thousand was recognized on the conversion date.

Proceeds from issuance (less transaction costs of \$8,943 thousand)	\$ 594,057
Equity component (less transaction costs allocated to the equity component of \$238 thousand)	(15,802)
Financial liabilities held for trading - selling options	<u>(1,426)</u>
Liability component at the date of issue	576,829
Interest charged at an effective interest rate of 1.31%	<u>11,708</u>
Liability component at March 31, 2019	<u>\$ 588,537</u>
Liability component at January 1, 2020	\$ 592,874
Interest charged at an effective interest rate of 1.31%	<u>1,949</u>
Liability component at March 31, 2020	<u>\$ 594,823</u>

Financial liabilities held for trading - selling options are measured at FVTPL. Gain on changes in fair value of financial liabilities held for trading - selling options was \$1,020 thousand for the three months ended March 31, 2019. The fair value of the financial liabilities is set out in Note 7.

21. 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.

22. OTHER PAYABLE AND LONG-TERM PAYABLE

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Payables for investments (Note 13)	\$ 286,454	\$ -	\$ -
Payables for dividends	124,321	-	-
Payables for royalties (Note 18)	75,692	78,717	60,764
Payables for salaries and bonuses	43,807	69,177	69,473
Payables for employee benefits	43,007	43,560	52,912
Payables for freight	37,010	15,775	9,672
Payables for advertisements	32,800	-	-
Payables for value added taxes	31,056	15,816	28,509
Payables for labor costs	9,942	13,844	2,551
Payables for insurance	9,212	9,087	9,880
			(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
Payables for annual leave	\$ 6,559	\$ 13,008	\$ 6,856
Payables for commissions	6,070	4,994	5,193
Payables for purchases of equipment	4,120	4,641	195
Payables for employees' compensation	2,453	2,451	1,846
Payables for remuneration of directors	1,225	1,225	-
Others	<u>51,260</u>	<u>51,937</u>	<u>38,635</u>
	<u>\$ 764,988</u>	<u>\$ 324,232</u>	<u>\$ 286,486</u>
<u>Non-current</u>			
Payables for royalties (Note 18)	<u>\$ 134,912</u>	<u>\$ 136,310</u>	<u>\$ 194,787</u> (Concluded)

23. PROVISIONS

	March 31, 2020	December 31, 2019	March 31, 2019
Warranties	<u>\$ 14,602</u>	<u>\$ 15,835</u>	<u>\$ 14,870</u>
Warranties			
Balance at January 1, 2020			\$ 15,835
Amount used			(17,958)
Additional provisions recognized			17,194
Effect of foreign currency exchange differences			<u>(469)</u>
Balance at March 31, 2020			<u>\$ 14,602</u>
Balance at January 1, 2019			\$ 13,806
Amount used			(20,199)
Additional provisions recognized			20,467
Effect of foreign currency exchange differences			<u>796</u>
Balance at March 31, 2019			<u>\$ 14,870</u>

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and Daan Health Management Consulting Co., Ltd. adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Corporation and Daan Health Management Consulting 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, Japan, UK and Germany are members of a state-managed retirement benefit plan operated by the government of the US, China, Japan, UK and Germany, 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 three months ended March 31, 2020 and 2019 by using the pension rate based on actuarial valuations as of December 31, 2019 and 2018, 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 March 31	
	2020	2019
Operating costs	\$ 26	\$ 26
Operating expenses	<u>66</u>	<u>66</u>
	<u>\$ 92</u>	<u>\$ 92</u>

25. EQUITY

a. Share capital

Ordinary shares

	March 31, 2020	December 31, 2019	March 31, 2019
Number of shares authorized (in thousands)	<u>150,000</u>	<u>150,000</u>	<u>100,000</u>
Share capital authorized	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>115,100</u>	<u>96,100</u>	<u>92,950</u>
Ordinary shares issued	<u>\$ 1,151,009</u>	<u>\$ 961,009</u>	<u>\$ 929,502</u>

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

The Corporation's board of directors resolved to increase cash capital on September 17, 2019 through issuance of 19,000,000 shares, which was approved by the Financial Supervisory Commission on October 28, 2019 in accordance with Rule No. 1080333602. The base date of capital increase was January 13, 2020. The issued price is \$39 and paid-up capital is \$741,000 thousand, the Group had been fully received.

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of ordinary shares	\$ 1,253,154	\$ 704,409	\$ 704,409
Conversion of bonds	1,147	1,147	-
<u>May only be used to offset a deficit</u>			
Conversion of employee share options	1,460	1,460	1,460
<u>May not be used for any purpose</u>			
Conversion of bonds	15,762	15,762	15,802
Employee share options	33,700	32,298	18,700
Employee share options in subsidiaries	<u>3,384</u>	<u>3,228</u>	<u>2,028</u>
	<u>\$ 1,308,607</u>	<u>\$ 758,304</u>	<u>\$ 742,399</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).

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 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.

The distribution of earnings recognized in the current year should be resolved in the shareholders' meeting in the following year.

According to Article 237 of the Company Act, the Corporation, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. When the amount of such legal reserve has equaled the total paid-in capital, the allocation to legal reserve will be stopped. Legal reserve may be used to offset deficit. 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 2019 and 2018 that were proposed by the board of directors on March 27, 2020, and approved in the shareholders' meeting on May 30, 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 18,941	\$ 10,712		
Special reserve	26,689	19,865		
Cash dividends	124,321	31,133	\$ 1.15	\$ 0.35
Share dividends	-	31,133	-	0.35

The above appropriation of earnings for 2019 are approved by the extraordinary resolution of the board of directors on March 27, 2020 and expected to report to the shareholders' meeting to be held on May 28, 2020.

d. Other equity items

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 gain/(loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 3,893	\$ (378)
Recognized for the period		
Cumulative unrealized gain/(loss) on equity instruments transferred to retained earnings upon disposal	<u>-</u>	<u>2,372</u>
Balance at March 31	<u>\$ 3,893</u>	<u>\$ 1,994</u>

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2019	4,000
Increase during the period	<u>-</u>
Number of shares at March 31, 2019	<u>4,000</u>
Number of shares at January 1, 2020	4,000
Increase during the period	<u>4,068</u>
Number of shares at March 31, 2020	<u>8,068</u>

On December 21, 2017, the Corporation's board of directors resolved to redeem 4,000 thousand shares at \$30 to \$50 per share from December 22, 2017 to February 21, 2018. 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 redeemed 4,000 thousand shares, with total cost of \$172,340 thousand.

On February 21, 2020, the Corporation's board of directors resolved to redeem 3,000 thousand shares at \$30 to \$50 per share from February 24, 2020 to April 23, 2020. 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 redeemed 3,000 thousand shares, with total cost of \$104,927 thousand.

On March 20, 2020, the Corporation's board of directors resolved to redeem 4,500 thousand shares at \$25 to \$45 per share from March 23, 2020 to May 19, 2020. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. As of March 31, 2020, the Corporation has redeemed 1,068 thousand shares, with total cost of \$34,934 thousand.

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 Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 350,172	\$ 333,876
Profit for the period attributable to non-controlling interests	4,519	26,097
Exchange differences on translating the financial statements of foreign entities	<u>(5,599)</u>	<u>9,558</u>
Balance at March 31	<u>\$ 349,092</u>	<u>\$ 369,531</u>

26. REVENUE

	For the Three Months Ended March 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,646,068	\$ 1,780,241
Other revenue	<u>1,733</u>	<u>1,998</u>
	<u>\$ 1,647,801</u>	<u>\$ 1,782,239</u>

a. Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019	January 1, 2019
Notes receivable (Note 9)	<u>\$ 972</u>	<u>\$ 1,501</u>	<u>\$ 3,204</u>	<u>\$ 3,986</u>
Accounts receivable (Note 9)	<u>\$ 1,257,551</u>	<u>\$ 1,009,492</u>	<u>\$ 1,090,641</u>	<u>\$ 926,566</u>
Contract liabilities				
Sale of goods	<u>\$ 11,288</u>	<u>\$ 7,901</u>	<u>\$ 7,249</u>	<u>\$ 9,320</u>

b. Disaggregation of revenue

Refer to Note 39 for information about the disaggregation of revenue.

27. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended March 31	
	2020	2019
Property, plant and equipment	\$ 38,835	\$ 37,800
Right-of-use assets	8,840	6,981
Investment properties	823	529
Intangible assets	<u>24,824</u>	<u>24,819</u>
	<u>\$ 73,322</u>	<u>\$ 70,129</u>
An analysis of depreciation by function		
Operating costs	\$ 23,029	\$ 24,667
Operating expenses	24,646	20,114
Non-operating income and expenses	<u>823</u>	<u>529</u>
	<u>\$ 48,498</u>	<u>\$ 45,310</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>24,824</u>	<u>24,819</u>
	<u>\$ 24,824</u>	<u>\$ 24,819</u>

b. Other operating income and expenses

	For the Three Months Ended March 31	
	2020	2019
Gain on disposal of property, plant and equipment	\$ <u>43</u>	\$ <u>13</u>

c. Employee benefits expense

	For the Three Months Ended March 31	
	2020	2019
Post-employment benefits (Note 24)		
Defined contribution plan	\$ 9,400	\$ 11,494
Defined benefit plans	<u>92</u>	<u>92</u>
	<u>9,492</u>	<u>11,586</u>
Employees' compensation	179,115	221,392
Labor and national health insurance expenses	16,154	18,443
Other employee benefits	<u>7,081</u>	<u>7,392</u>
	<u>202,350</u>	<u>247,227</u>
Total employee benefits expense	\$ <u>211,842</u>	\$ <u>258,813</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 77,660	\$ 107,592
Operating expenses	<u>134,182</u>	<u>151,221</u>
	<u>\$ 211,842</u>	<u>\$ 258,813</u>

d. Employees' compensation 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, employees' compensation, and remuneration of directors. For the three months ended March 31, 2020 and 2019, the employees' compensation and the remuneration of directors were as follows:

	For the Three Months Ended March 31			
	2020		2019	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	\$ 2	1%	\$ 1,846
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 appropriations of employees' compensation and remuneration of directors for 2019 that were resolved by the board of directors on March 27, 2020, are as shown below:

	Accrual Rate	Amount
Employees' compensation	1.0%	\$ 2,451
Remuneration of directors	0.5%	1,225

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation 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 March 31	
	2020	2019
Foreign exchange gains	\$ 25,792	\$ 89,639
Foreign exchange losses	<u>(11,718)</u>	<u>(82,480)</u>
Net gains	<u>\$ 14,074</u>	<u>\$ 7,159</u>

f. Interest expenses

	For the Three Months Ended March 31	
	2020	2019
Interest on bank loans	\$ 13,271	\$ 13,778
Interest on convertible bonds	1,949	1,928
Interest on lease liabilities	<u>386</u>	<u>402</u>
	<u>\$ 15,606</u>	<u>\$ 16,108</u>

28. 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 March 31	
	2020	2019
Current tax		
In respect of the current period	\$ 10,945	\$ 34,124
Adjustments for prior periods	<u>(1,838)</u>	<u>-</u>
	<u>9,107</u>	<u>34,124</u>
Deferred tax		
In respect of the current period	(9,897)	(4,695)
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (790)</u>	<u>\$ 29,429</u>

b. Income tax assessments

The income tax returns through 2017 have been assessed by the tax authorities.

29. EARNINGS PER SHARE

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

Net profit for the period is as follows:

	For the Three Months Ended March 31	
	2020	2019
Profit for the period attributable to owners of the Corporation	<u>\$ 592</u>	<u>\$ 57,411</u>
Earnings used in the computation of basic earnings per share	\$ 592	\$ 57,411
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>-</u>	<u>1,543</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 592</u>	<u>\$ 58,954</u>

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

	For the Three Months Ended March 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	107,833	88,950
Effect of potentially dilutive ordinary shares		
Employee share options*	-	-
Employees' compensation or bonuses issued to employees*	-	52
Convertible bonds*	<u>-</u>	<u>14,963</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>107,833</u>	<u>103,965</u>

- * The employee share options, employees' compensation or bonuses issued to employees and convertible bonds for the three months ended March 31, 2020 were not used in the computation of diluted earnings per share due to the antidilution. Employee share options for the three months ended March 31, 2019 were not used in the computation of diluted earnings per share due to the antidilution.

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

30. SHARE-BASED PAYMENT ARRANGEMENTS

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.

- The options are exercisable at fifty percent after the second anniversary from the grant date.
- The options are exercisable at seventy five percent after the third anniversary from the grant date.
- 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 Three Months Ended March 31			
	2020		2019	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Employee Share Options				
Balance at January 1	4,000	\$ 42.95	4,000	\$ 42.95
Options granted	-		-	
Options exercised	-		-	
Balance at March 31	<u>4,000</u>		<u>4,000</u>	
Options exercisable, end of period	<u>-</u>		<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ 10.42</u>		<u>\$ 10.42</u>	

Information on outstanding options as of March 31, 2020 and 2019 is as follows:

	March 31	
	2020	2019
Range of exercise price (\$)	\$41.60	\$42.95
Weighted-average remaining contractual life (in years)	3.75 years	4.75 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%

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.

Compensation costs recognized by the Group were \$1,558 thousand and \$4,002 thousand for the three months ended March 31, 2020 and 2019, respectively.

31. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Fitness Equipment Services LLC.	Sporting goods retail	February 1, 2020	100	<u>\$ 948,251</u>

Fitness Equipment Services LLC. were acquired in order to stabilize the North American market of the Group.

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

	Fitness Equipment Services LLC.
Current assets	
Cash and cash equivalents	\$ 3,492
Accounts receivables	542,218
Inventories	286,131
Other current assets	4,193
Non-current assets	
Property, plant and equipment	24,231
Intangible assets	621,655
Other non-current assets	5,549
Current liabilities	
Short-term borrowings	(480,242)
Accounts payable	(147,072)
Other payables	(133,743)
Non-current liabilities	
Deferred tax liabilities	<u>(161,319)</u>
	<u>\$ 565,093</u>

The initial accounting for the acquisition of Fitness Equipment Services LLC. was only provisionally determined at the end of the reporting period, and will make retrospective adjustments or recognize additional assets or liabilities during the measurement period to reflect the new information obtained regarding the facts and circumstances that existed on the acquisition date.

c. Goodwill recognized on acquisitions

	Fitness Equipment Services LLC
Consideration transferred	\$ 948,251
Less: Fair value of identifiable net assets acquired	<u>(565,093)</u>
Goodwill recognized on acquisitions	<u>\$ 383,158</u>

The difference between the investment cost and the equity of the Group 's acquisition of Fitness Equipment Services LLC. was only provisionally determined at the end of the reporting period, because the measurement of the identifiable assets and liabilities assumed by the business combination has not been completed. Make retrospective adjustments during the subsequent measurement period or recognise additional goodwill arising from the acquisition to reflect the new information obtained regarding the facts and circumstances that existed on the acquisition date.

d. Net cash outflow on the acquisition of subsidiaries

	Fitness Equipment Services LLC
Consideration paid in cash	\$ 661,797
Less: Cash and cash equivalent balances acquired	<u>(3,492)</u>
Net cash outflow on the acquisition of subsidiaries	<u>\$ 658,305</u>

e. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, are as follows:

	Fitness Equipment Services LLC
Revenue	<u>\$ 405,151</u>
Profit	<u>\$ 14,074</u>

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been \$607,727 thousand, and the profit would have been \$21,111 thousand for the three months March 31, 2020. 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, 2020, nor is it intended to be a projection of future results.

32. PARTIAL CASH TRANSACTIONS

For the three months ended March 31, 2020 and 2019, the Corporation entered into the following partial cash investing activities:

- a. From cash investing activities

	For the Three Months Ended March 31	
	2020	2019
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 5,425	\$ 29,585
Changes in prepayments for purchases of plant and equipment	1	(142)
Changes in payables for purchase of equipment	<u>521</u>	<u>127</u>
Cash paid	<u>\$ 5,947</u>	<u>\$ 29,570</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 1,482	\$ 45,665
Changes in payables for royalties	4,423	(22,151)
Changes in prepayments for purchases of plant and equipment	<u>(104)</u>	<u>(20,717)</u>
Cash paid	<u>\$ 5,801</u>	<u>\$ 2,797</u>

- b. The cash dividends approved in the shareholders' meetings were not yet distributed as of March 31, 2020. (refer to Notes 22 and 25, respectively).

- c. Changes in liabilities arising from financing activities

For the year ended March 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			Interests	Exchange Rate Impact	
Short-term borrowings	\$ 1,513,300	\$ 108,872	\$ -	\$ (2,775)	\$ 1,619,397
Bonds payable	592,874	-	1,949	-	594,823
Long-term borrowings	897,718	168,492	-	(3,117)	1,063,093
Guarantee deposits received	2,671	(46)	-	24	2,649
Lease liabilities	<u>82,361</u>	<u>(6,340)</u>	<u>386</u>	<u>(1,571)</u>	<u>74,836</u>
	<u>\$ 3,088,924</u>	<u>\$ (270,978)</u>	<u>\$ 2,335</u>	<u>\$ (7,439)</u>	<u>\$ 3,354,798</u>

For the year ended March 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			Interests	Exchange Rate Impact	
Short-term borrowings	\$ 1,655,030	\$ (137,887)	\$ -	\$ 5,087	\$ 1,522,230
Bonds payable	586,609	-	1,928	-	588,537
Long-term borrowings	715,703	(15,606)	-	696	700,793
Guarantee deposits received	3,016	(60)	-	4	2,960
Lease liabilities	<u>68,970</u>	<u>(3,805)</u>	<u>402</u>	<u>(1,069)</u>	<u>64,498</u>
	<u>\$ 3,029,328</u>	<u>\$ 157,358</u>	<u>\$ 2,330</u>	<u>\$ 4,718</u>	<u>\$ 2,879,018</u>

33. 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.

34. 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.

March 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 594,823	\$ -	\$ 598,380	\$ -	\$ 598,380

December 31, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 592,874	\$ -	\$ 597,180	\$ -	\$ 597,180

March 31, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 588,537	\$ -	\$ 593,460	\$ -	\$ 593,460

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

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>51,930</u>	\$ <u>51,930</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 458	\$ -	\$ 458
Foreign exchange forward contracts	<u>-</u>	<u>939</u>	<u>-</u>	<u>939</u>
	\$ <u>-</u>	\$ <u>1,397</u>	\$ <u>-</u>	\$ <u>1,397</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>42,984</u>	\$ <u>42,984</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 2,072	\$ -	\$ 2,072
Foreign exchange forward contracts	<u>-</u>	<u>971</u>	<u>-</u>	<u>971</u>
	\$ <u>-</u>	\$ <u>3,043</u>	\$ <u>-</u>	\$ <u>3,043</u>

March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Swap contracts	\$ <u>-</u>	\$ <u>835</u>	\$ <u>-</u>	\$ <u>835</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>31,319</u>	\$ <u>31,319</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Put options of convertible bonds	\$ <u>-</u>	\$ <u>2,386</u>	\$ <u>-</u>	\$ <u>2,386</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

No gain or loss was recognized in profit or loss for the three months ended March 31, 2020 and 2019 due to no significant changes in the fair values of the financial instruments included in the Level 3 categories.

3) Valuation techniques and assumptions applied for fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign 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.
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.

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

c. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ -	\$ -	\$ 835
Financial assets at amortized cost (Note 1)	2,226,768	2,195,687	1,819,734
Financial assets at FVTOCI - equity instruments	51,930	42,984	31,319
<u>Financial liabilities</u>			
FVTPL			
Held for trading	1,397	3,043	2,386
Amortized cost (Note 2)	4,687,860	4,399,328	4,162,694

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

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

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 37.

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 Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2020	2019	2020	2019
Profit or loss	\$ (70,589)	\$ (61,762)	\$ 5,180	\$ (4,164)
	EUR Impact		GBP Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2020	2019	2020	2019
Profit or loss	\$ (4,701)	\$ (875)	\$ 6,978	\$ (4,910)

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:

	March 31, 2020	December 31, 2019	March 31, 2019
Fair value interest rate risk			
Financial assets	\$ 314,827	\$ 328,353	\$ 115,429
Financial liabilities	2,152,333	2,027,393	2,257,892
Cash flow interest rate risk			
Financial assets	517,489	716,565	385,652
Financial liabilities	1,410,418	1,273,890	873,717

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 three months ended March 31, 2020 and 2019 would decrease/increase by \$558 thousand and \$305 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 59.07%, 48.06%, and 53.84% of total accounts receivable as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had available unutilized short-term bank loan facilities of \$921,260 thousand, \$1,213,525 thousand, and \$709,829 thousand, respectively.

As of March 31, 2020, the current liabilities exceeded current assets by \$514,689 thousand, which resulted in the liquidity ratio less than 1. The Group has maintained sound bank credit standing and assets have been pledged as collateral for bank loans. There were no reduction in bank loan facilities during the terms and no frequent change of the leading banks. The Group has available unutilized short-term bank loan facilities of \$921,260 thousand. The board of directors resolved to grant the Chairman full power to sign contracts extending facilities and sign renewal contracts.

The Group issued domestic convertible bonds at the first time, which are fully secured by Bank SinoPac. The Group had acquired Bank SinoPac's notification of terms and conditions and deadline for signing contract that the original amount guaranteed would be converted to provide the financing amount as the source of sinking fund for the Group when the convertible bonds expired. Therefore, the Group does not have liquidity risk by defaulting on contractual obligations.

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.

March 31, 2020

	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	-	\$ 355,177	\$ 635,996	\$ 208,664	\$ -	\$ 106
Variable interest rate liabilities	1.25%-4.57%	189,447	124,932	223,470	578,913	335,493
Fixed interest rate liabilities	1.31%-4.98%	17,773	217,891	1,669,495	178,485	-
Lease liabilities	1.56%-4.75%	<u>1,823</u>	<u>3,608</u>	<u>15,297</u>	<u>32,874</u>	<u>10,290</u>
		<u>\$ 564,220</u>	<u>\$ 982,427</u>	<u>\$ 2,116,926</u>	<u>\$ 790,272</u>	<u>\$ 345,889</u>

December 31, 2019

	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		\$ 224,366	\$ 847,146	\$ 108,790	\$ -	\$ 107
Variable interest rate liabilities	1.45%-1.79%	369,105	18,239	142,909	443,037	333,254
Fixed interest rate liabilities	1.31%-4.872%	420,302	249,891	1,090,317	183,883	-
Lease liabilities	1.56%-4.872%	<u>1,964</u>	<u>3,853</u>	<u>16,516</u>	<u>37,943</u>	<u>11,513</u>
		<u>\$ 1,015,737</u>	<u>\$ 1,119,129</u>	<u>\$ 1,358,532</u>	<u>\$ 664,863</u>	<u>\$ 344,874</u>

March 31, 2019

	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	-	\$ 289,140	\$ 723,653	\$ 73,508	\$ 169	\$ 114
Variable interest rate liabilities	1.51%-4.57%	4,642	117,286	153,765	289,105	332,378
Fixed interest rate liabilities	1.34%-4.87%	245,893	325,903	1,398,707	249,706	-
Lease liabilities	2.06%-4.75%	<u>1,734</u>	<u>3,056</u>	<u>14,831</u>	<u>34,158</u>	<u>15,306</u>
		<u>\$ 541,409</u>	<u>\$ 1,169,898</u>	<u>\$ 1,640,811</u>	<u>\$ 573,138</u>	<u>\$ 347,798</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.

March 31, 2020

	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	\$ -	\$ -	\$ (1,185)	\$ -	\$ -
Foreign exchange forward contracts	<u>55</u>	<u>913</u>	<u>(628)</u>	<u>-</u>	<u>-</u>
	<u>\$ 55</u>	<u>\$ 913</u>	<u>\$ (1,813)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	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	\$ -	\$ -	\$ 3,686	\$ -	\$ -
Foreign exchange forward contracts	<u>356</u>	<u>136</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 356</u>	<u>\$ 136</u>	<u>\$ 3,686</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2019

	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>\$ 1,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

4) Financing facilities

	March 31, 2020	December 31, 2019	March 31, 2019
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 705,775	\$ 568,100	\$ 370,000
Amount unused	<u>798,260</u>	<u>1,123,525</u>	<u>506,729</u>
	<u>\$ 1,504,035</u>	<u>\$ 1,691,625</u>	<u>\$ 876,729</u>
Secured bank overdraft facilities:			
Amount used	\$ 1,976,715	\$ 1,842,918	\$ 1,853,023
Amount unused	<u>123,000</u>	<u>90,000</u>	<u>203,100</u>
	<u>\$ 2,099,715</u>	<u>\$ 1,932,918</u>	<u>\$ 2,056,123</u>

35. RELATED PARTY TRANSACTIONS

a. Related parties and relationships

Related Party	Relationship with the Group
Other related parties	
Taipei Dyaco Charitable Foundation	Same director with the parent

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.

b. The details of the compensation of key management personnel for the three months ended March 31, 2020 and 2019 were as follows:

	For the Three Months Ended March 31	
	2020	2019
Short-term employee benefits	\$ 16,747	\$ 16,990
Post-employment benefits	<u>205</u>	<u>265</u>
	<u>\$ 16,952</u>	<u>\$ 17,255</u>

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

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2020	December 31, 2019	March 31, 2019
Property, plant and equipment	\$ 1,779,633	\$ 1,797,781	\$ 1,843,742
Right-of-use assets	285,749	291,149	316,266
Pledge deposits - current	314,832	328,357	115,434
Inventories	<u>41,341</u>	<u>56,217</u>	<u>51,297</u>
	<u>\$ 2,421,555</u>	<u>\$ 2,473,504</u>	<u>\$ 2,326,739</u>

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 35,616	30.225 (USD:NTD)	\$ 1,076,483
USD	14,523	7.1034 (USD:RMB)	438,975
USD	194	1.4183 (USD:CAD)	5,869
RMB	31,382	4.255 (RMB:NTD)	133,530
RMB	15	0.1408 (RMB:USD)	64
EUR	2,871	33.24 (EUR:NTD)	95,417
EUR	1	1.0998 (EUR:USD)	38
EUR	6	0.8923 (EUR:GBP)	194
GBP	3,747	37.25 (GBP:NTD)	139,561
Non-monetary items			
HKD	337,408	3.898 (HKD:NTD)	1,315,217
USD	50,386	7.754 (USD:HKD)	1,522,901
RMB	198,291	1.0916 (RMB:HKD)	843,728
CAD	8,507	0.705 (CAD:USD)	181,266
EUR	1,587	33.24 (EUR:NTD)	52,765

Financial liabilities

Monetary items			
USD	399	30.225 (USD:NTD)	12,055
USD	30	0.9093 (USD:EUR)	909
USD	927	1.4183 (USD:CAD)	28,019
USD	586	108.411 (USD:JPY)	17,709
USD	1,682	7.1034 (USD:RMB)	50,858

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
RMB	\$ 45,866	4.255 (RMB:NTD)	\$ 195,159
RMB	9,880	0.1408 (RMB:USD)	42,041
EUR	31	33.24 (EUR:NTD)	1,038
EUR	18	1.0998 (EUR:USD)	598
Non-monetary items			
GBP	1,127	37.25 (GBP:NTD)	41,969
JPY	5,647	0.2788 (JPY:NTD)	1,575
			(Concluded)

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 55,215	29.98 (USD:NTD)	\$ 1,655,340
USD	7,086	6.964 (USD:RMB)	212,452
USD	560	1.304 (USD:CAD)	16,787
RMB	32,852	4.305 (RMB:NTD)	141,428
RMB	15	0.1436 (RMB:USD)	65
EUR	2,885	33.59 (EUR:NTD)	96,916
EUR	2	1.1204 (EUR:USD)	82
EUR	99	0.8534 (EUR:GBP)	3,322
GBP	3,566	39.36 (GBP:NTD)	140,349
Non-monetary items			
USD	18,666	7.789 (USD:HKD)	559,595
JPY	1,060	0.276 (JPY:NTD)	292
HKD	354,670	3.849 (HKD:NTD)	1,365,125
RMB	196,349	1.1185 (RMB:HKD)	845,281
CAD	8,216	0.7668 (CAD:USD)	188,869
EUR	1,686	33.59 (EUR:NTD)	56,640

Financial liabilities

Monetary items			
USD	105,491	29.98 (USD:NTD)	3,162,629
USD	2,157	1.304 (USD:CAD)	64,673
USD	870	108.6232 (USD:JPY)	26,092
USD	30	0.8925 (USD:EUR)	901
USD	724	6.964 (USD:RMB)	21,704
RMB	127	4.305 (RMB:NTD)	545
EUR	28	0.1436 (EUR:USD)	941
Non-monetary items			
GBP	1,025	39.36 (GBP:NTD)	40,360

March 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 30,226	30.82 (USD:NTD)	\$ 931,568
USD	26,190	6.7293 (USD:RMB)	807,199
USD	1,128	1.3429 (USD:CAD)	34,778
RMB	36,566	4.58 (RMB:NTD)	167,473
RMB	19	0.1486 (RMB:USD)	85
EUR	404	34.61 (EUR:NTD)	13,998
EUR	1	1.123 (EUR:USD)	24
EUR	101	0.8629 (EUR:GBP)	3,490
GBP	2,448	40.11 (GBP:NTD)	98,192
Non-monetary items			
HKD	356,146	3.926 (HKD:NTD)	1,398,228
USD	16,159	7.8502 (USD:HKD)	498,033
RMB	218,867	1.1666 (RMB:HKD)	1,002,410
CAD	8,421	0.7446 (CAD:USD)	193,254
EUR	3,754	34.61 (EUR:NTD)	129,910
JPY	19,070	0.2783 (JPY:NTD)	5,307
<u>Financial liabilities</u>			
Monetary items			
USD	7,172	30.82 (USD:NTD)	221,052
USD	513	0.8905 (USD:EUR)	15,803
USD	820	1.3429 (USD:CAD)	25,267
USD	327	110.7438 (USD:JPY)	10,088
USD	8,624	6.7293 (USD:RMB)	265,811
USD	9	0.7684 (USD:GBP)	275
RMB	13,252	4.58 (RMB:NTD)	60,693
RMB	5,149	0.1486 (RMB:USD)	23,582
EUR	1	0.8629 (EUR:GBP)	22
Non-monetary items			
GBP	485	40.11 (GBP:NTD)	19,446

For the three months ended March 31, 2020 and 2019, (realized and unrealized) net foreign exchange gains (losses) were \$14,074 thousand and \$7,159 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.

38. 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: Table 4
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 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 34
- 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: Table 1
 - 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

39. 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
Three months ended <u>March 31, 2020</u>					
Revenues from external customers	\$ 460,486	\$ 1,070,229	\$ 117,086	\$ -	\$ 1,647,801
Intersegment revenues	<u>444,756</u>	<u>85,741</u>	<u>-</u>	<u>(530,497)</u>	<u>-</u>
Consolidated revenues	<u>\$ 905,242</u>	<u>\$ 1,155,970</u>	<u>\$ 117,086</u>	<u>\$ (530,497)</u>	<u>\$ 1,647,801</u>
Segment income (loss)	<u>\$ (15,243)</u>	<u>\$ 14,872</u>	<u>\$ (9,953)</u>	<u>\$ 14,645</u>	<u>\$ 4,321</u>
Three months ended <u>March 31, 2019</u>					
Revenues from external customers	\$ 760,531	\$ 873,532	\$ 148,176	\$ -	\$ 1,782,239
Intersegment revenues	<u>587,362</u>	<u>-</u>	<u>-</u>	<u>(587,362)</u>	<u>-</u>
Consolidated revenues	<u>\$ 1,347,893</u>	<u>\$ 873,532</u>	<u>\$ 148,176</u>	<u>\$ (587,362)</u>	<u>\$ 1,782,239</u>
Segment income (loss)	<u>\$ 148,752</u>	<u>\$ 24,274</u>	<u>\$ (40,417)</u>	<u>\$ (19,672)</u>	<u>\$ 112,937</u>

b. Segment assets and liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Segment assets</u>			
Asia	\$ 5,481,265	\$ 5,227,445	\$ 5,030,544
Americas	2,440,595	1,692,024	1,558,427
Europe	<u>351,427</u>	<u>375,832</u>	<u>386,068</u>
Total segment assets	<u>\$ 8,273,287</u>	<u>\$ 7,295,301</u>	<u>\$ 6,975,039</u>
<u>Segment liabilities</u>			
Asia	\$ 3,483,104	\$ 3,579,668	\$ 3,462,016
Americas	1,761,776	1,132,429	1,060,393
Europe	<u>322,845</u>	<u>338,887</u>	<u>254,090</u>
Total segment liabilities	<u>\$ 5,567,725</u>	<u>\$ 5,050,984</u>	<u>\$ 4,776,499</u>

TABLE 1

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(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	Interest Rate	Nature of Financing	Business Transaction Amount	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	\$ 12,552 (JPY 45,020 thousand)	\$ 11,055 (JPY 39,654 thousand)	\$ 11,055 (JPY 39,654 thousand)	-	Business transaction	\$ 88,871	-	\$ -	-	\$ -	\$ 88,871 (Note 2)	\$ 942,588 (Note 4)	
		Dyaco Europe GmbH	Other receivables from related parties	Yes	52,144 (EUR 1,569 thousand)	52,144 (EUR 1,569 thousand)	52,144 (EUR 1,569 thousand)	-	Business transaction	105,332	-	-	-	-	105,332 (Note 2)	942,588 (Note 4)	
		Cardio Fitness GmbH & Co. KG	Other receivables from related parties	Yes	16,620 (EUR 500 thousand)	16,620 (EUR 500 thousand)	-	-	Short-term financing	-	Operating turnover	-	-	-	942,588 (Note 1)	942,588 (Note 4)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	18,625 (GBP 500 thousand)	18,625 (GBP 500 thousand)	-	-	Short-term financing	-	Operating turnover	-	-	-	942,588 (Note 1)	942,588 (Note 4)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	116,264 (GBP 3,121 thousand)	116,264 (GBP 3,121 thousand)	116,264 (GBP 3,121 thousand)	-	Business transaction	157,048	-	-	-	-	157,048 (Note 2)	942,588 (Note 4)	
1	Dyaco Europe GmbH	Cardio Fitness GmbH & Co. KG	Other receivables from related parties	Yes	8,975 (EUR 270 thousand)	7,479 (EUR 225 thousand)	7,479 (EUR 225 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	61,037 (Note 3)	61,037 (Note 3)	
2	SOLE INC.	Fitness Equipment Services, LLC	Other receivables from related parties	Yes	90,675 (US\$ 3,000 thousand)	- (Note 6)	-	-	Short-term financing		Operating turnover	-	-	-	141,829 (Note 3)	141,829 (Note 3)	
3	Spirit Manufacturing Inc.	Fitness Equipment Services, LLC	Other receivables from related parties	Yes	272,025 (US\$ 9,000 thousand)	166,238 (US\$ 5,500 thousand)	166,238 (US\$ 5,500 thousand)	-	Short-term financing		Operating turnover	-	-	-	225,293 (Note 3)	225,293 (Note 3)	

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: The ending balance had been repaid as of March 31, 2020.

Note 7: Eliminated from the consolidated financial statements.

TABLE 2

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED MARCH 31, 2020
(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	\$ 235,647	\$ 30,225 (US\$ 1,000 thousand)	\$ 30,225 (US\$ 1,000 thousand)	\$ 30,225 (US\$ 1,000 thousand)	\$ -	1.28	\$ 235,647	Y	-	Y	
		Dyaco UK Ltd.	Directly held subsidiary	1,178,235	1,118 (GBP 30 thousand)	1,118 (GBP 30 thousand)	430 (GBP 12 thousand)	-	0.05	1,178,235	Y	-	-	

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.

TABLE 3

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)
FOR THE YEAR ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Thousands of Shares)**

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	March 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Dyaco International Inc.	Gomore Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	\$ 31,860 (US\$ 1,000 thousand)	10.0	\$ 31,860 (US\$ 1,000 thousand)	Note 1
	UNIGYM GLOBAL HOLDING	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	9,075 (US\$ 300 thousand)	2.5	9,075 (US\$ 300 thousand)	Note 1
Dyaco (Shanghai) Trading Co., Ltd.	Bigger Fit Technology (Beijing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	5,000 (RMB 1,409 thousand)	5.0	5,000 (RMB 1,409 thousand)	Note 1
	Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	5,995 (RMB 1,175 thousand)	9.0	5,995 (RMB 1,175 thousand)	Note 1

Note 1: The fair value of unlisted shares classified as financial assets at FVTOCI without quoted price of the shares was calculated by fair value method.

Note 2: For the information on investments in subsidiaries, refer to Tables 6 and 7.

TABLE 4

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Dyaco International Inc.	Fitness Equipment Services LLC.	Investments accounted for using equity method	Fitness Equipment Services LLC.	None	-	\$ -	-	\$ 948,251 (Notes 1 and 2)	-	\$ -	\$ -	\$ -	-	\$ 948,251 (Notes 1 and 2)

Note 1: Means the initial capitalization amount.

Note 2: Eliminated from the consolidated financial statements.

TABLE 5

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 YEAR ENDED MARCH 31, 2020
(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	% to Total (Note)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note)	
Dyaco International Inc.	Spirit Manufacturing Inc.	Indirectly held subsidiary	Sales	\$ 372,176	65	Flexible	Based on mutual agreement	Flexible	\$ 745,370	71	
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	117,171	32	Flexible	Based on mutual agreement	Flexible	194,663	35	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	372,176	100	Flexible	Based on mutual agreement	Flexible	745,370	88	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	117,171	28	Flexible	Based on mutual agreement	Flexible	194,663	28	

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

Note 2: Eliminated from the consolidated financial statements.

TABLE 6

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 YEAR ENDED MARCH 31, 2020
(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		Amount	Actions Taken		
Dyaco International Inc.	Spirit Manufacturing Inc.	Indirectly held subsidiary	Accounts receivable	\$ 745,370	1.93%	\$ -	-	\$ 114,029	\$ -
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Accounts receivable	131,705	0.85%	-	-	31,048	-
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	194,663	1.45%	-	-	117,726	-
Dyaco International Inc.	Dyaco UK Ltd.	Directly held subsidiary	Other receivables	116,624	Note 1	-	-	-	-
Spirit Manufacturing Inc.	Fitness Equipment Services LLC.	Ultimate parent is Dyaco International Inc.	Other receivables	166,238	Note 1	-	-	-	-

Note 1: Other receivables refer to financing provided.

Note 2: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Note 1)
				March 31, 2020	December 31, 2019	Number of Shares (In Thousands)	%	Carrying Amount (Note 1)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	\$ 1,128,018	\$ 1,128,018	290,634,268	100	\$ 1,315,217	\$ (17,221)	\$ (13,577) (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	358,161	358,161	-	100	52,765	(4,128)	(4,128)
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	10,653	(234)	(234)
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	28,404	28,404	1,020	100	(1,575)	(1,997)	(1,997)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	18,000	15,000	1,800,000	100	12,530	(1,200)	(1,200)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	80,574	80,574	-	100	(41,969)	(5,277)	(5,277)
	Sole Inc.	America	Investment	957,970	-	-	100	999,134	40,038	37,829 (Note 3)
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	216,813 (EUR 6,296 thousand)	216,813 (EUR 6,296 thousand)	-	100	54,785 (EUR 1,648 thousand)	775 (EUR 23 thousand)	(373) (EUR -11 thousand) (Note 4)
	Cardiofitness Verwaltungs GmbH	Germany	Investment	977 (EUR 29 thousand)	977 (EUR 29 thousand)	-	100	961 (EUR 29 thousand)	10 (EUR 1)	10 (EUR 1)
Sole Inc.	Fitness Equipment Services, LLC	America	Import, export and selling	63,262 (US\$ 2,100 thousand)	-	-	100	145,298 (US\$ 4,807 thousand)	40,036 (US\$ 1,330 thousand)	40,036 (US\$ 1,330 thousand)
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	379,727 (US\$ 12,400 thousand)	379,727 (US\$ 12,400 thousand)	12,400,000	100	523,767 (HK\$ 134,368 thousand)	(24,751) (HK\$ -6,389 thousand)	(24,751) (HK\$ -6,389 thousand)
Fuel Spirit International Inc.	Spirit Manufacturing Inc.	America	Import, export and selling	265,734 (US\$ 8,890 thousand)	265,734 (US\$ 8,890 thousand)	1,667.50	100	255,293 (US\$ 8,446 thousand)	(26,594) (US\$ -883 thousand)	(26,594) (US\$ -883 thousand)
	Dyaco Canada Inc.	Canada	Import, export and selling	271,752 (US\$ 9,058 thousand)	271,752 (US\$ 9,058 thousand)	1,000	100	181,266 (US\$ 5,997 thousand)	6,604 (US\$ 219 thousand)	6,537 (US\$ 217 thousand) (Note 5)
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	62,118 (US\$ 2,000 thousand)	62,188 (US\$ 2,000 thousand)	-	100	(33,699) (US\$ -1,175 thousand)	(2,584) (US\$ -86 thousand)	(2,584) (US\$ -86 thousand)
	Dyaco Commercial & Medical North America, LLC.	America	Import, export and selling	6,092 (US\$ 200 thousand)	6,092 (US\$ 200 thousand)	-	100	(31,712) (US\$ -989 thousand)	(12,788) (US\$ -425 thousand)	(12,788) (US\$ -425 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 \$17,221 thousand and realized profits of \$3,644 thousand from upstream intercompany transactions.

Note 3: Including share of profit of \$40,038 thousand minus amortization of investment premium of \$2,209 thousand.

Note 4: Including share of profit of \$775 thousand minus amortization of investment premium of \$1,148 thousand.

Note 5: Including share of profit of \$6,604 thousand minus amortization of investment premium of \$67 thousand.

Note 6: Eliminated from the consolidated financial statements.

TABLE 8

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED MARCH 31, 2020
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2020 (Note 2)	Accumulated Repatriation of Investment Income as of March 31, 2020
						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)	\$ 88,780 (US\$ 3,000 thousand)	\$ -	\$ -	\$ 88,780 (US\$ 3,000 thousand)	\$ 102 (HK\$ 26 thousand)	100	\$ 102 (HK\$ 26 thousand)	\$ 166,922 (HK\$ 42,822 thousand)	\$ -
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	659,471 (US\$ 21,830 thousand)	Through an investment company registered in a third region (Note 1)	659,471 (US\$ 21,830 thousand)	-	-	659,471 (US\$ 21,830 thousand)	14,663 (HK\$ 3,785 thousand)	60	5,267 (HK\$ 1,360 thousand) (Note 3)	676,806 (HK\$ 173,629 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(232) (RMB -54 thousand)	100	(232) (RMB -54 thousand)	5,109 (RMB 1,361 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
\$ 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 audited.
- Note 3: Including 60% share of profit of \$8,798 thousand minus amortization of investment premium of \$2,020 thousand and unrealized profits of \$1,511 thousand from side stream intercompany transactions.
- Note 4: Reinvested RMB3,500 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.
- Note 5: 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 6: Eliminated from the consolidated financial statements.

TABLE 9

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 YEAR ENDED MARCH 31, 2020
(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 1)	Payment Terms	Comparison with Normal Transactions	Ending Balance	% (Note 1)		
0	Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd. Shelton Corporation (Jiaxing), Ltd.	Sales Purchase	\$ 26,404 117,171	5 32	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 131,705 194,663	13 35	\$ 11,171 932	

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

Note 2: Eliminated from the consolidated financial statements.

TABLE 10

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)**

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)	
2020	0	Dyaco International Inc.	Spirit Direct, LLC.	a	Investments accounted for using the equity method	\$ 322	-	-
			Fuel-Spirit International Inc.	a	Other receivables from related parties	2,597	-	-
					Other payables from related parties	15	-	-
					Pre-payment	306	-	-
			Dyaco Japan Co., Ltd.	a	Sales	8,751	-	1
					Other operating revenue	82	-	-
					Accounts receivable from related parties	18,666	-	-
					Other receivables from related parties	11,055	-	-
					Investments accounted for using the equity method	2,667	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Sales	26,404	-	2
					Accounts receivable from related parties	131,668	-	2
					Investments accounted for using the equity method	11,171	-	-
			Spirit Manufacturing Inc.	a	Sales	365,953	-	23
					Other operation revenue	6,223	-	-
					Accounts receivable from related parties	745,370	-	9
					Investments accounted for using the equity method	45,641	-	1
			Dyaco Canada Inc.	a	Sales	35,959	-	2
					Accounts receivable from related parties	23,441	-	-
					Investments accounted for using the equity method	8,189	-	-
			Dyaco Europe GmbH	a	Sales	749	-	-
					Accounts receivable from related parties	14,659	-	-
					Other receivables from related parties	52,203	-	1
					Other prepayment	104	-	-
					Investments accounted for using the equity method	8,346	-	-
					Other expenses	3,218	-	-
			Daan Health Management Consulting Co., Ltd.	a	Rental revenue	6	-	-
			Wing Long Co., Ltd.	a	Accounts receivable from related parties	3,492	-	-
					Accounts payable to related parties	734	-	-
					Sales	467	-	-
					Other expenses	111	-	-
			Dyaco UK Ltd.	a	Sales	6,753	-	-
					Accounts receivable from related parties	24,960	-	-
					Other receivables from related parties	116,264	-	1
					Investments accounted for using the equity method	9,651	-	-
			Shelton Corporation (Jiaxing), Ltd.	a	Cost of goods sold	117,171	-	7
					Accounts payable to related parties	194,663	-	2
					Accounts receivable from related parties	79	-	-
					Inventories	304	-	-

(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)	
			Sole Inc. CARDIO Fitness GmbH&Co.KG Dyaco Commercial & Medical North America, LLC.	a a a	Other payables to related parties Accounts receivable from related parties Accounts payable to related parties	\$ 205,530 20,749 834	- - -	3 - -
	1	Spirit Direct, LLC.	Dyaco International Inc. Spirit Manufacturing Inc.	b c	Inventories Other payables to related parties	322 35,968	- -	- -
	2	Fuel-Spirit International Inc.	Dyaco International Inc. Dyaco Canada Inc. Spirit Manufacturing Inc. Shelton Corporation (Jiaxing), Ltd.	b c c c	Accounts payable to related parties Accounts receivable from related parties Receive in advance Accounts receivable from related parties Other operation revenue Accounts receivable from related parties Accounts payable to related parties Cost of goods sold	2,607 15 296 2,242 2,233 93,697 42,174 25,819	- - - - - - - -	- - - - - 1 1 2
	3	Dyaco Japan Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold Accounts payable to related parties Other payables to related parties Inventories	8,833 29,466 255 2,667	- - - -	1 - - -
	4	Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc. Shelton Corporation (Jiaxing), Ltd. Dyaco Health Technology (Beijing) Co., Ltd.	b c c	Cost of goods sold Accounts payable to related parties Inventories Sales Cost of goods sold Accounts payable to related parties Inventories Accounts receivable from related parties Other receivables from related parties	26,404 131,668 11,171 163 20,620 27,923 1,215 114 2	- - - - - - - - -	2 2 - - 1 - - - -
	5	Spirit Manufacturing Inc.	Dyaco International Inc. Fuel-Spirit International Inc. Dyaco Canada Inc. Spirit Direct, LLC. Dyaco Commercial & Medical North America, LLC. Fitness Equipment Services LLC.	b c c c c c	Cost of goods sold Accounts payable to related parties Inventories Other expenses Accounts payable to related parties Sales Accounts receivable from related parties Other receivables from related parties Accounts receivable from related parties Other receivables from related parties Sales Other receivables from related parties Accounts receivable from related parties	372,176 745,370 45,641 2,233 93,697 2,648 2,336 35,968 828 7,109 85,741 169,654 129,307	- - - - - - - - - - - - -	23 9 1 - 1 - - - - - 5 2 2

(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)	
	6	Dyaco Canada Inc.	Dyaco International Inc.	b	Cost of goods sold	\$ 35,959	-	2
					Accounts payable to related parties	23,441	-	-
					Inventories	8,189	-	-
			Spirit Manufacturing Inc.	c	Cost of goods sold	2,648	-	-
					Accounts payable to related parties	2,336	-	-
			Fuel-Spirit International Inc.	c	Other payable to related parties	2,242	-	-
	7	Dyaco Europe GmbH	Dyaco International Inc.	b	Cost of goods sold	749	-	-
					Accounts payable to related parties	66,966	-	1
					Inventories	8,346	-	-
			Cardio Fitness GmbH&Co.KG	c	Other revenue	3,218	-	-
					Sales	2,294	-	-
					Cost of goods sold	20	-	-
					Other revenue	406	-	-
					Other expenses	466	-	-
					Other receivables from related parties	7,494	-	-
					Accounts receivable from related parties	27,991	-	-
					Accounts payable to related parties	51	-	-
	8	Daan Health Management Consulting Co., Ltd.	Dyaco International Inc.	b	Rental expenses	6	-	-
	9	Cardio Fitness GmbH&Co.KG	Dyaco International Inc.	b	Accounts payable to related parties	20,749	-	-
			Dyaco Europe GmbH	c	Cost of goods sold	2,294	-	-
					Sales	20	-	-
					Other expenses	406	-	-
					Other operating revenue	130	-	-
					Other revenue	336	-	-
					Other payables to related parties	7,494	-	-
					Accounts payable to related parties	27,991	-	-
					Accounts receivable from related parties	51	-	-
	10	Wing Long Co., Ltd.	Dyaco International Inc.	b	Accounts payable to related parties	3,456	-	-
					Accounts receivable from related parties	734	-	-
					Other payables to related parties	36	-	-
					Cost of goods sold	467	-	-
					Sales	111	-	-
	11	Dyaco UK Ltd.	Dyaco International Inc.	b	Cost of goods sold	6,753	-	-
					Accounts payable to related parties	141,224	-	3
					Inventories	9,651	-	-
	12	Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	b	Sales	117,171	-	7
					Accounts receivable from related parties	194,663	-	2
					Accounts payable to related parties	79	-	-
			Fuel-Spirit International Inc.	c	Cost of goods sold	304	-	-
					Accounts receivable from related parties	42,174	-	1
					Sales	25,819	-	2

(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)	
			Dyaco (Shanghai) Trading Co., Ltd.	c	Accounts receivable from related parties Sales Cost of goods sold	\$ 27,923 20,620 1,378	- - -	- 1 -
	13	Dyaco Commercial & Medical North America, LLC.	Dyaco International Inc. Spirit Manufacturing Inc.	b c	Accounts receivable from related parties Accounts payable to related parties Other payable to related parties	834 828 7,109	- - -	- - -
	14	Shelton Corporation (Jiaxing), Ltd.	Dyaco (Shanghai) Trading Co., Ltd.	c	Other payable to related parties	116	-	-
	15	Fitness Equipment Services LLC.	Spirit Manufacturing Inc.	c	Cost of goods sold Other payable to related parties Accounts payable to related parties	85,741 166,238 132,723	- - -	5 2 2
	16	Sole Inc.	Dyaco International Inc.	b	Other receivables from related parties	205,530	-	3

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.

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. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lin, Ing-Gin	10,063,283	8.74
Guang-Ying Limited	9,796,727	8.51
Chuan-Feng Investment Corporation	8,304,882	7.22
Ho, I-Hsing Investment Corporation	6,865,725	5.96
Yong-Heng Investment Corporation	6,318,057	5.49
Chih-Ling Investment Corporation	6,318,057	5.49

Note: The table discloses stockholding information of stockholders whose percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) 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.