

Dyaco International Inc. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Dyaco International Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Loss on Inventory Obsolescence

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

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

Impairment of Goodwill

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

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2021

Notice to Readers

The accompanying 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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

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

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation (Note 26)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
	Shares Capital	Advance share capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2019	\$ 929,502	\$ -	\$ 738,397	\$ 123,174	\$ 59,258	\$ 145,777	\$ (78,745)	\$ (378)	\$ (172,340)	\$ 1,744,645	\$ 333,876	\$ 2,078,521
Issuance of ordinary shares under employee share options (Note 31)	-	-	17,200	-	-	-	-	-	-	17,200	-	17,200
Changes in capital surplus from investments using the equity method	-	-	1,600	-	-	-	-	-	-	1,600	-	1,600
Appropriation of prior year's earnings												
Legal reserve	-	-	-	10,712	-	(10,712)	-	-	-	-	-	-
Special reserve	-	-	-	-	19,865	(19,865)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$0.35 per share	-	-	-	-	-	(31,133)	-	-	-	(31,133)	-	(31,133)
Share dividends to shareholder - NT\$0.35 per share	31,133	-	-	-	-	(31,133)	-	-	-	-	-	-
	31,133	-	-	10,712	19,865	(92,843)	-	-	-	(31,133)	-	(31,133)
Convertible bonds converted to ordinary shares (Note 21)	374	-	1,107	-	-	-	-	-	-	1,481	-	1,481
Net profit for the year ended December 31, 2019	-	-	-	-	-	189,001	-	-	-	189,001	31,094	220,095
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	413	(30,961)	1,899	-	(28,649)	(14,798)	(43,447)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	189,414	(30,961)	1,899	-	160,352	16,296	176,648
Disposal of investments in equity instruments designated as at fair value through other comprehensive income from subsidiaries (Note 8)	-	-	-	-	-	(2,372)	-	2,372	-	-	-	-
BALANCE AT DECEMBER 31, 2019	961,009	-	758,304	133,886	79,123	239,976	(109,706)	3,893	(172,340)	1,894,145	350,172	2,244,317
Issuance of ordinary shares under employee share options (Note 31)	3,000	1,000	121,631	-	-	-	-	-	-	125,631	-	125,631
Equity component of convertible bonds issued by the Corporation (Notes 21 and 26)	-	-	12,666	-	-	-	-	-	-	12,666	-	12,666
Changes in capital surplus from investments using the equity method	-	-	558	-	-	-	-	-	-	558	-	558
Appropriation of prior year's earnings												
Legal reserve	-	-	-	18,941	-	(18,941)	-	-	-	-	-	-
Special reserve	-	-	-	-	26,689	(26,689)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$1.15 per share	-	-	-	-	-	(124,321)	-	-	-	(124,321)	-	(124,321)
	-	-	-	18,941	26,689	(169,951)	-	-	-	(124,321)	-	(124,321)
Convertible bonds converted to ordinary shares (Note 21)	157,487	14,027	549,273	-	-	-	-	-	-	720,787	-	720,787
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	-	1,321,109	-	-	-	1,321,109	(3,053)	1,318,056
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	(846)	(68,762)	(1,053)	-	(70,661)	9,567	(61,094)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,320,263	(68,762)	(1,053)	-	1,250,448	6,514	1,256,962
Issuance of ordinary shares for cash (Note 26)	190,000	-	548,745	-	-	-	-	-	-	738,745	-	738,745
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(155,550)	(155,550)	-	(155,550)
Treasury shares transferred to employees (Note 26)	-	-	(5,172)	-	-	-	-	-	55,239	50,067	-	50,067
BALANCE AT DECEMBER 31, 2020	\$ 1,311,496	\$ 15,027	\$ 1,986,005	\$ 152,827	\$ 105,812	\$ 1,390,288	\$ (178,468)	\$ 2,840	\$ (272,651)	\$ 4,513,176	\$ 356,686	\$ 4,869,862

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

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

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

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

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Dyaco International Inc. (the “Corporation”) was established in 1990. The Corporation and its subsidiaries are collectively referred to as the Group. The Group mainly manufactures, imports, exports and sells sports equipment and outdoor furniture. The Corporation’s shares have been listed 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 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 30, 2021.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

As of the date the financial statements were authorized for issue, the Group assesses the possible impact that the application of other standards and interpretations did not have material impact on the Group’s financial position and financial performance.

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

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

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

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

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

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

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

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

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

As of the date the 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

Statement of Compliance

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

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:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. 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
- c. Level 3 inputs are unobservable inputs for an asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

Basis of Consolidation

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

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

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

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

See Note 13, Tables 7 and 8 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation measured at fair value.

Acquisition of a Subsidiary That Does Not Constitute a Business

When the Group acquires a subsidiary that does not constitute a business, the Group will identify and recognize the individual identifiable assets acquired (including intangible assets) and liabilities assumed, and then allocate the transaction price to the individual identifiable assets and liabilities. When allocating the transaction price, first, any identifiable assets or liabilities initially measured at an amount other than cost are initially measured at the amount specified in the applicable IFRS standards. Then the amounts of the assets and liabilities determined according to the applicable IFRS standards are deducted from the transaction price; the residual transaction price is then allocated to the remaining identifiable assets and liabilities (i.e., assets and liabilities initially measured at cost) based on their relative fair values at the date of the acquisition.

Foreign Currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period, except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries' operations in other countries that used different currencies from the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

Inventories

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

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, Plant and Equipment

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

Freehold land is not depreciated.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

Investment Properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

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. 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.

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.

Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets Other than Goodwill

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

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

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

Financial Instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 36.

b) Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

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

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

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

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

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

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

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 300 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Financial liabilities

The Group derecognizes financial liabilities only when, the Group's obligations are discharged or canceled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

c. Derivative financial instruments

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

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

d. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Provisions

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Group's obligations.

Revenue Recognition

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

a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of fitness equipment and outdoor furniture. Sales of these goods are recognized as revenue when the goods are shipped because it is the time when the customer has full the discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and revenue are recognized concurrently.

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

b. Revenue from the rendering of services

Revenue is recognized when services are rendered.

Leasing

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

a. The Group as lessor

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

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

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Group as lessee

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

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Net interest on the net defined benefit liability are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Share-based Payment Arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

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

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

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The obsolete inventory is assessed by performing inventory aging analysis. And the estimation of write-down of inventories is based on cost impairment percentage according to historical experience. In case the actual situation of obsolete inventory is more serious than expected, a material impairment loss may arise.

b. Impairment of goodwill

Determining whether goodwill 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

	<u>December 31</u>	
	2020	2019
Cash on hand	\$ 10,396	\$ 783
Checking accounts and demand deposits	<u>1,531,928</u>	<u>825,430</u>
	<u>\$ 1,542,324</u>	<u>\$ 826,213</u>

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

	<u>December 31</u>	
	2020	2019
Demand deposits	0.001%-0.35%	0.001%-0.5%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2020	2019
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Convertible bonds options (Note 21)	<u>\$ 2,593</u>	<u>\$ -</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Cross-currency swap contracts	\$ 1,685	\$ 2,072
Foreign exchange forward contracts	<u>-</u>	<u>971</u>
	<u>\$ 1,685</u>	<u>\$ 3,043</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Cross-currency swap contracts	NTD/USD	2021.06.18-2021.10.12	NTD43,799/USD1,500
<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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Non-current</u>		
Foreign investments		
Unlisted shares		
Gomore Inc.	\$ 32,556	\$ 31,860
Uniigym Global Holdings Limited.	8,585	-
Bigger Fit Technology (Beijing) Co., Ltd.	5,087	6,067
Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	<u>4,937</u>	<u>5,057</u>
	<u>\$ 51,165</u>	<u>\$ 42,984</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 December 31, 2020, proceeds from sale of financial assets at fair value through other comprehensive income of RMB4,500 thousand (around NT\$19,696 thousand) was recognized as other receivables, and recovered in February 2021.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,020	\$ 1,501
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 2,020</u>	<u>\$ 1,501</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 3,190,624	\$ 1,144,531
Less: Allowance for impairment loss	<u>140,359</u>	<u>135,039</u>
	<u>\$ 3,050,265</u>	<u>\$ 1,009,492</u>

(Continued)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Other receivables</u>		
Tax refund receivables	\$ 50,901	\$ 14,408
Others	<u>35,358</u>	<u>30,123</u>
	<u>\$ 86,259</u>	<u>\$ 44,531</u>
		(Concluded)

a. Notes receivable

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

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

b. Accounts receivable

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

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

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

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

December 31, 2020

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 120 Days</u>	<u>121 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days and Individually Recognized</u>	<u>Total</u>
Expected credit loss rate	0%-3.76%	0%-21.00%	1.84%-27.90%	2.57%-43.50%	5%-100%	100%	
Gross carrying amount	\$ 2,856,971	\$ 175,155	\$ 20,827	\$ 5,683	\$ 5,673	\$ 126,315	\$ 3,190,624
Loss allowance (Lifetime ECLs)	<u>(3,183)</u>	<u>(3,602)</u>	<u>(1,699)</u>	<u>(1,560)</u>	<u>(4,000)</u>	<u>(126,315)</u>	<u>(140,359)</u>
Amortized cost	<u>\$ 2,853,788</u>	<u>\$ 171,553</u>	<u>\$ 19,128</u>	<u>\$ 4,123</u>	<u>\$ 1,673</u>	<u>\$ -</u>	<u>\$ 3,050,265</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%	3.45%-38.58%	5.26%-44.70%	6.08%-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)	<u>(1,514)</u>	<u>(2,006)</u>	<u>(246)</u>	<u>(1,094)</u>	<u>(3,046)</u>	<u>(127,133)</u>	<u>(135,039)</u>
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>

The Group's customer, New Level UK Ltd., was in severe financial difficulty and went into bankruptcy on February 26, 2018. As of December 31, 2020, accounts receivable from New Level UK Ltd. amounted to \$106,500 thousand (NT\$79,163 thousand and US\$960 thousand). Due to the uncertainty of the recoverability of accounts receivable according to legal proceedings, the Group recognized a loss allowance.

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

	2020	2019
Beginning balance	\$ 135,039	\$ 138,260
Add: Acquisitions through business combinations	749	-
Add: Net remeasurement of loss allowance	14,169	657
Less: Amounts written off	(8,230)	(2,452)
Foreign exchange gains and losses	<u>(1,368)</u>	<u>(1,426)</u>
Ending balance	<u>\$ 140,359</u>	<u>\$ 135,039</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 December 31, 2020, the ratio of allowance for impairment loss of other receivables was 0%.

10. INVENTORIES

	<u>December 31</u>	
	2020	2019
Raw materials	\$ 333,062	\$ 105,741
Work in progress	291,520	198,177
Finished goods	2,218,372	636,997
Merchandise	<u>298,787</u>	<u>262,062</u>
	<u>\$ 3,141,741</u>	<u>\$ 1,202,977</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 was \$7,639,437 thousand, including warranties of \$68,569 thousand and inventory write-downs of \$1,942 thousand; and the cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 was \$4,134,129 thousand, including warranties of \$67,313 thousand and inventory write-downs of \$13,129 thousand.

The inventories pledged as collateral for bank borrowings are set out in Note 38.

11. PREPAYMENTS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Prepayments for goods	\$ 70,289	\$ 16,868
Tax overpayment retained for offsetting future tax payable	59,690	24,022
Prepaid expenses	45,991	38,702
Others	<u>7,415</u>	<u>24,085</u>
	<u>\$ 183,385</u>	<u>\$ 103,677</u>

12. OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Restricted deposits	<u>\$ 208,931</u>	<u>\$ 328,357</u>

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Restricted deposits	0.16%-0.30%	0.01%-1.94%

b. The other financial assets pledged as collateral are set out in Note 38.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	<u>Proportion of Ownership (%)</u>		Remark
			<u>December 31</u>		
			<u>2020</u>	<u>2019</u>	
Dyaco International Inc.	Dyaco International Holding Limited	Investment	100	100	-
	Dyaco Europe GmbH	Import, export and selling	100	100	-
	Daan Health Management Consulting Co., Ltd.	Rental of medical equipment	100	100	-
	Dyaco Japan Co., Ltd.	Import, export and selling	100	100	-
	Wing Long Co., Ltd.	Import, export and selling	100	100	Note 1
	Dyaco UK Ltd.	Import, export and selling	100	100	-
	SOLE INC.	Investment	100	-	Note 2
	President Plastic Products MFG Co., Ltd.	Manufacturing and selling	100	-	Note 4

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2020	2019	
SOLE INC.	Fitness Equipment Service, LLC.	Import, export and selling	100	-	Note 2
Dyaco Europe GmbH	CARDIO fitness GmbH & Co. KG	Import, export and selling	100	100	-
	CARDIO fitness Verwaltungs GmbH	Investment	100	100	-
Dyaco International Holding Limited	Fuel-Spirit International Inc.	Import, export and selling	100	100	-
	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100	100	-
	Dongguan Dayu Sports Equipment Co., Ltd.	Manufacturing and selling	-	-	Note 3
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60	60	-
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	100	100	-
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Import, export and selling	100	100	-
	Dyaco Canada Inc.	Import, export and selling	100	100	-
Spirit Manufacturing Inc.	Spirit Direct, LLC.	Import, export and selling	100	100	-
	Dyaco Commercial & Medical North America, LLC.	Import, export and selling	100	100	-

(Concluded)

Remarks:

- 1) The Group acquired interests in subsidiary Wing Long Co., Ltd. for NT\$3,000 thousand and NT\$2,000 thousand in March and December 2020, respectively.
 - 2) On January 2, 2020, the board of directors resolved to establish SOLE INC., to purchase 100% equity of Fitness Equipment Services, LLC. Also, the board of directors resolved to acquire interests in SOLE INC. for US\$31,490 thousand (NT\$948,631 thousand). In addition, on February 1, 2020, SOLE INC. purchased 100% equity of Fitness Equipment Services, LLC. for US\$31,477 thousand (NT\$948,251 thousand). As of December 31, 2020, US\$3,000 thousand (NT\$85,440 thousand) was not paid and recognized as other payables. For related information on business combinations, please refer to Note 32.
 - 3) Dongguan Dayu Sports Equipment Co., Ltd. completed liquidation and cancellation in November 2019.
 - 4) On August 12, 2020, the board of directors approved the resolution to purchase 100% equity of President Plastic Products Mfg. Co., Ltd. to acquire land in Dajia District, Taichung City, and planned to build the factory. On December 8, 2020, the Corporation purchased 100% equity of President Plastic Products Mfg. Co., Ltd. for NT\$258,640 thousand. As of December 31, 2020, NT\$28,434 thousand was not paid and recognized as other payables.
- 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	
		December 31	
		2020	2019
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%

See Table 8 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Shelton Corporation (Jiaxing), Ltd.	\$ <u>(3,053)</u>	\$ <u>31,094</u>	\$ <u>356,686</u>	\$ <u>350,172</u>

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

	December 31	
	2020	2019
Current assets	\$ 2,218,628	\$ 1,031,195
Non-current assets	991,059	1,021,019
Current liabilities	(2,031,709)	(881,457)
Non-current liabilities	<u>(141,938)</u>	<u>(144,086)</u>
Equity	\$ <u>1,036,040</u>	\$ <u>1,026,671</u>
Equity attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 679,354	\$ 676,499
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>356,686</u>	<u>350,172</u>
	\$ <u>1,036,040</u>	\$ <u>1,026,671</u>
	2020	2019
Revenue	\$ <u>3,184,399</u>	\$ <u>1,973,798</u>
Net profit from continuing operations (remark)	\$ (7,632)	\$ 77,736
Other comprehensive income (loss) for the period	<u>23,917</u>	<u>(36,996)</u>
Total comprehensive income for the period	\$ <u>16,285</u>	\$ <u>40,740</u>
Profit (loss) attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ (4,579)	\$ 46,642
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>(3,053)</u>	<u>31,094</u>
	\$ <u>(7,632)</u>	\$ <u>77,736</u>
Total comprehensive income attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 9,771	\$ 24,444
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>6,514</u>	<u>16,296</u>
	\$ <u>16,285</u>	\$ <u>40,740</u>

(Continued)

	2020	2019
Net cash inflow (outflow) from:		
Operating activities	\$ (119,849)	\$ 81,783
Investing activities	(18,037)	(57,660)
Financing activities	<u>136,859</u>	<u>(52,266)</u>
Net cash outflow	<u>\$ (1,027)</u>	<u>\$ (28,143)</u> (Concluded)

Remark: Net profit was \$5,746 thousand less amortization of \$13,378 thousand for the year ended December 31, 2020. Net profit was \$91,708 thousand less amortization of \$13,972 thousand for the year ended December 31, 2019.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2020	2019
Investments in associates	<u>\$ 5,252</u>	<u>\$ -</u>
Associates that are not individually material		
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	<u>\$ 5,252</u>	<u>\$ -</u>

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

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	2020	2019
The Group's share of:		
Profit (loss) from continuing operations	\$ -	\$ -
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ -</u>	<u>\$ -</u>

The Group acquired 40% equity of Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd. for \$5,123 thousand in July 2020. The company provides technology development and consulting in the field of health technology, it is still in the planning stage and has not begun operations.

The investments were accounted for using the equity method and the share of profit or loss of those investments were calculated based on financial statements which have been audited.

15. 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 (Notes 32 and 33)	284,704	-	36,712	-	346	1,599	323,361
Additions	-	4,246	65,497	9,739	4,692	1,750	85,924
Disposals	-	-	(3,049)	(3,721)	(1,581)	(1,237)	(9,588)
Effects of foreign currency exchange differences	(732)	(3,940)	662	69	(1,036)	661	(4,316)
Balance at December 31, 2020	<u>1,277,444</u>	<u>1,911,892</u>	<u>790,276</u>	<u>49,855</u>	<u>74,460</u>	<u>24,297</u>	<u>4,128,224</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 (Notes 32 and 33)	-	-	13,257	-	75	1,094	14,426
Depreciation expenses	-	67,978	79,486	4,122	7,642	3,696	162,924
Disposals	-	-	(2,767)	(3,448)	(1,243)	(765)	(8,223)
Effects of foreign currency exchange differences	-	3,429	1,051	14	6	207	4,707
Balance at December 31, 2020	-	<u>598,857</u>	<u>549,088</u>	<u>32,511</u>	<u>59,623</u>	<u>10,548</u>	<u>1,250,627</u>
Carrying amounts at December 31, 2020	<u>\$ 1,277,444</u>	<u>\$ 1,313,035</u>	<u>\$ 241,188</u>	<u>\$ 17,344</u>	<u>\$ 14,837</u>	<u>\$ 13,749</u>	<u>\$ 2,877,597</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	-	4,596	52,422	2,371	8,245	2,189	69,823
Reclassification (remark)	-	(53,573)	-	-	-	-	(53,573)
Disposals	-	-	(29,401)	(2,445)	(3,964)	(6,162)	(41,972)
Effects of foreign currency exchange differences	(357)	(37,732)	(10,260)	(523)	(100)	(883)	(49,855)
Balance at December 31, 2019	<u>993,472</u>	<u>1,911,586</u>	<u>690,454</u>	<u>43,768</u>	<u>72,039</u>	<u>21,524</u>	<u>3,732,843</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2019	-	472,621	425,655	29,137	48,777	7,864	984,054
Depreciation expenses	-	70,244	67,544	4,982	8,267	3,489	154,526
Reclassification (remark)	-	(1,801)	-	-	-	-	(1,801)
Disposals	-	-	(28,831)	(1,966)	(3,390)	(4,837)	(39,024)
Effects of foreign currency exchange differences	-	(13,614)	(6,307)	(330)	(511)	(200)	(20,962)
Balance at December 31, 2019	-	<u>527,450</u>	<u>458,061</u>	<u>31,823</u>	<u>53,143</u>	<u>6,316</u>	<u>1,076,793</u>
Carrying amounts at December 31, 2019	<u>\$ 993,472</u>	<u>\$ 1,384,136</u>	<u>\$ 232,393</u>	<u>\$ 11,945</u>	<u>\$ 18,896</u>	<u>\$ 15,208</u>	<u>\$ 2,656,050</u>

Remark: Reclassification to 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	1-15 years
Leasehold improvements	1-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 38.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 287,713	\$ 291,149
Buildings	52,380	71,656
Transportation equipment	10,209	9,812
Office equipment	<u>75</u>	<u>154</u>
	<u>\$ 350,377</u>	<u>\$ 372,771</u>
	2020	2019
Additions for right-of-use assets	<u>\$ 8,521</u>	<u>\$ 36,410</u>
Depreciation charge for right-of-use assets		
Land	\$ 8,125	\$ 8,486
Buildings	22,260	18,524
Transportation equipment	2,593	3,584
Office equipment	<u>74</u>	<u>78</u>
	<u>\$ 33,052</u>	<u>\$ 30,672</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 19,863</u>	<u>\$ 24,173</u>
Non-current	<u>\$ 44,408</u>	<u>\$ 58,188</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Buildings	1.56%-4.75%	1.56%-4.75%
Transportation equipment	1.65%-4.07%	1.65%-4.07%
Office equipment	4.07%	4.07%

c. Material lease-in activities and terms

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

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

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

d. Other information

	2020	2019
Expenses relating to short-term leases	<u>\$ 23,090</u>	<u>\$ 15,046</u>
Expenses relating to low-value asset leases	<u>\$ 273</u>	<u>\$ 240</u>
Total cash outflow for leases	<u>\$ (47,738)</u>	<u>\$ (36,596)</u>

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

17. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2020	\$ 78,432
Effects of foreign currency exchange differences	<u>895</u>
Balance at December 31, 2020	<u>79,327</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	18,670
Depreciation expenses	3,276
Effects of foreign currency exchange differences	<u>320</u>
Balance at December 31, 2020	<u>22,266</u>
Carrying amount at December 31, 2020	<u>\$ 57,061</u>
<u>Cost</u>	
Balance at January 1, 2019	\$ 26,935
Reclassification	53,573
Effects of foreign currency exchange differences	<u>(2,076)</u>
Balance at December 31, 2019	<u>78,432</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2019	14,441
Reclassification	1,801
Depreciation expenses	3,048
Effects of foreign currency exchange differences	<u>(620)</u>
Balance at December 31, 2019	<u>18,670</u>
Carrying amount at December 31, 2019	<u>\$ 59,762</u>

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.

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

	December 31	
	2020	2019
Year 1	\$ 14,063	\$ 16,457
Year 2	4,180	11,943
Year 3	654	4,365
Year 4	654	683
Year 5	654	683
Year 5 onwards	<u>2,233</u>	<u>3,015</u>
	<u>\$ 22,438</u>	<u>\$ 37,146</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 as investment property. As of December 31, 2020 and 2019, the fair value of investment property located in Zhongshan District, Taipei City was \$23,294 thousand and \$32,507 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. 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.

18. GOODWILL

	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 191,049	\$ 196,045
Acquisitions through business combinations - Fitness Equipment Services, LLC. (Note 32)	313,992	-
Effect of foreign currency exchange differences	<u>(17,992)</u>	<u>(4,996)</u>
Balance at December 31	<u>\$ 487,049</u>	<u>\$ 191,049</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 8,566	\$ -
Impairment losses recognized	-	8,826
Effect of foreign currency exchange differences	<u>365</u>	<u>(260)</u>
Balance at December 31	<u>\$ 8,931</u>	<u>\$ 8,566</u>
Carrying amounts at December 31	<u>\$ 478,118</u>	<u>\$ 182,483</u>

For related information on business combinations, please refer to Note 32.

Assessment of Goodwill Impairment

The goodwill acquired through business combinations by the Group included Yongan Sports Technology Co., Ltd. (the company had completed cancellation after a short-form merger with the Corporation on January 1, 2018), Dongguan Dayu Sports Equipment Co., Ltd. (the company had completed liquidation and cancellation in November 2019), Shelton Corporation (Jiaxing), Ltd., CARDIO fitness GmbH & Co. KG, Dyaco Canada Inc, and Fitness Equipment Services, LLC.

When assessing the impairment, the Group distinguishes the minimum identifiable asset from cash inflow. The Corporation and other investments in subsidiaries except for CARDIO fitness GmbH & CO.KG are recognized as a cash generating unit (Group A) and CARDIO fitness GmbH & CO.KG is recognized independently as a cash generating unit (Group B).

On December 31, 2020 and 2019, the management assessed the recoverable amount by value in use of asset's cash-generating unit, and considered financial budget in the future as reference of cash flows. The key assumptions which affected an assessment of the Group's recoverable amount and the methods to determine assumed key values are described as follows:

a. Increased rate of main business revenue:

Based on the actual sales situation in the past year, the operating income growth rate of each sales region is considered, and the Corporation's future operating strategy and future market development status are used as the basis for estimating future operating income.

b. Expected gross profit margin:

It is calculated by taking into consideration the average rate of gross profit from sales actually achieved in the past year, and the Corporation's future operating strategy and future market development status as the basis for estimating the expected rate of gross profit from sales.

c. Discount rates

Based on the discounted weighted average capital cost rate (WACC), the discount rate used in the calculation is as follows:

	December 31	
	2020	2019
Group A	11.3%	7.3%
Group B	13.2%	8.5%

The Corporation evaluated Group A and B in 2020, its recoverable amount was still higher than the related carrying amount, and thus, no impairment loss was recognized.

The Corporation evaluated Group A in 2019, its recoverable amount was still higher than the related carrying amount, and thus, no impairment loss was recognized. For Group B, the recoverable amount was lower than the related carrying amount, and recognized a goodwill impairment loss of \$8,826 thousand.

19. 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 32)	-	-	27,112	-	-	686,846	1,084	715,042
Additions	6,773	-	-	-	10,018	-	-	16,791
Disposals	(995)	-	-	(67,874)	(84,606)	-	-	(153,475)
Effects of foreign currency exchange differences	388	527	(3,535)	(365)	(3,391)	(37,502)	(59)	(43,937)
Balance at December 31, 2020	<u>87,427</u>	<u>84,192</u>	<u>97,402</u>	<u>7,685</u>	<u>214,021</u>	<u>649,344</u>	<u>1,025</u>	<u>1,141,096</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2020	54,903	52,798	73,825	75,924	115,387	-	-	372,837
Amortization expenses	11,251	7,719	1,553	-	70,685	32,941	249	124,398
Disposals	(995)	-	-	(67,874)	(42,303)	-	-	(111,172)
Effect of foreign currency exchange differences	331	85	(2,111)	(365)	(2,258)	(1,192)	(9)	(5,519)
Balance at December 31, 2020	<u>65,490</u>	<u>60,602</u>	<u>73,267</u>	<u>7,685</u>	<u>141,511</u>	<u>31,749</u>	<u>240</u>	<u>380,544</u>
Carrying amounts at December 31, 2020	<u>\$ 21,937</u>	<u>\$ 23,590</u>	<u>\$ 24,135</u>	<u>\$ -</u>	<u>\$ 72,510</u>	<u>\$ 617,595</u>	<u>\$ 785</u>	<u>\$ 760,552</u>
<u>Cost</u>								
Balance at January 1, 2019	\$ 65,917	\$ 85,644	\$ 72,509	\$ 78,571	\$ 251,005	\$ -	\$ -	\$ 553,646
Additions	16,988	-	-	-	44,439	-	-	61,427
Disposals	(1,420)	-	-	-	-	-	-	(1,420)
Effects of foreign currency exchange differences	(224)	(1,979)	1,316	(2,647)	(3,444)	-	-	(6,978)
Balance at December 31, 2019	<u>81,261</u>	<u>83,665</u>	<u>73,825</u>	<u>75,924</u>	<u>292,000</u>	<u>-</u>	<u>-</u>	<u>606,675</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2019	46,536	45,659	67,152	78,571	47,269	-	-	285,187
Amortization expenses	9,538	7,942	5,528	-	69,584	-	-	92,592
Disposals	(1,127)	-	-	-	-	-	-	(1,127)
Effect of foreign currency exchange differences	(44)	(803)	1,145	(2,647)	(1,466)	-	-	(3,815)
Balance at December 31, 2019	<u>54,903</u>	<u>52,798</u>	<u>73,825</u>	<u>75,924</u>	<u>115,387</u>	<u>-</u>	<u>-</u>	<u>372,837</u>
Carrying amounts at December 31, 2019	<u>\$ 26,358</u>	<u>\$ 30,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,838</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. During 2020, the Group terminated a royalty agreement before expiration with sports brands to manufacture and sell products, and derecognized the royalty in intangible assets of net NT\$42,303 thousand and long-term payable as well as current portion of long-term payable of NT\$61,263 thousand, respectively. And gain on disposal of intangible assets amounted to NT\$18,960 thousand was recognized.
- b. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	\$ 421,659	\$ 568,100
Secured borrowings	<u>1,152,122</u>	<u>945,200</u>
	<u>\$ 1,573,781</u>	<u>\$ 1,513,300</u>
Range of interest rates		
Unsecured borrowings	0.68%-4.78%	1.34%-1.50%
Secured borrowings	1.15%-4.45%	1.18%-4.87%

b. Long-term borrowings

	December 31	
	2020	2019
<u>Secured borrowings</u>		
Mega Bank	\$ 382,900	\$ 277,700
Taishin Bank	187,500	202,500
Taiwan Cooperative Bank	179,267	180,000
Bank SinoPac	134,068	155,753
Bank of Montreal	39,772	42,795
Chang Hua Bank	27,043	37,937
Kölnner Bank	<u>-</u>	<u>1,033</u>
	950,550	897,718
Less: Current portions	<u>159,929</u>	<u>112,124</u>
Long-term borrowings	<u>\$ 790,621</u>	<u>\$ 785,594</u>

- 1) Secured borrowings from Mega Bank: In 2007, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2007 to December 2022. As of December 31, 2020 and 2019, the borrowings were \$20,400 thousand and \$30,600 thousand, respectively, at the annual borrowing interest rate was 1.38% and 1.65%, respectively. In September 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2024. As of December 31, 2020 and 2019, the borrowings were \$195,500 thousand and \$247,100 thousand, respectively, at the annual borrowing interest rate was 1.40% and 1.65%, respectively. In February 2020, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to February 2025. As of December 31, 2020 the amount of borrowings was \$167,000 thousand, at the annual borrowing interest rate was 1.45%.
- 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 December 31, 2020 and 2019, the borrowings were \$156,000 thousand and \$162,000 thousand, respectively, at annual interest rate of 1.23% and 1.45%, respectively. In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2024. As of December 31, 2020 and 2019, the borrowings were \$31,500 thousand and \$40,500 thousand, respectively, at annual interest rate of 1.23% and 1.45%, respectively.

- 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 December 31, 2020 and 2019, the annual interest rate was 1.40% and 1.48%, respectively.
- 4) Secured borrowings from Bank SinoPac: In 2009, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from September 2009 to September 2024. As of December 31, 2020 and 2019, the borrowings were \$33,846 thousand and \$43,077 thousand, respectively, at annual interest rate of 1.44% and 1.71%, respectively. In 2015, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2017 to November 2022. As of December 31, 2020 and 2019, the borrowings were \$90,913 thousand and \$100,081 thousand, respectively, at annual interest rate of 1.26% and 1.51%, respectively. In 2016, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from October 2016 to October 2023. As of December 31, 2020 and 2019, the borrowings were \$9,309 thousand and \$12,595 thousand, respectively, at annual interest rate of 1.33% and 1.60%, respectively.
- 5) Secured borrowings from Bank of Montreal: In 2016, Dyaco Canada Inc. signed a contract for borrowings, under which the principal and interest are repayable monthly from May 2016 to April 2023. As of December 31, 2020 and 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 December 31, 2020 and 2019, the annual borrowing interest rates were 1.50% and 2.06%, respectively.
- 7) Secured borrowings from Kölner Bank: Cardio Fitness 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 December 31, 2019, the annual borrowing interest rate was 2.50%.

21. BONDS PAYABLE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Secured domestic convertible bonds	\$ 462,372	\$ 592,874
Less: Current portion	<u>-</u>	<u>(592,874)</u>
	<u>\$ 462,372</u>	<u>\$ -</u>

- a. 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 on 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 ordinary 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.

During 2019, the amount of convertible bonds of NT\$1,500 thousand was reclassified to 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.

During 2020, the amount of convertible bonds of NT\$598,400 thousand was reclassified to share capital at NT\$157,487 thousand. Capital surplus - options and bonds payable discounts on the conversion date decreased in the amounts of NT\$15,762 thousand and NT\$646 thousand, respectively. The capital surplus - options of NT\$456,029 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%	17,526
Convertible bonds converted into ordinary shares	<u>(1,481)</u>
Liability component at December 31, 2019	592,874
Interest charged at an effective interest rate of 1.31%	4,980
Convertible bonds converted into ordinary shares	(597,754)
Repayment at September 20, 2020	<u>(100)</u>
Liability component at December 31, 2020	<u>\$ -</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 \$3,406 thousand for the year ended December 31, 2019.

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

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

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

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

During 2020, the amount of convertible bonds of NT\$126,100 thousand was reclassified to advance share capital at NT\$14,027 thousand. Capital surplus - options and bonds payable discounts on the conversion date decreased in the amounts of NT\$2,662 thousand and NT\$3,067 thousand, respectively. The capital surplus - options of NT\$111,668 thousand was recognized on the conversion date.

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

Financial assets at fair value through profit or loss - options are measured at FVTPL. Gain on changes in fair value of financial assets at fair value through profit or loss - options was \$1,106 thousand for the year ended December 31, 2020.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

a. Notes payable

The Group issues notes payable for payment and business expenditure.

b. Accounts payable

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

23. OTHER PAYABLE AND LONG-TERM PAYABLE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Payables for freight	\$ 324,203	\$ 15,775
Payables for advertisements	138,272	-
Payables for investments (Notes 32 and 33)	113,874	-
Payables for salaries and bonuses	107,474	69,177
Payables for royalties (Note 19)	77,592	78,717
Payables for value added taxes	46,161	15,816
Payables for employee benefits	44,563	43,560
Payables for labor costs	32,207	13,844
Payables for employees' compensation	16,236	2,451
Payables for insurance	12,044	9,087
Payables for annual leave	11,177	13,008
Payables for commissions	7,038	4,994
Payables for remuneration of directors	5,055	1,225
Payables for purchases of equipment	4,788	4,641
Others	<u>135,039</u>	<u>51,937</u>
	<u>\$ 1,075,723</u>	<u>\$ 324,232</u>

(Continued)

	December 31	
	2020	2019
<u>Non-current</u>		
Payables for royalties (Note 19)	\$ 25,878	\$ 136,310 (Concluded)

24. PROVISIONS

	December 31	
	2020	2019
Warranties	\$ 18,359	\$ 15,835
		Warranties
Balance at January 1, 2019		\$ 13,806
Amount used		(65,197)
Additional provisions recognized		67,313
Effect of foreign currency exchange differences		(87)
Balance at December 31, 2019		<u>\$ 15,835</u>
Balance at January 1, 2020		\$ 15,835
Amount used		(65,572)
Additional provisions recognized		68,569
Effect of foreign currency exchange differences		(473)
Balance at December 31, 2020		<u>\$ 18,359</u>

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd. and President Plastic Products Mfg. Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd. and President Plastic Products Mfg. 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 defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. However, the pension funded by the Corporation in accordance with the Labor Standards Law was sufficient. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 30,794	\$ 29,207
Fair value of plan assets	<u>(10,395)</u>	<u>(9,644)</u>
Deficit	<u>20,399</u>	<u>19,563</u>
Net defined benefit liabilities	<u>\$ 20,399</u>	<u>\$ 19,563</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	<u>\$ 29,124</u>	<u>\$ (8,879)</u>	<u>\$ 20,245</u>
Recognized in profit or loss			
Net interest expenses (income)	<u>290</u>	<u>(88)</u>	<u>202</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(309)	(309)
Actuarial loss - changes in financial assumptions	767	-	767
Actuarial gain - changes in demographic assumptions	(9)	-	(9)
Actuarial gain - experience adjustments	<u>(965)</u>	<u>-</u>	<u>(965)</u>
Recognized in other comprehensive income	<u>(207)</u>	<u>(309)</u>	<u>(516)</u>
Contributions from employer	<u>-</u>	<u>(368)</u>	<u>(368)</u>
Balance at December 31, 2019	<u>\$ 29,207</u>	<u>\$ (9,644)</u>	<u>\$ 19,563</u> (Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	<u>\$ 29,207</u>	<u>\$ (9,644)</u>	<u>\$ 19,563</u>
Recognized in profit or loss			
Net interest expenses (income)	<u>217</u>	<u>(71)</u>	<u>146</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(312)	(312)
Actuarial loss - changes in financial assumptions	1,357	-	1,357
Actuarial loss - changes in demographic assumptions	30	-	30
Actuarial gain - experience adjustments	<u>(17)</u>	<u>-</u>	<u>(17)</u>
Recognized in other comprehensive income	<u>1,370</u>	<u>(312)</u>	<u>1,058</u>
Contributions from employer	<u>-</u>	<u>(368)</u>	<u>(368)</u>
Balance at December 31, 2020	<u>\$ 30,794</u>	<u>\$ (10,395)</u>	<u>\$ 20,399</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ 42	\$ 59
Selling and marketing expenses	12	16
General and administrative expenses	50	68
Research and development expenses	<u>42</u>	<u>59</u>
	<u>\$ 146</u>	<u>\$ 202</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2020	2019
Discount rate(s)	0.30%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	<u>\$ (767)</u>	<u>\$ (767)</u>
0.25% decrease	<u>\$ 796</u>	<u>\$ 798</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 781</u>	<u>\$ 786</u>
0.25% decrease	<u>\$ (756)</u>	<u>\$ (759)</u>

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
Expected contributions to the plans for the next year	<u>\$ 505</u>	<u>\$ 367</u>
Average duration of the defined benefit obligation	10 years	10 years

26. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>200,000</u>	<u>150,000</u>
Share capital authorized	<u>\$ 2,000,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>131,149</u>	<u>96,100</u>
Ordinary shares issued	<u>\$ 1,311,496</u>	<u>\$ 961,009</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.

b. Capital surplus

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 1,269,348	\$ 704,409
Conversion of bonds	568,844	1,147
Treasury share transaction	37,685	-
<u>May only be used to offset a deficit</u>		
Conversion of employee share options	1,460	1,460
<u>May not be used for any purpose</u>		
Conversion of bonds	10,004	15,762
Employee share options	94,878	32,298
Employee share options in subsidiaries	<u>3,786</u>	<u>3,228</u>
	<u>\$ 1,986,005</u>	<u>\$ 758,304</u>

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

The balance adjustment in capital surplus for the year ended December 31 in 2020 and 2019 was as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Conversion of Employee Share Options	Conversion of Bond-options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2020	\$ 704,409	\$ 1,147	\$ -	\$ 1,460	\$ 15,762	\$ 32,298	\$ 3,228
Increase cash capital	548,745	-	-	-	-	-	-
Convertible bond premium	-	567,697	-	-	(18,424)	-	-
Exercise of employee share options	16,194	-	-	-	-	(4,119)	-
Compensation costs of employee share options (Note)	-	-	-	-	-	109,556	558
Treasury shares transferred to employees	-	-	37,685	-	-	(42,857)	-
Issuance of convertible bonds	-	-	-	-	12,666	-	-
Balance at December 31, 2020	<u>\$ 1,269,348</u>	<u>\$ 568,844</u>	<u>\$ 37,685</u>	<u>\$ 1,460</u>	<u>\$ 10,004</u>	<u>\$ 94,878</u>	<u>\$ 3,786</u>
Balance at January 1, 2019	\$ 704,409	\$ -	\$ -	\$ 1,460	\$ 15,802	\$ 15,098	\$ 1,628
Compensation costs of employee share options	-	-	-	-	-	17,200	1,600
Convertible bond premium	-	1,147	-	-	(40)	-	-
Balance at December 31, 2019	<u>\$ 704,409</u>	<u>\$ 1,147</u>	<u>\$ -</u>	<u>\$ 1,460</u>	<u>\$ 15,762</u>	<u>\$ 32,298</u>	<u>\$ 3,228</u>

Note: On December 25, 2020 and June 29, 2020, the Corporation's board of directors resolved to transfer treasury shares to employees. In accordance with the actuarial report, compensation costs recognized by the Corporation were \$61,680 thousand and \$42,857 thousand, respectively, and compensation cost of employees' shares recognized was \$5,577 thousand.

c. Retained earnings and dividend policy

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

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings from previous years shall be used by the Corporation's board of directors as the basis for proposing a distribution plan of new issued shares which should be resolved in the shareholders' meeting for the distribution. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the Articles before the amendments, 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 shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 28-d.

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

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

The appropriations of earnings for 2019 and 2018 that were approved in the shareholders' meetings on May 28, 2020 and 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 (Note)	124,321	31,133	\$ 1.15	\$ 0.35
Share dividends	-	31,133	-	0.35

Note: The appropriation of earnings for 2019 has been proposed by the Corporation's board of directors and reported to the shareholders' meeting under the dividends policy as set forth in the Articles.

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors on March 30, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 132,026	
Special reserve	69,816	
Cash dividends	953,027	\$7.50

The appropriations of earnings for 2020 are subject to the resolution of the shareholders' meeting to be held on May 28, 2021.

d. Other equity items

1) Exchange differences on translation of 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 Year Ended December 31	
	2020	2019
Balance at January 1	\$ 3,893	\$ (378)
Recognized for the year		
Unrealized gain (loss) on equity instruments	(1,053)	1,899
Cumulative unrealized gain (loss) on equity instruments transferred to retained earnings upon disposal	<u> -</u>	<u> 2,372</u>
Balance at December 31	<u>\$ 2,840</u>	<u>\$ 3,893</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 year	<u> -</u>
Number of shares at December 31, 2019	<u> 4,000</u>
Number of shares at January 1, 2020	4,000
Increase during the year	4,565
Decrease during the year	<u> (1,443)</u>
Number of shares at December 31, 2020	<u> 7,122</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 had 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. The Corporation has accumulatively redeemed 1,565 thousand shares, with total cost of \$50,623 thousand.

On December 25, 2020 and June 29, 2020, the Corporation's board of directors resolved to transfer 748 thousand and 1,443 thousand shares of treasury shares to employees, respectively.

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 Year Ended December 31	
	2020	2019
Balance at January 1	\$ 350,172	\$ 333,876
Profit for the period attributable to non-controlling interests	(3,053)	31,094
Exchange differences on translation of the financial statements of foreign operations	<u>9,567</u>	<u>(14,798)</u>
Balance at December 31	<u>\$ 356,686</u>	<u>\$ 350,172</u>

27. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Sporting goods	\$ 12,650,605	\$ 5,084,758
Furniture	444,705	742,242
Other revenue	<u>28,446</u>	<u>23,528</u>
	<u>\$ 13,123,756</u>	<u>\$ 5,850,528</u>

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 9)	<u>\$ 2,020</u>	<u>\$ 1,501</u>	<u>\$ 3,986</u>
Accounts receivable (Note 9)	<u>\$ 3,050,265</u>	<u>\$ 1,009,492</u>	<u>\$ 926,566</u>
Contract liabilities			
Sale of goods	<u>\$ 74,531</u>	<u>\$ 7,901</u>	<u>\$ 9,320</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 7,901</u>	<u>\$ 9,320</u>

b. Disaggregation of revenue

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

c. Partially completed contracts

	<u>For the Year Ended December 31</u>	
	2020	2019
Sale of goods		
From January 2019 to December 2019	\$ -	\$ 9,320
From January 2020 to December 2020	<u>74,531</u>	<u>-</u>
	<u>\$ 74,531</u>	<u>\$ 9,320</u>

28. NET PROFIT

a. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2020	2019
Property, plant and equipment	\$ 162,924	\$ 154,526
Intangible assets	124,398	92,592
Right-of-use assets	33,052	30,672
Investment properties	<u>3,276</u>	<u>3,048</u>
	<u>\$ 323,650</u>	<u>\$ 280,838</u>
An analysis of depreciation by function		
Operating costs	\$ 99,625	\$ 115,648
Operating expenses	96,351	69,550
Other operating income and expenses	<u>3,276</u>	<u>3,048</u>
	<u>\$ 199,252</u>	<u>\$ 188,246</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>124,398</u>	<u>92,592</u>
	<u>\$ 124,398</u>	<u>\$ 92,592</u>

b. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of intangible assets (Note 19)	\$ 18,960	\$ -
Impairment loss recognized on prepayments for goods	(5,567)	-
Loss on disposal of property, plant and equipment	(213)	(2,505)
Loss on lease modification	(16)	-
Impairment losses on goodwill	<u>-</u>	<u>(8,826)</u>
	<u>\$ 13,164</u>	<u>\$ (11,331)</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits (Note 25)		
Defined contribution plan	\$ 35,718	\$ 29,141
Defined benefit plans	<u>146</u>	<u>202</u>
	<u>35,864</u>	<u>29,343</u>
Employees' compensation	1,048,454	879,681
Labor and national health insurance expenses	62,182	58,438
Other employee benefits	<u>33,238</u>	<u>25,435</u>
	<u>1,143,874</u>	<u>963,554</u>
Total employee benefits expense	<u>\$ 1,179,738</u>	<u>\$ 992,897</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 433,940	\$ 365,359
Operating expenses	<u>745,798</u>	<u>627,538</u>
	<u>\$ 1,179,738</u>	<u>\$ 992,897</u>

d. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019 which had been approved by the Corporation's board of directors on March 30, 2021 and March 27, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	1.00%	1.00%
Remuneration of directors	0.31%	0.50%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	\$ 16,236	\$ 2,451
Remuneration of directors	5,055	1,225

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.

There was 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 Year Ended December 31	
	2020	2019
Foreign exchange gains	\$ 114,163	\$ 181,981
Foreign exchange losses	<u>(308,723)</u>	<u>(204,893)</u>
Net losses	<u>\$ (194,560)</u>	<u>\$ (22,912)</u>

f. Interest expenses

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 47,382	\$ 50,105
Interest on convertible bonds	6,916	7,746
Interest on lease liabilities	<u>1,818</u>	<u>1,573</u>
	<u>\$ 56,116</u>	<u>\$ 59,424</u>

29. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 468,486	\$ 87,869
Income tax on unappropriated earnings	85	-
Adjustments for prior periods	<u>(5,185)</u>	<u>2,245</u>
	463,386	90,114
Deferred tax	<u>(126,538)</u>	<u>(31,565)</u>
Income tax expense recognized in profit or loss	<u>\$ 336,848</u>	<u>\$ 58,549</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 1,654,904</u>	<u>\$ 278,644</u>
Income tax expense calculated at the statutory rate	\$ 330,981	\$ 55,729
Nondeductible expenses in determining taxable income (non-taxable income)	1,776	(6,426)
Investment credit	(14,322)	-
Income tax on unappropriated earnings	85	-
Unrealized loss carryforwards	285	490
Unrealized deductible temporary differences	(1,590)	(4,231)
Effect of different tax rate of entities in the Group operating in other jurisdictions	25,632	10,597
Adjustments for prior years' tax	(5,185)	2,245
Adjustments for deferred tax between the Group's transactions	<u>(814)</u>	<u>145</u>
Income tax expense recognized in profit or loss	<u>\$ 336,848</u>	<u>\$ 58,549</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plan	<u>\$ 212</u>	<u>\$ (103)</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	\$ <u>17,980</u>	\$ <u>1,282</u>
Current tax liabilities		
Income tax payable	\$ <u>401,093</u>	\$ <u>56,348</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Acquisitions Through Business Combinations (Note 32)	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Deferred revenue	\$ 18,171	\$ -	\$ 113,820	\$ -	\$ 131,991
Investment loss recognized under the equity method	86,211	-	7,186	-	93,397
Write-down of inventories	30,602	-	2,837	-	33,439
Employee benefits	7,426	-	3,715	-	11,141
Allowance for impairment loss	18,882	-	2,064	-	20,946
Provisions	4,101	-	673	-	4,774
Defined benefit obligations	3,944	-	(34)	212	4,122
Payables for annual leave	2,609	-	3	-	2,612
Unrealized foreign exchange loss, net	7,328	-	16,253	-	23,581
Unrealized financial assets valuation loss	-	-	116	-	116
Property, plant and equipment	<u>834</u>	<u>-</u>	<u>1,211</u>	<u>-</u>	<u>2,045</u>
	180,108	-	147,844	212	328,164
Tax losses	<u>1,068</u>	<u>-</u>	<u>1,006</u>	<u>-</u>	<u>2,074</u>
	<u>\$ 181,176</u>	<u>\$ -</u>	<u>\$ 148,850</u>	<u>\$ 212</u>	<u>\$ 330,238</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Property, plant and equipment	\$ 142,184	\$ -	\$ (2,180)	\$ -	\$ 140,004
Investment gain recognized under the equity method	73,037	-	36,152	-	109,189
Intangible assets	7,934	185,540	(19,512)	-	173,962
Timing difference in sales	3,016	-	(64)	-	2,952
Unrealized foreign exchange gain, net	176	-	523	-	699
Unrealized financial instrument gain, net	<u>140</u>	<u>-</u>	<u>(140)</u>	<u>-</u>	<u>-</u>
	<u>\$ 226,487</u>	<u>\$ 185,540</u>	<u>\$ 14,779</u>	<u>\$ -</u>	<u>\$ 426,806</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Deferred revenue	\$ 25,613	\$ (7,442)	\$ -	\$ 18,171
Investment loss recognized under the equity method	51,751	34,460	-	86,211
Write-down of inventories	29,398	1,204	-	30,602
Employee benefits	7,713	(287)	-	7,426
Allowance for impairment loss	18,110	772	-	18,882
Provisions	3,542	559	-	4,101
Defined benefit obligations	4,086	(39)	(103)	3,944
Payables for annual leave	2,903	(294)	-	2,609
Unrealized foreign exchange loss, net	1,410	5,918	-	7,328
Property, plant and equipment	-	834	-	834
	<u>144,526</u>	<u>35,685</u>	<u>(103)</u>	<u>180,108</u>
Tax losses	<u>126</u>	<u>942</u>	<u>-</u>	<u>1,068</u>
	<u>\$ 144,652</u>	<u>\$ 36,627</u>	<u>\$ (103)</u>	<u>\$ 181,176</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Property, plant and equipment	\$ 152,524	\$ (10,340)	\$ -	\$ 142,184
Investment gain recognized under the equity method	50,568	22,469	-	73,037
Intangible assets	12,050	(4,116)	-	7,934
Timing difference in sales	4,831	(1,815)	-	3,016
Unrealized foreign exchange gain, net	1,873	(1,697)	-	176
Unrealized financial instrument gain, net	4,296	(4,156)	-	140
	<u>\$ 226,142</u>	<u>\$ 345</u>	<u>\$ -</u>	<u>\$ 226,487</u>

e. Income tax assessments

The income tax returns of the Corporation, Daan Health Management Consulting Co., Ltd. and President Plastic Products MFG Co., Ltd. through 2018 have been assessed by the tax authorities.

The income tax returns of Wing Long Co., Ltd. through 2019 have been assessed by the tax authorities.

30. 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:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Profit for the year attributable to owners of the Corporation	\$ <u>1,321,109</u>	\$ <u>189,001</u>
Earnings used in the computation of basic earnings per share	\$ 1,321,109	\$ 189,001
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax) and gain on financial assets at FVTPL	<u>4,647</u>	<u>6,197</u>
Earnings used in the computation of diluted earnings per share	\$ <u>1,325,756</u>	\$ <u>195,198</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	113,033	92,069
Effect of potentially dilutive ordinary shares		
Compensation of employees	155	65
Convertible bonds	1,874	14,963
Employee share options*	<u>1,485</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>116,547</u>	<u>107,097</u>

* The employee share options for the year ended December 31, 2019 were not used in the computation of diluted earnings per share due to anti-dilutive effect.

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. 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.

31. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share options

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

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

3) The options are fully exercisable after the fourth anniversary from the grant date.

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

Information on employee share options is as follows:

	For the Year Ended December 31			
	2020		2019	
Employee Share Options	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	4,000	\$ 40.45	4,000	\$ 42.95
Options exercised	<u>(400)</u>	40.45	<u>-</u>	-
Balance at December 31	<u>3,600</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>	

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

	December 31	
	2020	2019
Range of exercise price (\$)	\$ 40.1	\$ 41.6
Weighted-average remaining contractual life (in years)	3 years	4 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.

The abovementioned employee share option certificate was exercised by the holder, and recognized the capital reserve - ordinary shares premium of \$12,075 thousand.

Compensation cost recognized by the Group was \$5,577 thousand for the year ended December 31, 2020.

Compensation cost recognized by the Group was \$18,800 thousand for the year ended December 31, 2019.

b. Treasury shares transferred to employees

1) The first treasury shares transferred to employees in 2020

Qualified employees of the Group were granted 1,443 thousand treasury share options on July 3, 2020. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

Employee Share Options	For the Year Ended December 31, 2020	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	-	\$ -
Options granted	1,443	34.80
Options exercised	<u>(1,443)</u>	34.80
Balance at December 31	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	
Weighted-average fair value of options granted (\$)	<u>\$ 29.70</u>	

The base date of employee share options was July 3, 2020. Employees exercised the treasury share options from July 3 to July 17, 2020, and the weighted average share price of the treasury share options exercised is \$34.80 on the day of exercise.

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

	July 2020
Grant-date share price	\$64.50
Exercise price	\$34.80
Expected volatility	41.81%
Expected life (in days)	15 days
Risk-free interest rate	0.29%

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

Compensation cost recognized by the Group was \$42,857 thousand for the year ended December 31, 2020.

2) The second treasury shares transferred to employees in 2020

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

Information on treasury share options is as follows:

Employee Share Options	For the Year Ended December 31, 2020	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	-	\$ -
Options granted	<u>748</u>	30.54
Balance at December 31	<u>748</u>	
Options exercisable, end of period	<u>748</u>	
Weighted-average fair value of options granted (\$)	<u>\$ 82.46</u>	

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

	December 2020
Grant-date share price	\$113.00
Exercise price	\$30.54
Expected volatility	61.05%
Expected life (in days)	24 days
Risk-free interest rate	0.18%

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

Compensation cost recognized by the Group was \$61,680 thousand for the year ended December 31, 2020.

32. 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. was 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	\$ 3,492
Accounts receivable	542,218
Inventories	286,131
Other current assets	4,193
Non-current assets	
Property, plant and equipment (Note 15)	24,231
Intangible assets (Note 19)	715,042
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 (Note 29)	<u>(185,540)</u>
	<u>\$ 634,259</u>

c. Goodwill recognized on acquisitions

	Fitness Equipment Services, LLC.
Consideration transferred	\$ 948,251
Less: Fair value of identifiable net assets acquired	<u>(634,259)</u>
Goodwill recognized on acquisitions	<u>\$ 313,992</u>

The goodwill recognized in the acquisition of Fitness Equipment services, LLC. mainly included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

d. Net cash outflow on the acquisition of subsidiaries

	Fitness Equipment Services, LLC.
Consideration paid in cash	\$ 948,251
Less: Payables for investments (Notes 13 and 23)	(85,440)
Less: Cash balances acquired	<u>(3,492)</u>
Net cash outflow on the acquisition of subsidiaries	<u>\$ 859,319</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, were as follows:

	Fitness Equipment Services, LLC.
Revenue	<u>\$ 6,992,362</u>
Profit	<u>\$ 78,946</u>

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been \$7,628,031 thousand, and the profit would have been \$86,123 thousand for the year ended December 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.

33. ACQUISITION OF A SUBSIDIARY THAT DOES NOT CONSTITUTE A BUSINESS

Due to the demand of production capacity for business expansion. On December 8, 2020, the Group acquired 100% of the equity shares of President Plastic Products MFG. Co., Ltd. at a consideration of \$258,640 thousand. In accordance with IFRS 3, the Group evaluated and concluded that the acquired shares of President Plastic Products MFG. Co., Ltd. did not constitute a business; therefore, the share purchase transaction is accounted for as acquisition of a group of assets.

The information relating to the assets acquired and liabilities assumed and the relevant net cash outflow at the date of acquisition:

a. Assets acquired and liabilities assumed

Current assets	
Cash	\$ 192
Other receivables	4,690
Non-current assets	
Property, plant and equipment (Note 15)	284,704
Current liabilities	
Short-term borrowings	(28,177)
Other payables	(16)
Other current liabilities	(3)
Non-current liabilities	
Other non-current liabilities	<u>(2,750)</u>
	<u>\$ 258,640</u>

b. Net cash outflow on the acquisition of subsidiaries

Consideration paid in cash	\$ 258,640
Less: Payable for investments (Notes 13 and 23)	(28,434)
Less: Cash balances acquired	<u>(192)</u>
Net cash outflow on the acquisition of subsidiaries	<u>\$ 230,014</u>

34. PARTIAL CASH TRANSACTIONS

For the years ended December 31, 2020 and 2019, the Group entered into the following partial cash transactions:

a. From cash investing activities

	For the Year Ended December 31	
	2020	2019
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 85,924	\$ 69,823
Changes in prepayments for purchases of equipment	11,015	(4,643)
Changes in payables for purchase of equipment	<u>(147)</u>	<u>(4,319)</u>
Cash paid	<u>\$ 96,792</u>	<u>\$ 60,861</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 16,791	\$ 61,427
Changes in payables for royalties	50,294	18,373
Changes in prepayments for purchases of equipment	<u>56</u>	<u>(24,405)</u>
Cash paid	<u>\$ 67,141</u>	<u>\$ 55,395</u>

b. Changes in liabilities arising from financing activities

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2020	\$ 1,513,300	\$ 592,874	\$ 897,718	\$ 2,671	\$ 82,361
Cash flows	(453,384)	594,548	54,044	157	(24,375)
Non-cash changes					
New leases	-	-	-	-	8,521
Acquisitions through business combinations (Notes 32 and 33)	508,419	-	-	-	-
Decrease during the period	-	-	-	-	(4,398)
Assets component	-	1,487	-	-	-
Equity component	-	(733,453)	-	-	-
Other gain and loss	-	-	-	-	16
Interests	-	6,916	-	-	1,818
Exchange rate impact	<u>5,446</u>	<u>-</u>	<u>(1,212)</u>	<u>(91)</u>	<u>328</u>
Balance at December 31, 2020	<u>\$ 1,573,781</u>	<u>\$ 462,372</u>	<u>\$ 950,550</u>	<u>\$ 2,737</u>	<u>\$ 64,271</u>
	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2019	\$ 1,655,030	\$ 586,609	\$ 715,703	\$ 3,016	\$ 68,970
Cash flows	(133,393)	-	181,275	(376)	(21,310)
Non-cash changes					
New leases	-	-	-	-	36,410
Equity component	-	(1,481)	-	-	-
Interests	-	7,746	-	-	1,573
Exchange rate impact	<u>(8,337)</u>	<u>-</u>	<u>740</u>	<u>31</u>	<u>(3,282)</u>
Balance at December 31, 2019	<u>\$ 1,513,300</u>	<u>\$ 592,874</u>	<u>\$ 897,718</u>	<u>\$ 2,671</u>	<u>\$ 82,361</u>

35. 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.

36. 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.

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 462,372</u>	<u>\$ -</u>	<u>\$ 466,792</u>	<u>\$ -</u>	<u>\$ 466,792</u>

December 31, 2019

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

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

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	<u>\$ -</u>	<u>\$ 2,593</u>	<u>\$ -</u>	<u>\$ 2,593</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,165</u>	<u>\$ 51,165</u>
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	<u>\$ -</u>	<u>\$ 1,685</u>	<u>\$ -</u>	<u>\$ 1,685</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>

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

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

For the year ended December 31, 2020

	Financial Assets at FVTOCI
<u>Financial assets</u>	
Balance at January 1, 2020	\$ 42,984
Purchases	9,075
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(1,053)
Settlements	
Effects of foreign currency exchange differences	<u>159</u>
Balance at December 31, 2020	<u>\$ 51,165</u>

For the year ended December 31, 2019

	Financial Assets at FVTOCI
<u>Financial assets</u>	
Balance at January 1, 2019	\$ 28,697
Purchases	35,085
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	1,899
Settlements	(22,265)
Effects of foreign currency exchange differences	<u>(432)</u>
Balance at December 31, 2019	<u>\$ 42,984</u>

3) Valuation techniques and assumptions applied for fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
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 by using ending observable share prices, risk-free interest rate and risk discount rates.

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

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 2,593	\$ -
Financial assets at amortized cost (Note 1)	4,896,816	2,206,429
Financial assets at FVTOCI - equity instruments	51,165	42,984
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,685	3,043
Amortized cost (Note 2)	7,068,377	4,401,999

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

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

d. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable, accounts payable, and borrowings. The Group's corporate treasury function coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, and interest rate risk), credit risk and liquidity risk.

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

1) Market risk

a) Foreign currency risk

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

Sensitivity analysis

The Group is mainly exposed to the U.S. dollars, Renminbi, Euro 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 Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Profit or loss	\$(240,149)	\$ 77,066	\$ 55,935	\$ 7,047

	EUR Impact		GBP Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Profit or loss	\$ (5,082)	(\$ 4,969)	\$ (9,995)	(\$ 7,017)

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:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 208,922	\$ 328,353
Financial liabilities	2,045,113	2,027,393
Cash flow interest rate risk		
Financial assets	1,065,612	716,565
Financial liabilities	1,109,337	1,273,890

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 years ended December 31, 2020 and 2019 would have decreased/increased by \$109 thousand and \$1,393 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 consolidated 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 75.29% and 48.06% of total accounts receivable as of December 31, 2020 and 2019, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities of \$2,393,779 thousand and \$1,213,525 thousand, respectively.

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

December 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		\$ 1,177,308	\$ 2,440,870	\$ 360,020	\$ -	\$ -
Variable interest rate liabilities	1.15%-4.78%	91,731	126,381	139,767	472,916	308,735
Fixed interest rate liabilities	0.68%-4.07%	100,195	420,493	936,263	532,508	-
Lease liabilities	1.56%-4.75%	2,159	3,927	16,127	44,075	2,710
		<u>\$ 1,371,393</u>	<u>\$ 2,991,671</u>	<u>\$ 1,452,177</u>	<u>\$ 1,049,499</u>	<u>\$ 311,445</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		\$ 227,037	\$ 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%-4.75%	2,320	4,566	19,814	48,946	11,513
		<u>\$ 1,018,764</u>	<u>\$ 1,119,842</u>	<u>\$ 1,361,830</u>	<u>\$ 675,866</u>	<u>\$ 344,874</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.

December 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	\$ -	\$ -	\$ (1,079)	\$ -	\$ -

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	356	136	-	-	-
	<u>\$ 356</u>	<u>\$ 136</u>	<u>\$ 3,686</u>	<u>\$ -</u>	<u>\$ -</u>

4) Financing facilities

	<u>December 31</u>	
	2020	2019
Unsecured bank overdraft facilities, reviewed annually and payable on demand		
Amount used	\$ 421,659	\$ 568,100
Amount unused	<u>1,352,000</u>	<u>1,123,525</u>
	<u>\$ 1,773,659</u>	<u>\$ 1,691,625</u>
Secured bank overdraft facilities		
Amount used	\$ 2,102,672	\$ 1,842,918
Amount unused	<u>1,041,779</u>	<u>90,000</u>
	<u>\$ 3,144,451</u>	<u>\$ 1,932,918</u>

37. RELATED PARTY TRANSACTIONS

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

The details of the compensation of key management personnel for the years ended December 31, 2020 and 2019 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 113,749	\$ 67,168
Post-employment benefits	<u>989</u>	<u>991</u>
	<u>\$ 114,738</u>	<u>\$ 68,159</u>

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

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Property, plant and equipment	\$ 1,753,849	\$ 1,797,781
Right-of-use assets	287,713	291,149
Pledged deposits - current	208,931	328,357
Inventories	<u>70,425</u>	<u>56,217</u>
	<u>\$ 2,320,918</u>	<u>\$ 2,473,504</u>

39. OTHER ITEMS

As of the approval date of the consolidated financial statements, the Group has not been significantly impacted by the COVID-19 pandemic. The Group will continue to evaluate the impact of the pandemic on its operations.

40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 170,342	28.4800 (USD:NTD)	\$ 4,851,332
USD	4,587	6.5067 (USD:RMB)	130,623
USD	2,205	1.2743 (USD:CAD)	62,785
RMB	55,746	4.3770 (RMB:NTD)	244,002
RMB	40	0.1537 (RMB:USD)	175
EUR	2,828	35.0200 (EUR:NTD)	99,027
EUR	91	1.2296 (EUR:USD)	3,181
EUR	2	0.9003 (EUR:GBP)	55
GBP	5,138	38.9000 (GBP:NTD)	199,872
GBP	4	1.1108 (GBP:EUR)	166
Non-monetary items			
USD	33,986	28.4800 (USD:NTD)	967,933
USD	23,867	7.7539 (USD:HKD)	679,733
HKD	289,218	3.6730 (HKD:NTD)	1,062,298
RMB	195,228	1.1917 (RMB:HKD)	854,514
CAD	10,512	0.7848 (CAD:USD)	234,956
EUR	2,284	35.0200 (EUR:NTD)	79,979
<u>Financial liabilities</u>			
Monetary items			
USD	5,319	28.4800 (USD:NTD)	151,486
USD	225	1.2743 (USD:CAD)	6,412
USD	1,110	103.0764 (USD:JPY)	31,606
USD	2	0.7321 (USD:EUR)	53
USD	1,833	6.5067 (USD:RMB)	52,201
RMB	285,008	4.3770 (RMB:NTD)	1,247,482
RMB	26,365	0.1537 (RMB:USD)	115,400
EUR	18	1.2296 (EUR:USD)	630
GBP	4	1.1108 (GBP:EUR)	145
Non-monetary items			
GBP	2,127	38.9000 (GBP:NTD)	82,757
JPY	28,111	0.2763 (JPY:NTD)	7,767

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
<u>Financial liabilities</u>			
Monetary items			
USD	468	29.98 (USD:NTD)	14,023
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	105,154	4.305 (RMB:NTD)	452,487
EUR	28	1.1204 (EUR:USD)	941
Non-monetary items			
GBP	1,025	39.36 (GBP:NTD)	40,360

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were \$194,560 thousand and \$22,912 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions.

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: Table 2

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):
Table 3

- 4) Marketable securities acquired and 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 36
- b. Information on investees (excluding investees in mainland China): Table 7
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 9
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 9
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Intercompany relationships and significant intercompany transactions: Table 10
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 11

42. SEGMENT INFORMATION

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

a. Segment revenue and results

	Asia	Americas	Europe	Eliminations	Total
For the year ended <u>December 31, 2020</u>					
Revenue from external customers	\$ 1,798,058	\$ 10,686,573	\$ 639,125	\$ -	\$ 13,123,756
Intersegment revenue	<u>9,747,062</u>	<u>3,572,151</u>	<u>14,325</u>	<u>(13,333,538)</u>	<u>-</u>
Consolidated revenue	<u>\$ 11,545,120</u>	<u>\$ 14,258,724</u>	<u>\$ 653,450</u>	<u>\$(13,333,538)</u>	<u>\$ 13,123,756</u>
Segment income (loss)	<u>\$ 947,603</u>	<u>\$ 313,445</u>	<u>\$ (28,738)</u>	<u>\$ 422,594</u>	<u>\$ 1,654,904</u>
For the year ended <u>December 31, 2019</u>					
Revenue from external customers	\$ 1,988,785	\$ 3,480,200	\$ 381,543	\$ -	\$ 5,850,528
Intersegment revenue	<u>2,649,146</u>	<u>-</u>	<u>-</u>	<u>(2,649,146)</u>	<u>-</u>
Consolidated revenue	<u>\$ 4,637,931</u>	<u>\$ 3,480,200</u>	<u>\$ 381,543</u>	<u>\$ (2,649,146)</u>	<u>\$ 5,850,528</u>
Segment income (loss)	<u>\$ 389,023</u>	<u>\$ 89,675</u>	<u>\$ (164,917)</u>	<u>\$ (35,137)</u>	<u>\$ 278,644</u>

b. Segment assets and liabilities

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Segment assets</u>		
Asia	\$ 5,879,763	\$ 5,227,445
Americas	6,948,127	1,692,024
Europe	<u>424,098</u>	<u>375,832</u>
Total segment assets	<u>\$ 13,251,988</u>	<u>\$ 7,295,301</u>
<u>Segment liabilities</u>		
Asia	\$ 1,867,130	\$ 3,579,668
Americas	6,104,024	1,132,429
Europe	<u>410,972</u>	<u>338,887</u>
Total segment liabilities	<u>\$ 8,382,126</u>	<u>\$ 5,050,984</u>

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	For the Year Ended December 31	
	2020	2019
Treadmill	\$ 6,545,399	\$ 2,530,716
Elliptical trainer	3,260,187	1,091,179
Bike	1,656,183	780,277
Furniture	523,125	742,865
Others	<u>1,138,862</u>	<u>705,491</u>
	<u>\$ 13,123,756</u>	<u>\$ 5,850,528</u>

d. Geographical information

The Group operates in four principal geographical areas - Taiwan, mainland China, Europe and America.

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

	Revenue from External Customers	
	For the Year Ended December 31	
	2020	2019
America	\$ 10,923,394	\$ 4,055,986
Europe	1,197,822	860,519
Mainland China	378,021	343,057
Taiwan	376,136	176,289
Others	<u>248,383</u>	<u>414,677</u>
	<u>\$ 13,123,756</u>	<u>\$ 5,850,528</u>

	Non-current Assets	
	December 31	
	2020	2019
America	\$ 415,727	\$ 496,167
Mainland China	992,873	1,030,364
Taiwan	3,079,982	1,860,374
Europe	<u>120,890</u>	<u>132,763</u>
	<u>\$ 4,609,472</u>	<u>\$ 3,519,668</u>

Non-current assets exclude financial instruments and deferred tax assets.

e. Information about major customers

Single customers contributing 10% or more to the Group's revenue:

	For the Year Ended December 31	
	2020	2019
Customer A from America	\$ -	\$ 1,376,969
Customer B from America	<u>2,844,461</u>	<u>-</u>
	<u>\$ 2,844,461</u>	<u>\$ 1,376,969</u>

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 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 (Note 6)	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	\$ 19,705 (JPY 71,316 thousand)	\$ 18,320 (JPY 66,306 thousand)	\$ 18,320 (JPY 66,306 thousand)	-	Business transaction	\$ 26,175	-	\$ -	-	\$ -	\$ 26,175 (Note 2)	\$ 1,805,270 (Note 4)		
		Dyaco Europe GmbH	Other receivables from related parties	Yes	58,970 (EUR 1,684 thousand)	25,921 (EUR 740 thousand)	25,921 (EUR 740 thousand)	-	Business transaction	59,902	-	-	-	-	59,902 (Note 2)	1,805,270 (Note 4)		
		CARDIO Fitness GmbH & Co. KG	Other receivables from related parties	Yes	14,245 (EUR 407 thousand)	-	-	-	Business transaction	45,573	-	-	-	-	45,573 (Note 2)	1,805,270 (Note 4)		
		CARDIO Fitness GmbH & Co. KG	Other receivables from related parties	Yes	17,510 (EUR 500 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	-	1,805,270 (Note 1)	1,805,270 (Note 4)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	19,450 (GBP 500 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	-	1,805,270 (Note 1)	1,805,270 (Note 4)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	143,456 (GBP 3,688 thousand)	111,910 (GBP 2,877 thousand)	111,910 (GBP 2,877 thousand)	-	Business transaction	191,910	-	-	-	-	-	191,910 (Note 2)	1,805,270 (Note 4)	
1	Dyaco Europe GmbH	CARDIO Fitness GmbH & Co. KG	Other receivables from related parties	Yes	9,455 (EUR 270 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	85,893 (Note 3)	85,893 (Note 3)		
2	SOLE INC.	Fitness Equipment Services, LLC.	Other receivables from related parties	Yes	85,440 (US\$ 3,000 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	202,113 (Note 3)	202,113 (Note 3)		
3	Spirit Manufacturing Inc.	Fitness Equipment Services, LLC.	Other receivables from related parties	Yes	256,320 (US\$ 9,000 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	338,586 (Note 3)	338,586 (Note 3)		
		Spirit Direct, LLC.	Other receivables from related parties	Yes	2,848 (US\$ 100 thousand)	2,848 (US\$ 100 thousand)	2,848 (US\$ 100 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	338,586 (Note 3)	338,586 (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: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 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.	Fuel-Spirit International Inc.	Indirectly held subsidiary	\$ 2,256,588	\$ 25,632 (US\$ 900 thousand)	\$ 25,632 (US\$ 900 thousand)	\$ -	\$ -	0.57	\$ 2,256,588	Y	-	-	
		Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	451,318	56,960 (US\$ 2,000 thousand)	56,960 (US\$ 2,000 thousand)	28,480 (US\$ 1,000 thousand)	-	1.26	451,318	Y	-	Y	
		Dyaco UK Ltd.	Directly held subsidiary	2,256,588	1,167 (GBP 30 thousand)	1,167 (GBP 30 thousand)	449 (GBP 12 thousand)	-	0.03	2,256,588	Y	-	-	
		Wing Long Co., Ltd.	Directly held subsidiary	2,256,588	10,000	-	-	-	-	-	2,256,588	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 companies in mainland China.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	December 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)	-	\$ 32,556 (US\$ 1,000 thousand)	10.0	\$ 32,556 (US\$ 1,000 thousand)	Note 1
	Uniigym Global Holdings Limited.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	8,585 (US\$ 300 thousand)	2.5	8,585 (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)	-	5,087 (RMB 1,162 thousand)	2.5	5,087 (RMB 1,162 thousand)	Note 1
	Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	4,936 (RMB 1,128 thousand)	9.0	4,936 (RMB 1,128 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 7 and 8.

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 DECEMBER 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 the 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 DECEMBER 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 (Note 2)	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% to Total (Note 1)	
Dyaco International Inc.	Spirit Manufacturing Inc.	Indirectly held subsidiary	Sales	\$ 5,240,205	62	Flexible	Based on mutual agreement	Flexible	\$ 2,224,332	51	
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	2,382,534	44	Flexible	Based on mutual agreement	Flexible	1,246,892	44	
	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Sales	1,546,393	18	Flexible	Based on mutual agreement	Flexible	1,548,263	36	
	Dyaco Canada Inc.	Indirectly held subsidiary	Sales	316,408	4	Flexible	Based on mutual agreement	Flexible	92,979	2	
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Sales	254,033	3	Flexible	Based on mutual agreement	Flexible	162,661	4	
Spirit Manufacturing Inc.	Fitness Equipment Services, LLC.	Ultimate parent is Dyaco International Inc.	Sales	3,560,525	57	Flexible	Based on mutual agreement	Flexible	1,081,400	58	
Shelton Corporation (Jiaying), Ltd.	Fuel Spirit International Inc.	Ultimate parent is Dyaco International Inc.	Sales	253,350	33	Flexible	Based on mutual agreement	Flexible	115,465	4	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	5,240,205	100	Flexible	Based on mutual agreement	Flexible	(2,224,332)	92	
Shelton Corporation (Jiaying), Ltd.	Dyaco (Shanghai) Trading Co., Ltd.	Ultimate parent is Dyaco International Inc.	Sales	103,712	13	Flexible	Based on mutual agreement	Flexible	40,448	3	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	2,382,534	75	Flexible	Based on mutual agreement	Flexible	1,246,892	82	
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	1,546,394	30	Flexible	Based on mutual agreement	Flexible	(1,548,263)	59	
Dyaco Canada Inc.	Dyaco International Inc.	Ultimate parent	Purchase	316,408	60	Flexible	Based on mutual agreement	Flexible	(92,979)	70	
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc.	Ultimate parent	Purchase	254,033	72	Flexible	Based on mutual agreement	Flexible	(162,661)	78	

(Continued)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note 2)	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% to Total (Note 1)	
Fuel Spirit International Inc.	Shelton Corporation (Jiaxing), Ltd.	Ultimate parent is Dyaco International Inc.	Purchase	\$ 253,530	100	Flexible	Based on mutual agreement	Flexible	(\$ 115,465)	99	
Fitness Equipment Services, LLC.	Spirit Manufacturing Inc.	Ultimate parent is Dyaco International Inc.	Purchase	3,560,525	69	Flexible	Based on mutual agreement	Flexible	(1,081,400)	41	
Dyaco (Shanghai) Trading Co., Ltd.	Shelton Corporation (Jiaxing), Ltd.	Ultimate parent is Dyaco International Inc.	Purchase	103,712	29	Flexible	Based on mutual agreement	Flexible	(40,448)	11	

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

Note 2: Eliminated from the consolidated financial statements.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

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

DECEMBER 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 (Note 2)		Amount	Actions Taken		
Dyaco International Inc.	Spirit Manufacturing Inc.	Indirectly held subsidiary	Accounts receivable	\$ 2,224,332	3.47%	\$ -	-	\$ 1,503,244	\$ -
	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Accounts receivable	1,548,263	2.00%	-	-	339,852	-
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Accounts receivable	162,661	1.82%	-	-	44,995	-
Spirit Manufacturing Inc.	Fitness Equipment Services, LLC.	Ultimate parent is Dyaco International Inc.	Accounts receivable	1,081,400	4.70%	-	-	1,025,000	-
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	1,246,892	2.80%	-	-	1,015,764	-
		Ultimate parent is Dyaco International Inc.	Accounts receivable	115,465	2.92%	-	-	115,362	-
Dyaco International Inc.	Dyaco UK Ltd.	Directly held subsidiary	Other receivables	114,409	Note 1	-	-	-	-

Note 1: Other receivables refer to financing provided including interest receivable.

Note 2: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 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 December 31, 2020			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 6)
				December 31, 2020	December 31, 2019	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 6)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	\$ 1,128,018	\$ 1,128,018	290,634,628	100	\$ 1,062,298	\$ 149,295	\$ 149,704 (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	358,161	358,161	-	100	79,979	16,592	16,592
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	9,509	(1,379)	(1,379)
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	28,404	28,404	1,020	100	(7,767)	(8,106)	(8,106)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	20,000	15,000	2,000,000	100	11,705	(4,025)	(4,025)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	80,574	80,574	-	100	(82,757)	(43,105)	(43,105)
	SOLE INC.	America	Investment	948,631	-	-	100	926,792	58,252	31,080 (Note 3)
	President Plastic Products Mfg. Co., Ltd.	Taiwan	Manufacturing and selling	258,640	-	1,110,000	100	258,510	(130)	(130)
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	84,372 (EUR 2,409 thousand)	29,936 (EUR 888 thousand)	25,278 (EUR 750 thousand) (Note 4)
	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977 (EUR 29 thousand)	977 (EUR 29 thousand)	-	100	973 (EUR 28 thousand)	(28) (EUR -1)	(28) (EUR -1)
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262 (US\$ 2,100 thousand)	-	-	100	139,241 (US\$ 4,889 thousand)	78,946 (US\$ 2,672 thousand)	78,946 (US\$ 2,672 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	679,733 (HK\$ 185,062 thousand)	146,196 (HK\$ 38,382 thousand)	146,196 (HK\$ 38,382 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	297,801 (US\$ 11,889 thousand)	75,206 (US\$ 2,545 thousand)	75,206 (US\$ 2,545 thousand)
	Dyaco Canada Inc.	Canada	Import, export and selling	271,752 (US\$ 9,058 thousand)	271,752 (US\$ 9,058 thousand)	1,000	100	234,956 (US\$ 8,250 thousand)	50,942 (US\$ 1,724 thousand)	50,679 (US\$ 1,715 thousand) (Note 5)
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	62,118 (US\$ 2,000 thousand)	62,118 (US\$ 2,000 thousand)	-	100	(35,417) (US\$ -1,244 thousand)	(6,337) (US\$ -214 thousand)	(6,337) (US\$ -214 thousand)
	Dyaco Commercial & Medical North America, LLC.	America	Import, export and selling	6,092 (US\$ 200 thousand)	6,092 (US\$ 200 thousand)	-	100	4,924 (US\$ 173 thousand)	(28,771) (US\$ -974 thousand)	(28,771) (US\$ -974 thousand)

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

Note 2: Including share of profit of \$149,295 thousand and realized profits of \$409 thousand from upstream intercompany transactions.

Note 3: Including share of profit of \$58,252 thousand minus amortization of investment premium of \$27,172 thousand.

Note 4: Including share of profit of \$29,936 thousand minus amortization of investment premium of \$4,658 thousand.

Note 5: Including share of profit of \$50,942 thousand minus amortization of investment premium of \$263 thousand.

Note 6: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 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 December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020 (Note 2)	Accumulated Repatriation of Investment Income as of December 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)	\$ 4,737 (HK\$ 1,244 thousand)	100	\$ 4,737 (HK\$ 1,244 thousand)	\$ 175,160 (HK\$ 47,689 thousand)	\$ -
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	659,471 (HK\$ 21,830 thousand)	Through an investment company registered in a third region (Note 1)	659,471 (US\$ 21,830 thousand)	-	-	659,471 (HK\$ 21,830 thousand)	5,746 (HK\$ 1,508 thousand)	60	(8,990) (HK\$ -2,360 thousand) (Note 3)	679,354 (HK\$ 184,959 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(969) (RMB -226 thousand)	100	(969) (RMB -226 thousand)	9,872 (RMB 1,055 thousand)	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 5)	-	-	-	Others (Note 5)	-	40	-	5,252 (RMB 1,200 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)
\$ 748,251 (US\$ 24,830 thousand)	\$ 748,251 (US\$ 24,830 thousand)	\$ -

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

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

Note 3: Including 60% share of profit of \$3,448 thousand minus amortization of investment premium of \$8,027 thousand and unrealized profits of \$4,411 thousand from side stream intercompany transactions.

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

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

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

Note 7: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 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 2)	% (Note 1)	Payment Terms	Comparison with Normal Transactions	Ending Balance (Note 2)	% (Note 1)		
0	Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd. Shelton Corporation (Jiaxing), Ltd.	Sales Purchase	\$ (254,033) 2,382,534	3 44	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 162,661 (1,246,892)	4 44	\$ 18,424 4,167	

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

Note 2: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 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	Accounts receivable from related parties	\$ 5,086	-	-
					Sales	4,107	-	-
					Other operating revenue	911	-	-
			Fuel-Spirit International Inc.	a	Other receivables from related parties	49,614	-	-
					Other payables to related parties	16	-	-
					Other revenue	63,556	-	-
			Dyaco Japan Co., Ltd.	a	Sales	25,987	-	-
					Other operating revenue	366	-	-
					Accounts receivable from related parties	13,171	-	-
					Other receivables from related parties	18,320	-	-
					Investments accounted for using the equity method	2,757	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Sales	253,810	-	2
					Other operating revenue	223	-	-
					Accounts receivable from related parties	162,661	-	1
					Investments accounted for using the equity method	18,424	-	-
					Sales	4,950,615	-	38
			Spirit Manufacturing Inc.	a	Other operating revenue	289,590	-	2
					Other revenue	72,028	-	1
					Accounts receivable from related parties	2,224,332	-	17
					Other receivables from related parties	71,770	-	1
					Investments accounted for using the equity method	203,536	-	2
					Sales	316,396	-	2
					Other operating revenue	12	-	-
			Dyaco Canada Inc.	a	Accounts receivable from related parties	92,979	-	1
					Investments accounted for using the equity method	22,071	-	-
					Sales	40,648	-	-
					Other operating revenue	2	-	-
Interest revenue	1,137	-			-			
Other expenses	3,438	-			-			
Accounts receivable from related parties	36,091	-			-			
Dyaco Europe GmbH	a	Other receivables from related parties	26,039	-	-			
		Investments accounted for using the equity method	5,918	-	-			
		Rental revenue	24	-	-			
		Accounts receivable from related parties	4,091	-	-			
		Accounts payable to related parties	1,134	-	-			
Daan Health Management Consulting Co., Ltd.	a	Sales	999	-	-			
		Other expenses	519	-	-			
		Accounts receivable from related parties	4,091	-	-			
		Accounts payable to related parties	1,134	-	-			
Wing Long Co., Ltd.	a	Sales	999	-	-			
		Other expenses	519	-	-			
		Accounts receivable from related parties	4,091	-	-			
		Accounts payable to related parties	1,134	-	-			

(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 UK Ltd.	a	Sales	\$ 92,812	-	1
					Interest revenue	2,399	-	-
					Accounts receivable from related parties	76,568	-	1
					Other receivables from related parties	114,409	-	1
					Investments accounted for using the equity method	10,017	-	-
			Shelton Corporation (Jiaxing), Ltd.	a	Sales	340	-	-
					Other operating revenue	72	-	-
					Cost of goods sold	2,382,946	-	18
					Accounts payable to related parties	1,246,892	-	9
					Accounts receivable from related parties	191	-	-
					Inventories	209	-	-
			CARDIO Fitness GmbH & Co. KG	a	Accounts receivable from related parties	25,854	-	-
					Sales	45,430	-	-
					Other operating revenue	2	-	-
					Interest revenue	47	-	-
					Investments accounted for using the equity method	158	-	-
			SOLE INC.	a	Other payables to related parties	84,930	-	1
					Other receivables from related parties	263	-	-
			Fitness Equipment Services, LLC.	a	Sales	1,275,871	-	10
					Other operating revenue	270,523	-	2
					Other revenue	114,076	-	1
					Accounts receivable from related parties	1,548,263	-	12
					Other receivables from related parties	114,479	-	1
					Investments accounted for using the equity method	240,666	-	2
	1	Spirit Direct, LLC.	Dyaco International Inc.	b	Accounts payable to related parties	5,086	-	-
					Cost of goods sold	5,018	-	-
			Spirit Manufacturing Inc.	c	Accounts payable to related parties	257	-	-
					Other payables to related parties	36,739	-	-
					Cost of goods sold	259	-	-
	2	Fuel-Spirit International Inc.	Dyaco International Inc.	b	Accounts payable to related parties	2,195	-	-
					Accounts receivable from related parties	16	-	-
					Other payables to related parties	47,419	-	-
					Other operating costs	63,556	-	-
			Dyaco Canada Inc.	c	Other operating revenue	15,432	-	-
					Accounts receivable from related parties	6,123	-	-
			Spirit Manufacturing Inc.	c	Other operating revenue	94,557	-	1
					Accounts receivable from related parties	93,984	-	1
			Shelton Corporation (Jiaxing), Ltd.	c	Accounts payable to related parties	115,465	-	1
					Cost of goods sold	253,530	-	2
	3	Dyaco Japan Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold	26,342	-	-
					Other expense	11	-	-
					Accounts payable to related parties	31,481	-	-
					Other payables to related parties	10	-	-
					Inventories	2,757	-	-

(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)	
	4	Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold	\$ 254,033	-	2
					Accounts payable to related parties	162,661	-	1
			Shelton Corporation (Jiaxing), Ltd.	c	Inventories	18,424	-	-
					Cost of goods sold	103,712	-	1
					Accounts payable to related parties	40,448	-	-
					Inventories	4,045	-	-
			Dyaco Health Technology (Beijing) Co., Ltd.	c	Accounts receivable from related parties	117	-	-
					Other receivables from related parties	90	-	-
	5	Spirit Manufacturing Inc.	Dyaco International Inc.	b	Cost of goods sold	5,240,205	-	40
					Other expenses	72,028	-	1
					Accounts payable to related parties	2,224,332	-	17
					Other receivables from related parties	71,770	-	1
					Inventories	203,536	-	2
			Fuel-Spirit International Inc.	c	Other expenses	94,557	-	1
					Accounts payable to related parties	93,984	-	1
			Dyaco Canada Inc.	c	Sales	11,367	-	-
			Spirit Direct, LLC.	c	Accounts receivable from related parties	257	-	-
					Other receivables from related parties	36,739	-	-
					Sales	259	-	-
			Fitness Equipment Services, LLC.	c	Sales	3,560,525	-	27
					Accounts receivable from related parties	1,056,554	-	8
					Other receivables from related parties	24,846	-	-
	6	Dyaco Canada Inc.	Dyaco International Inc.	b	Cost of goods sold	316,408	-	2
					Accounts payable to related parties	92,979	-	1
					Inventories	22,071	-	-
			Spirit Manufacturing Inc.	c	Cost of goods sold	11,367	-	-
			Fuel-Spirit International Inc.	c	Other expenses	15,432	-	-
					Other payables to related parties	6,123	-	-
	7	Dyaco Europe GmbH	Dyaco International Inc.	b	Cost of goods sold	40,650	-	-
					Accounts payable to related parties	62,130	-	-
					Inventories	5,918	-	-
					Other operating revenue	3,438	-	-
					Interest revenue	1,137	-	-
			CARDIO Fitness GmbH & Co. KG	c	Sales	10,553	-	-
					Cost of goods sold	231	-	-
					Other operating revenue	1,014	-	-
					Other expenses	868	-	-
					Accounts receivable from related parties	11,420	-	-
					Accounts payable to related parties	85	-	-
			Dyaco UK Ltd.	c	Sales	1,177	-	-
					Cost of goods sold	2,361	-	-
	8	Daan Health Management Consulting Co., Ltd.	Dyaco International Inc.	b	Rental expenses	24	-	-

(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)	
	9	CARDIO Fitness GmbH & Co. KG	Dyaco International Inc. Dyaco Europe GmbH	b c	Accounts payable to related parties Cost of goods sold Interest expense Inventories Cost of goods sold Sales Other operating revenue Other expenses Other revenue Accounts payable to related parties Accounts receivable from related parties	\$ 25,854 45,432 47 158 10,599 233 525 968 341 11,420 85	- - - - - - - - - - -	- - - - - - - - - - -
	10	Wing Long Co., Ltd.	Dyaco International Inc.	b	Accounts payable to related parties Accounts receivable from related parties Cost of goods sold Sales	4,091 1,134 999 519	- - - -	- - - -
	11	Dyaco UK Ltd.	Dyaco International Inc. Dyaco Europe GmbH	b c	Cost of goods sold Other expense Accounts payable to related parties Inventories Cost of goods sold Sales	92,812 2,399 190,977 10,017 1,177 2,361	- - - - - -	1 - 1 - - -
	12	Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc. Fuel-Spirit International Inc. Dyaco (Shanghai) Trading Co., Ltd.	b c c	Sales Accounts receivable from related parties Accounts payable to related parties Other payables to related parties Cost of goods sold Accounts receivable from related parties Sales Accounts receivable from related parties Sales Cost of goods sold	2,382,534 1,246,892 188 13 209 115,465 253,530 40,448 103,712 4,045	- - - - - - - - - -	18 9 - - - 1 2 - 1 -
	13	Dyaco Health Technology (Beijing) Co., Ltd.	Dyaco (Shanghai) Trading Co., Ltd.	c	Other payables to related parties	207	-	-
	14	Fitness Equipment Services, LLC.	Dyaco International Inc. Spirit Manufacturing Inc. SOLE INC.	b c c	Cost of goods sold Other expense Accounts payable to related parties Other payables to related parties Inventories Cost of goods sold Accounts payable to related parties Other receivables from related parties	1,546,394 114,076 1,548,263 114,479 240,666 3,560,525 1,081,400 9,219	- - - - - - - -	12 1 12 1 2 27 8 -
	15	SOLE INC.	Dyaco International Inc. Fitness Equipment Services, LLC.	b c	Other receivables from related parties Other payables to related parties Other payables to related parties	84,930 263 9,219	- - -	1 - -

(Continued)

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.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lin, Ing-Gin	10,053,283	7.57
Guang-Ying Limited	9,796,727	7.38
Fubon Life Insurance Co., Ltd.	9,675,000	7.29
Chuan-Feng Investment Corporation	8,166,882	6.15
Dyaco International Inc.	7,122,000	5.36
Ho, I-Hsing Investment Corporation	6,865,725	5.17

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 preferred 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.