Dyaco International Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 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, 2023 and 2022, 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, 2023 and 2022, 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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, 2023. 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:

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, 2023, the carrying amount of goodwill held by the Group was $560,815 thousand, which represented 4.97% 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-k and 5-b. 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 2023 when considering the assessment of reliability prediction for 2024 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, 2023 and 2022 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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 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 Wan-I Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2024

<u>*Notice to Readers*</u>

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,158,512	10	$ 1,120,781	9
Financial assets at fair value through profit or loss (Notes 4 and 7)	16,555	-	3,739	-
Financial assets at amortized cost (Notes 4, 9 and 37)	83,095	1	240,578	2
Notes receivable (Notes 4, 10 and 27)	984	-	940	-
Accounts receivable (Notes 4, 10 and 27)	1,071,044	9	1,095,392	9
Other receivables (Notes 4 and 10)	15,099	-	65,176	1
Other receivables from related parties (Note 36)	-	-	24,909	-
Current tax assets (Note 29)	93,998	1	51,611	1
Inventories (Notes 4, 5, 11 and 37)	2,474,495	22	2,989,456	25
Prepayments (Note 12)	187,734	2	214,900	2
Other current assets	12,395	-	10,618	-
Total current assets	5,113,911	45	5,818,100	49
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	118,124	1	147,071	1
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	50,970	1	65,697	-
Financial assets at amortized cost - non-current (Note 9)	6,141	-	30,710	-
Investments accounted for using the equity method (Notes 4 and 14)	6,368	-	6,823	-
Property, plant and equipment (Notes 4, 15, 36 and 37)	3,755,859	33	3,691,829	31
Right-of-use assets (Notes 4, 16 and 37)	286,306	3	311,457	3
Investment properties (Notes 4, 17 and 37)	25,258	-	28,547	-
Goodwill (Notes 4, 5, 18 and 32)	560,815	5	558,377	5
Other intangible assets (Notes 4, 19 and 36)	754,346	7	796,867	7
Deferred income tax assets (Notes 4 and 29)	493,769	4	453,080	4
Prepayments for equipment	3,679	-	9,487	-
Refundable deposits	78,064	1	36,312	-
Other non-current assets	35,564	-	10,242	-
Total non-current assets	6,175,263	55	6,146,499	51
TOTAL	$ 11,289,174	100	$ 11,964,599	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 37)	$ 2,118,015	19	$ 2,390,915	20
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	25,305	-
Contract liabilities (Note 27)	145,721	1	177,567	2
Notes payable (Note 22)	43,705	1	46,117	-
Accounts payable (Note 22)	941,012	8	1,015,770	9
Other payables (Note 23)	457,690	4	497,800	4
Other payables to related parties (Note 36)	8,598	-	-	-
Current income tax liabilities (Note 29)	7,066	-	10,696	-
Provisions (Notes 4 and 24)	12,044	-	13,927	-
Lease liabilities (Notes 4 and 16)	11,613	-	16,522	-
Current portion of bonds payable (Notes 4 and 21)	1,200	-	1,398,537	12
Current portion of long-term borrowings (Notes 20 and 37)	296,527	3	218,987	2
Other current liabilities	38,492	-	40,989	-
Total current liabilities	4,081,683	36	5,853,132	49
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 20 and 37)	1,918,802	17	1,483,762	12
Deferred tax liabilities (Notes 4 and 29)	423,526	4	437,337	4
Lease liabilities (Notes 4 and 16)	13,926	-	23,708	-
Long-term payable (Note 23)	58,829	1	83,093	1
Other payables to related parties (Note 36)	7,369	-	-	-
Net defined benefit liabilities (Note 25)	11,647	-	16,467	-
Guarantee deposits received	1,715	-	3,140	-
Total non-current liabilities	2,435,814	22	2,047,507	17
Total liabilities	6,517,497	58	7,900,639	66
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)				
Share capital				
Ordinary shares	1,596,097	14	1,341,147	11
Capital surplus	2,756,721	25	2,142,919	18
Retained earnings				
Legal reserve	329,002	3	329,002	3
Special reserve	126,177	1	238,087	2
Unappropriated earnings	100,471	1	170,420	1
Total retained earnings	555,650	5	737,509	6
Other equity	(125,684)	(1)	(126,177)	(1)
Treasury shares	(408,690)	(4)	(426,290)	(3)
Total equity attributable to owners of the Corporation	4,374,094	39	3,669,108	31
NON-CONTROLLING INTERESTS (Notes 13 and 26)	397,583	3	394,852	3
Total equity	4,771,677	42	4,063,960	34
TOTAL	$ 11,289,174	100	$ 11,964,599	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, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4 and 27)	$ 7,970,344	102	$ 7,298,112	102
LESS: SALES RETURNS	35,540	-	30,878	-
SALES DISCOUNTS AND ALLOWANCES	148,333	2	144,823	2
NET OPERATING REVENUE	7,786,471	100	7,122,411	100
OPERATING COSTS (Notes 11 and 28)				
Cost of sales	5,119,386	66	5,037,256	71
GROSS PROFIT	2,667,085	34	2,085,155	29
OPERATING EXPENSES (Note 28)				
Selling and marketing	1,834,475	24	1,492,314	21
General and administrative	815,672	10	768,083	11
Research and development (Note 10)	118,559	1	108,315	1
Expected credit (gain) loss	(3,198)	-	73,026	1
Total operating expenses	2,765,508	35	2,441,738	34
OTHER OPERATING INCOME AND EXPENSES (Note 28)	(1,182)	-	(27,647)	-
LOSS FROM OPERATIONS	(99,605)	(1)	(384,230)	(5)
NON-OPERATING INCOME AND EXPENSES				
Interest income	13,404	-	2,275	-
Rental income	9,924	-	14,480	-
Other income	25,016	-	36,912	1
Foreign exchange gain, net (Note 28)	15,117	-	441,757	6
Impairment loss (Note 14)	-	-	(24,882)	-
Expected credit loss (Note 10)	-	-	(39,500)	(1)
Loss on valuation of financial instruments	(30,660)	-	(768)	-
Other expenses (Notes 10 and 28)	(4,398)	-	(40,609)	(1)
Interest expense (Note 28)	(97,894)	(1)	(84,529)	(1)
Share of loss of associates (Note 14)	(335)	-	(1,967)	-
Total non-operating income and expenses	(69,826)	(1)	303,169	4

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
LOSS BEFORE INCOME TAX	$ (169,431)	(2)	$ (81,061)	(1)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 29)	59,059	1	(13,622)	-
NET LOSS	(110,372)	(1)	(94,683)	(1)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	4,655	-	2,584	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(14,661)	-	(4,907)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 29)	(931)	-	(517)	-
	(10,937)	-	(2,840)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	7,632	-	116,925	1
Total other comprehensive gain (loss)	(3,305)	-	114,085	1
TOTAL COMPREHENSIVE INCOME	$ (113,677)	(1)	$ 19,402	-
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ (122,770)	(1)	$ (76,129)	(1)
Non-controlling interests	12,398	-	(18,554)	-
	$ (110,372)	(1)	$ (94,683)	(1)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ (118,553)	(1)	$ 37,842	-
Non-controlling interests	4,876	-	(18,440)	-
	$ (113,677)	(1)	$ 19,402	-
LOSS PER SHARE (Note 30)				
Basic	$ (0.88)		$ (0.61)	

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 26)											
							Other Equity					
	Share Capital			Retained 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				
	Ordinary Shares	Advance Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 1,339,822	$ 400	$ 2,115,925	$ 284,853	$ 175,628	$ 676,407	$ (235,721)	$ (2,360)	$ (368,604)	$ 3,986,350	$ 394,933	$ 4,381,283
Issuance of ordinary shares under employee share options (Note 31)	1,325	(400)	38,932	-	-	-	-	-	-	39,857	-	39,857
Changes in capital surplus from investments using the equity method (Note 13)	-	-	-	-	-	(7,815)	-	-	-	(7,815)	7,815	-
Appropriation of prior year's earnings												
Legal reserve	-	-	-	44,149	-	(44,149)	-	-	-	-	-	-
Special reserve	-	-	-	-	62,459	(62,459)	-	-	-	-	-	-
Cash dividends to shareholder - NT$2.50 per share	-	-	-	-	-	(317,502)	-	-	-	(317,502)	-	(317,502)
	-	-	-	44,149	62,459	(424,110)	-	-	-	(317,502)	-	(317,502)
Net loss for the year ended December 31, 2022	-	-	-	-	-	(76,129)	-	-	-	(76,129)	(18,554)	(94,683)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,067	116,811	(4,907)	-	113,971	114	114,085
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	(74,062)	116,811	(4,907)	-	37,842	(18,440)	19,402
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,200	6,200
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(96,415)	(96,415)	-	(96,415)
Treasury shares transferred to employees (Note 26)	-	-	(11,938)	-	-	-	-	-	38,729	26,791	4,344	31,135
BALANCE AT DECEMBER 31, 2022	1,341,147	-	2,142,919	329,002	238,087	170,420	(118,910)	(7,267)	(426,290)	3,669,108	394,852	4,063,960
Changes in capital surplus from investments using the equity method (Note 31)	-	-	3,321	-	-	-	-	-	-	3,321	(3,321)	-
Issuance of new ordinary shares for cash	250,000	-	572,332	-	-	-	-	-	-	822,332	-	822,332
Organization restructure	-	-	(702)	-	-	-	-	-	-	(702)	702	-
Issuance of ordinary shares under employee share options (Note 31)	4,950	-	41,824	-	-	-	-	-	-	46,774	474	47,248
Appropriation of prior year's earnings												
Cash dividends to shareholder - NT$0.50 per share	-	-	-	-	-	(62,813)	-	-	-	(62,813)	-	(62,813)
Reversal of special reserve	-	-	-	-	(111,910)	111,910	-	-	-	-	-	-
	-	-	-	-	(111,910)	49,097	-	-	-	(62,813)	-	(62,813)
Net profit for the year ended December 31, 2023	-	-	-	-	-	(122,770)	-	-	-	(122,770)	12,398	(110,372)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	3,724	15,154	(14,661)	-	4,217	(7,522)	(3,305)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(119,046)	15,154	(14,661)	-	(118,553)	4,876	(113,677)
Treasury shares transferred to employees (Note 26)	-	-	(2,973)	-	-	-	-	-	17,600	14,627	-	14,627
BALANCE AT DECEMBER 31, 2023	$ 1,596,097	$ -	$ 2,756,721	$ 329,002	$ 126,177	$ 100,471	$ (103,756)	$ (21,928)	$ (408,690)	$ 4,374,094	$ 397,583	$ 4,771,677

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (169,431)	$ (81,061)
Adjustments for:		
Depreciation expense	183,356	173,448
Amortization expense	82,791	80,321
Expected credit loss recognized (reversal of losses)	(3,198)	112,526
Net loss on fair value changes of financial instrument at fair value through profit or loss	30,660	768
Interest expense	97,894	84,529
Interest income	(13,404)	(2,275)
Compensation costs of employee share options	29,972	40,788
Share of loss of associates	335	1,967
(Gain) loss on disposal of property, plant and equipment	1,182	(433)
Loss on inventories valuation and obsolescence	65,465	73,502
Impairment losses	-	24,882
Impairments loss on prepayment for goods	-	28,080
Gain on redemption of bonds payable	(270)	-
Unrealized gain on foreign currency exchange	(100,146)	(409,046)
Changes in operating assets and liabilities		
Notes receivable	(44)	550
Accounts receivable	29,729	601,778
Accounts receivables from related parties	-	(24,909)
Other receivables	50,077	(36,586)
Other receivable from related parties	24,909	-
Inventories	582,662	768,900
Prepayments	27,166	(86,992)
Other current assets	(1,777)	8,126
Contract liabilities	(31,846)	156,097
Notes payable	(2,412)	12,846
Accounts payable	(78,231)	(476,108)
Other payables	(43,005)	(200,542)
Provisions	(1,479)	(5,012)
Other current liabilities	(2,497)	(35,572)
Net defined benefit liabilities	(165)	(233)
Cash generated from operations	758,293	810,339
Interest received	13,404	2,275
Interest paid	(113,647)	(65,346)
Income tax paid	(41,440)	(120,502)
Net cash generated from operating activities	616,610	626,766

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DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ -	$ (11,761)
Proceeds from sale of financial assets at amortized cost	182,052	21,106
Purchase of financial assets at fair value through profit or loss	(17,400)	(600)
Purchase of investments accounted for using the equity method	-	(4,000)
Net cash outflow on acquisition of subsidiaries (Note 32)	-	(49,951)
Payments for property, plant and equipment (Note 33)	(218,197)	(355,560)
Proceeds from disposal of property, plant and equipment	12	17,216
Increase in refundable deposits	(41,752)	(12,872)
Payments for intangible assets (Note 33)	(45,901)	(32,811)
Increase in other non-current assets	(25,322)	(7,387)
Net cash used in investing activities	(166,508)	(436,620)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(300,981)	(502,054)
Repayments of corporate bonds	(1,407,553)	-
Proceeds from long-term borrowings	765,513	723,145
Repayments of long-term borrowings	(223,637)	(166,873)
Proceeds from (refund of) guarantee deposits received	(1,439)	176
Repayment of the principal portion of lease liabilities	(20,781)	(25,962)
Cash dividends	(62,813)	(317,502)
Issuance of new ordinary shares for cash	822,332	-
Exercise of employee share options	17,276	3,413
Payments for buy-back of ordinary shares	-	(96,415)
Proceeds from treasury shares transferred to employees	14,627	26,791
Net cash used in financing activities	(397,456)	(355,281)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(14,915)	73,280
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	37,731	(91,855)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,120,781	1,212,636
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 1,158,512	$ 1,120,781

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

(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 12, 2024.

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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	January 1, 2023

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, 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

3) 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.

d. Basis of consolidation

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

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

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

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 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. 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.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., 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).

g. 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.

h. Investments in associates

An associate is an entity over which the Group has significant influence and 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.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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.

i. 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.

j. 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.

k. 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.

l. Intangible assets

1) 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.

2) 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.

3) 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.

m. 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.

n. 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.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 35.

ii. 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.

iii. 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.

b) Impairment of financial assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for 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):

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

ii. 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.

c) Derecognition of financial assets

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

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

2) 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.

3) Derivative financial instruments

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

4) 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.

o. 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.

p. Revenue recognition

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

1) 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 ownership of goods has been transferred from seller to buyer because it is the time when the customer has full 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.

2) Revenue from the rendering of services

Revenue is recognized when services are rendered.

q. Leasing

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

1) The Group as lessor

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

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

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.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted 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.

r. Employee benefits

1) Short-term employee benefits

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

2) 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.

s. 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.

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, 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 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.

3) Current and deferred tax

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. MATERIAL 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 on 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.

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 in the investments in subsidiaries

Determining whether goodwill in the investments in subsidiaries is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The calculation of the recoverable amount 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 AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 15,240	$ 75,100
Checking accounts and demand deposits	1,112,567	922,841
Time deposits	30,705	122,840
	$ 1,158,512	$ 1,120,781

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2023	December 31 2022
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Limited Partnership		
Changneng Capital Limited Partnership	$ 16,555	$ 568
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Cross-currency swap contracts	-	3,171
	$ 16,555	$ 3,739
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Convertible promissory notes (Note 14)	$ 118,124	$ 147,071
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial liabilities		
Convertible bonds options (Note 21)	$ -	$ 25,305

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022			
Cross-currency swap contracts	NTD/USD	2023.01.03	NTD27,539/USD1,000

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31 2023	December 31 2022
Non-current		
Domestic investments		
Listed shares	$ 8,966	$ 11,759
Unlisted ordinary shares	6,865	9,915
Foreign investments		
Unlisted ordinary shares	35,139	44,023
	$ 50,970	$ 65,697

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022**
Current		
Restricted deposits (a)	$ 23,390	$ 240,578
Bank debenture (b)	30,705	-
Redeemable GICs (c)	29,000	-
	$ 83,095	$ 240,578
Non-current		
Bank debenture (b)	$ 6,141	$ 30,710

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

	December 31	
	2023	**2022**
Restricted deposits	3.50%-5.00%	0.60%-4.83%

b. In June 2022, the Group purchased 1.5-year financial debentures of Mega International Commercial Bank at a face value of $21,784 thousand (US$750 thousand), with a maturity date of January 5, 2024. The coupon rate and effective interest rate are both 2.5%. In September 2022, the Group purchased 2-year financial debentures of Mega International Commercial Bank at a face value of $7,609 thousand (US$250 thousand), with a maturity date of September 15, 2024. The coupon rate and effective interest rate are both 3.05%. In March 2023, the Group purchased 2.5-year financial debentures of Mega International Commercial Bank at a face value of $6,096 thousand (US$200 thousand), with a maturity date of October 3, 2025. The coupon rate and effective interest rate are both 4.3%.

c. In May 2023, the Group purchased redeemable GICs issued by Bank of Montreal of $29,350 thousand (CAD1,250 thousand). The period is from May 17, 2023 to May 15, 2024 at an interest rate of 4.25%.

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

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

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

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

The Group assesses the counterparty has a low risk of default and a strong capacity to meet contractual cash flows. As of December 31, 2023, there was no expected credit loss for an investment in debt instruments.

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

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable (a)		
At amortized cost		
Gross carrying amount	$ 984	$ 940
Less: Allowance for impairment loss	-	-
	$ 984	$ 940
Accounts receivable (b)		
At amortized cost		
Gross carrying amount	$ 1,201,732	$ 1,333,623
Less: Allowance for impairment loss	130,688	238,231
	$ 1,071,044	$ 1,095,392
Other receivables (c)		
Tax refund receivables	$ 10,037	$ 13,165
Compensation advance payment receivables	-	49,818
Others	5,062	2,193
	$ 15,099	$ 65,176

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, 2023

	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%-5.72%	0%-60.57%	0%-83.82%	0%-91.89%	0%-100%	100%	
Gross carrying amount	$ 936,370	$ 136,424	$ 15,441	$ 26,155	$ 13,516	$ 73,826	$ 1,201,732
Loss allowance (Lifetime ECLs)	(6,107)	(8,211)	(9,070)	(21,068)	(12,406)	(73,826)	(130,688)
Amortized cost	$ 930,263	$ 128,213	$ 6,371	$ 5,087	$ 1,110	$ -	$ 1,071,044

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-5.65%	0%-36.04%	4.19%-57.50%	5.26%-58.75%	5%-100%	100%	
Gross carrying amount	$ 865,336	$ 167,372	$ 103,311	$ 14,155	$ 31,576	$ 151,873	$ 1,333,623
Loss allowance (Lifetime ECLs)	(3,323)	(16,122)	(32,969)	(6,537)	(27,407)	(151,873)	(238,231)
Amortized cost	$ 862,013	$ 151,250	$ 70,342	$ 7,618	$ 4,169	$ -	$ 1,095,392

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, 2022, accounts receivable from New Level UK Ltd. amounted to $108,645 thousand. Due to the uncertainty of the recoverability of accounts receivable according to legal proceedings, the Group recognized a loss allowance. The customer has completed the liquidation in March 2023 and returned $8,568 thousand, and for the remaining uncollectible accounts, all relevant accounts receivable and loss allowance shall be written off.

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

	2023	2022
Beginning balance	$ 238,231	$ 160,010
Add: Net remeasurement of loss allowance	-	73,026
Less: Net reversal of loss allowance	(3,198)	-
Less: Amounts written off	(103,696)	(293)
Foreign exchange gains and losses	(649)	5,488
Ending balance	$ 130,688	$ 238,231

c. Other receivables

Other receivables consist of tax refund receivables, compensation advance payment receivables and others.

Due to the overdue deposit refund receivables of the Group and debtor's current weak financial status, the unrecovered amount of $39,500 thousand has been fully determined as expected credit loss before the release date for the year ended December 31, 2022, but the Group will continue to pursue recourse against the debtor.

The advance payment receivable is from a subsidiary of the Group, Fitness Equipment Services, LLC, due to the discrepancy between the horsepower measurement value of the treadmill products and the consumer's perception, the consumer filed a class action lawsuit. In 2022, the Group reached a settlement with the consumer and paid the compensation of $108,788 thousand (US$3,650 thousand). However, in 2020, according to the acquisition agreement with the original shareholder when acquiring Fitness Equipment Services, LLC., there is compensation for the aforementioned disputes with consumers, two-thirds of the compensation must be paid by the original three shareholders, and the advance payment of the Group as of the year ended December 31, 2022 accounts for other receivables of $49,818 thousand (US$1,622 thousand) and other receivables - related parties $24,909 thousand (US$811 thousand). As of March 2023, the advance payment of the compensation has been recovered in full, and the Group has recognized a compensation loss of $36,263 thousand (recognized as miscellaneous expenses) in 2022, please refer to Note 28 for details.

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 1,896,332	$ 2,226,015
Merchandise	275,514	346,970
Work in progress	175,929	227,624
Raw materials	126,720	188,847
	$ 2,474,495	$ 2,989,456

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 4,991,189	$ 4,882,928
Inventory write-downs and loss for market price	65,465	73,502
Warranties	62,732	80,826
	$ 5,119,386	$ 5,037,256

The inventories pledged as collateral for bank borrowings are set out in Note 37.

12. PREPAYMENTS

	December 31	
	2023	2022
Prepayments for goods	$ 98,877	$ 113,169
Prepaid expenses	64,528	63,671
Tax overpayment retained for offsetting future tax payable	20,512	30,002
Others	3,817	8,058
	$ 187,734	$ 214,900

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2023	2022	Remark
Dyaco International Inc.	Dyaco International Holding Limited	Investment	100	100	-
	Dyaco Europe GmbH	Import, export and selling	100	100	Note 7
	Daan Health Management Consulting Co., Ltd.	Rental of medical equipment	100	100	-
	Dyaco Japan Co., Ltd.	Import, export and selling	100	100	Note 6
	Wing Long Co., Ltd.	Import, export and selling	100	100	-
	Dyaco UK Ltd.	Import, export and selling	97	100	Note 8
	SOLE INC.	Investment	100	100	Note 9
	President Plastic Products MFG. Co., Ltd.	Rental of property	100	100	Note 1
	Cikayda Inc.	Manufacturing and selling	100	100	-
	CITY SPORTS (THAILAND) CO., LTD	Fitness equipment selling	44	44	Note 2
	Neutron Ventures Ltd	Sporting goods online selling	-	80	Note 3
	Spirit Manufacturing Inc.	Import, export and selling	100	100	Note 4
	Dyaco Canada Inc.	Import, export and selling	100	100	Note 4
	Iuvo Industry Co., Ltd.	Electric-assisted bicycle manufacturer	92	90	Note 5
SOLE INC.	Fitness Equipment Services, LLC.	Import, export and selling	100	100	-
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 and export	100	100	-
	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100	100	-
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60	60	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2023	2022	Remark
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	-	100	Note 10
Spirit Manufacturing Inc.	Spirit Direct, LLC.	Import, export and selling	100	100	-
Dyaco UK Ltd.	Neutron Ventures Ltd	Sporting goods online selling	100	-	Note 3
Neutron Ventures Ltd	Interactive Online Commerce Ltd	Investment	100	100	Note 3
	Neutron Ventures Poland S.p z.o.o	Service industry	100	100	Note 3
Interactive Online Commerce Ltd	Sweatband.com Ltd	Sporting goods selling	100	100	Note 3

(Concluded)

Remarks:

1) In November 2022, the Group acquired interest in subsidiary, President Plastic Products MFG. Co., Ltd. for $28,000 thousand.

2) In November 2021, the Corporation purchased 44% equity of CITY SPORTS (THAILAND) CO., LTD. for THB14,420 thousand (NT$12,450 thousand), and according to the acquisition agreement, the Group obtained two out of three seats in the board of directors of CITY SPORTS (THAILAND) CO., LTD. as the Group has control over the decision making of the relevant activities of the company; therefore, it is listed as a subsidiary.

3) In December 2021, the Corporation purchased 80% equity of Neutron Ventures Ltd. for GBP3,220 thousand (NT$119,421 thousand). On March 2023, the Group acquired interest for $69,673 thousand, the Group did not subscribe according to its shareholding ratio. Thus, the shareholding ratio increased from 80% to 95%, and adjusted unappropriated earnings for $4,320 thousand. After the Corporation went through a share exchange reorganization on July 1, 2023, Neutron Ventures Ltd. are directly 100% held by Dyaco UK Ltd.

4) On July 1, 2022, the Corporation underwent organizational restructuring through a non-cash reduction of capital method, resulting in Dyaco International Inc. directly holding 100% ownership of Spirit Manufacturing Inc. and Dyaco Canada Inc.

5) On August 24, 2022, the Corporation signed a contract with the major shareholder of Iuvo Industry Co., Ltd. The Corporation acquired 83% interest for $55,000 thousand on the base date October 3, 2022. In December 2022, the Group acquired interest for $70,000 thousand, the Group did not subscribe according to its shareholding ratio. Thus, the shareholding ratio increased from 83% to 90%, and adjusted unappropriated earnings for $7,815 thousand. In August 2023, the Group acquired interest for $30,000 thousand, the Group did not subscribe according to its shareholding ratio. Thus, the shareholding ratio increased from 90% to 92%, and adjusted capital surplus for $1,509 thousand.

6) The Corporation acquires interest in subsidiary, Dyaco Japan Co., Ltd. through debt equity swap for $44,560 thousand in August 2022.

7) The Group acquires interest in subsidiary, Dyaco Europe GmbH through debt equity swap for $126,368 thousand in August 2022. In March 2023, the Group acquired interest of subsidiary, Dyaco Europe GmbH for $61,332 thousand.

8) The Group acquires interest in subsidiary, Dyaco UK Ltd. through debt equity swap for $182,850 thousand in August 2022. Dyaco UK Ltd. issued additional new shares for $121,145 in July 2023, with parent company and Neutron Ventures Ltd.'s non-controlling interests exchange for 100% equity of Neutron Ventures Ltd. Parent company did not subscribe according to its shareholding ratio. Thus, and adjusted capital surplus for $510 thousand. After the Corporation went through reorganization, the Group held the Dyaco UK Ltd. shareholding ratio decreased from 100% to 97%, and adjusted capital surplus for $702 thousand.

9) The Group acquires interest in subsidiary, SOLE INC. through debt equity swap for $694,235 thousand in November 2022.

10) Dyaco Health Technology (Beijing) Co., Ltd. as been completed the liquidation and was eliminated in July 2023.

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 2023	2022
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%

Refer to Table 7 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31 2023	2022	Accumulated Non-controlling Interests For the Year Ended December 31 2023	2022
Shelton Corporation (Jiaxing), Ltd.	$ 28,680	$ 8,080	$ 389,311	$ 368,858

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

	December 31 2023	2022
Current assets	$ 1,106,893	$ 1,258,962
Non-current assets	796,964	880,495
Current liabilities	(650,392)	(928,405)
Non-current liabilities	(125,799)	(134,168)
Equity	$ 1,127,666	$ 1,076,884
Equity attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	$ 738,355	$ 708,026
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	389,311	368,858
	$ 1,127,666	$ 1,076,884

	For the Year Ended December 31	
	2023	2022
Revenue	$ 2,006,672	$ 2,100,584
Net profit from continuing operations (Note)	$ 71,698	$ 20,200
Other comprehensive loss for the period	(20,560)	(8)
Total comprehensive income for the period	$ 51,138	$ 20,192
Profit (loss) attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	$ 43,018	$ 12,120
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	28,680	8,080
	$ 71,698	$ 20,200
Total comprehensive income attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	$ 30,683	$ 12,115
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	20,455	8,077
	$ 51,138	$ 20,192
Net cash inflow (outflow) from:		
Operating activities	$ 154,758	$ 364,193
Investing activities	(11,732)	(9,762)
Financing activities	(111,320)	(301,352)
Net cash inflow	$ 31,706	$ 53,079

Note: Net profit was $85,432 thousand less amortization of $13,734 thousand for the year ended December 31, 2023. Net profit was $34,016 thousand less amortization of $13,816 thousand for the year ended December 31, 2022.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in associates	$ 6,368	$ 6,823
Associates that are not individually material		
Hongdaxin Projection Co., Ltd.	$ 3,714	$ 3,889
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	2,654	2,934
	$ 6,368	$ 6,823

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

On August 11, 2021, the board of directors resolved to invest in Morsel Inc., an intelligent fitness content production company, with a total amount of US$6,000 thousand. The ordinary shares were acquired for US$1,000 thousand, (approximately NT$27,750 thousand), which accounted for 11% of Morsel Inc.'s total equity; and in accordance with the investment agreement, the parent company has the right to appoint one third of the director seats and the ability to exercise significant influence over Morsel Inc. In addition, the three-year convertible promissory notes issued by Morsel Inc. were acquired for US$5,000 thousand (approximately NT$138,750 thousand) at an annual interest rate of 1%, which was recognized as financial assets at fair value through profit or loss and (loss) gain on fair value changes to $(28,947) thousand and $8,036 thousand, respectively, refer to Note 7.

Morsel Inc., an investment associate recognized by the Group using the equity method, is expected to decrease the operating cash inflows in the future due to poor sales in the market. As a result, the recoverable amount of the associate in value-in-use calculations is less than the carrying amount of the Group's investment. After the evaluation, the Group recognized the impairment losses of $24,882 thousand in 2022.

Refer to Tables 6 and 7 for the principal places of business and countries of incorporation.

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2023	**2022**
The Group's share of:		
Loss from continuing operations	$ (335)	$ (1,967)
Other comprehensive income (loss)	-	-
	$ (335)	$ (1,967)

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
Cost								
Balance at January 1, 2023	$ 1,659,253	$ 2,230,479	$ 687,066	$ 51,805	$ 83,920	$ 25,409	$ 317,724	$ 5,055,656
Additions	-	2,341	71,148	640	5,664	756	144,618	225,167
Disposals	-	(6,009)	(59,578)	(5,981)	(6,234)	(261)	-	(78,063)
Reclassification	-	1,464	-	-	-	-	-	1,464
Effects of foreign currency exchange differences	(5)	(13,593)	(4,446)	(52)	412	583	-	(17,101)
Balance at December 31, 2023	1,659,248	2,214,682	694,190	46,412	83,762	26,487	462,342	5,187,123
Accumulated depreciation								
Balance at January 1, 2023	-	748,313	497,003	35,340	68,853	14,318	-	1,363,827
Depreciation expenses	-	75,375	64,620	4,495	6,905	3,080	-	154,475
Disposals	-	(5,493)	(58,925)	(5,972)	(6,218)	(261)	-	(76,869)
Reclassification	-	444	-	-	-	-	-	444
Effects of foreign currency exchange differences	-	(8,069)	(3,130)	(113)	333	366	-	(10,613)
Balance at December 31, 2023	-	810,570	499,568	33,750	69,873	17,503	-	1,431,264
Carrying amounts at December 31, 2023	$ 1,659,248	$ 1,404,112	$ 194,622	$ 12,662	$ 13,889	$ 8,984	$ 462,342	$ 3,755,859
Cost								
Balance at January 1, 2022	$ 1,283,139	$ 1,906,647	$ 626,529	$ 51,566	$ 78,641	$ 21,986	$ 150,758	$ 4,119,266
Acquisitions through business combinations (Note 32)	373,978	350	15,741	-	3,582	1,712	107,713	503,076
Additions	-	4,515	48,886	3,623	5,548	2,062	289,786	354,420
Disposals	-	(833)	(17,854)	(4,648)	(7,656)	(1,203)	-	(32,194)
Reclassification	(6)	265,330	-	-	2,118	-	(242,105)	25,337
Effects of foreign currency exchange differences	2,142	54,470	13,764	1,264	1,687	852	11,572	85,751
Balance at December 31, 2022	1,659,253	2,230,479	687,066	51,805	83,920	25,409	317,724	5,055,656

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Property under Construction	Total
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 663,820	$ 420,878	$ 33,376	$ 65,616	$ 11,738	$ -	$ 1,195,428
Acquisitions through business combinations (Note 32)	-	142	6,095	-	2,886	197	-	9,320
Depreciation expenses	-	70,141	62,734	4,977	6,280	2,323	-	146,455
Disposals	-	(833)	(2,903)	(3,837)	(7,381)	(457)	-	(15,411)
Reclassification	-	2,053	-	-	-	-	-	2,053
Effects of foreign currency exchange differences	-	12,990	10,199	824	1,452	517	-	25,982
Balance at December 31, 2022	-	748,313	497,003	35,340	68,853	14,318	-	1,363,827
Carrying amounts at December 31, 2022	$ 1,659,253	$ 1,482,166	$ 190,063	$ 16,465	$ 15,067	$ 11,091	$ 317,724	$ 3,691,829

(Concluded)

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 37.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	$ 263,819	$ 273,046
Buildings	20,566	32,052
Transportation equipment	1,921	6,359
	$ 286,306	$ 311,457

	For the Year Ended December 31	
	2023	2022
Additions for right-of-use assets	$ 5,169	$ 2,627
Acquisitions through business combinations	$ -	$ 3,903
Depreciation charge for right-of-use assets		
Land	$ 10,026	$ 7,673
Buildings	12,195	10,669
Transportation equipment	4,520	6,437
	$ 26,741	$ 24,779

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

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 11,613	$ 16,522
Non-current	$ 13,926	$ 23,708

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	5.84%	5.84%
Buildings	1.36%-4.90%	1.36%-4.90%
Transportation equipment	1.65%-3.99%	1.65%-2.50%

c. Material lease-in activities and terms

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

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

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

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 36,091	$ 40,625
Expenses relating to low-value asset leases	$ 440	$ 427
Total cash outflow for leases	$ (58,305)	$ (69,362)

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
Cost	
Balance at January 1, 2023	$ 54,456
Reclassification	(1,464)
Effects of foreign currency exchange differences	(520)
Balance at December 31, 2023	52,472
Accumulated depreciation	
Balance at January 1, 2023	25,909
Depreciation expenses	2,140
Reclassification	(444)
Effects of foreign currency exchange differences	(391)
Balance at December 31, 2023	27,214
Carrying amount at December 31, 2023	$ 25,258
Cost	
Balance at January 1, 2022	$ 78,917
Reclassification	(25,337)
Effects of foreign currency exchange differences	876
Balance at December 31, 2022	54,456
Accumulated depreciation	
Balance at January 1, 2022	25,436
Depreciation expenses	2,214
Reclassification	(2,053)
Effects of foreign currency exchange differences	312
Balance at December 31, 2022	25,909
Carrying amount at December 31, 2022	$ 28,547

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

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

	December 31	
	2023	2022
Year 1	$ 3,290	$ 4,255
Year 2	671	675
Year 3	671	675
Year 4	280	675
Year 5	-	281
	$ 4,912	$ 6,561

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

As of December 31, 2023 and 2022, the fair value of investment property located in Zhongshan District, Taipei City was $24,979 thousand and $23,925 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Management was unable to reliably measure the fair value of the investment property located in Jiaxing City, Zhejiang Province, China, because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

The investment properties pledged as collateral for bank borrowings were set out in Note 37.

18. GOODWILL

	For the Year Ended December 31	
	2023	2022
Cost		
Balance at January 1	$ 566,721	$ 501,442
Acquisitions through business combinations (Note 32)	-	24,731
Effect of foreign currency exchange differences	2,760	40,549
Balance at December 31	569,481	566,722
Accumulated impairment losses		
Balance at January 1	8,345	7,987
Effect of foreign currency exchange differences	321	358
Balance at December 31	8,666	8,345
Carrying amounts at December 31	$ 560,815	$ 558,377

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, Fitness Equipment Services, LLC, CITY SPORTS (THAILAND) CO., LTD, Neutron Ventures Ltd and Iuvo Industry Co., Ltd.

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

As of December 31, 2023, cash-generating unit (Group A) and carrying amount (Group B) including the amount of goodwill were $533,313 thousand and $27,502 thousand.

As of December 31, 2022, cash-generating unit (Group A) and carrying amount (Group B) including the amount of goodwill were $507,164 thousand and $26,482 thousand.

On December 31, 2023 and 2022, the management assessed the recoverable amount by value in use of asset's cash-generating unit (Group A), cash-generating unit (Group B), respectively, and considered the financial budget in the future as a 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	
	2023	**2022**
Group A	12.7%	12.9%
Group B	14.0%	12.3%

   The Corporation evaluated Group A and B in 2023 and 2022, its recoverable amount was still higher than the related carrying amount, and thus, no impairment loss was recognized.

19. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Copyright	Total
Cost									
Balance at January 1, 2023	$ 101,405	$ 82,454	$ 107,029	$ 7,685	$ 293,407	$ 749,481	$ 1,106	$ -	$ 1,342,567
Additions	16,351	-	-	-	-	3,599	-	17,026	36,976
Disposals	(514)	-	-	(7,685)	-	-	-	-	(8,199)
Effects of foreign currency exchange differences	866	2,278	1,698	-	(8)	2,641	-	-	7,475
Balance at December 31, 2023	118,108	84,732	108,727	-	293,399	755,721	1,106	17,026	1,378,819
Accumulated amortization									
	78,572	74,691	78,330	7,685	202,478	103,109	835	-	545,700
Balance at January 1, 2023	12,071	4,323	2,950	-	25,038	35,300	271	2,838	82,791
Amortization expenses	(514)	-	-	(7,685)	-	-	-	-	(8,199)
Effects of foreign currency exchange differences	490	2,165	1,677	-	(52)	(95)	(4)	-	4,181
Balance at December 31, 2023	90,619	81,179	82,957	-	227,464	138,314	1,102	2,838	624,473
Carrying amounts at December 31, 2023	$ 27,489	$ 3,553	$ 25,770	$ -	$ 65,935	$ 617,407	$ 4	$ 14,188	$ 754,346
Cost									
Balance at January 1, 2022 (retrospectively adjusted)	$ 86,724	$ 78,105	$ 94,338	$ 7,685	$ 288,159	$ 680,676	$ 996	$ -	$ 1,236,683
Acquisitions through business combinations	-	-	6,592	-	-	-	-	-	6,592
Additions	14,113	-	-	-	-	-	-	-	14,113
Effects of foreign currency exchange differences	568	4,349	6,099	-	5,248	68,805	110	-	85,179
Balance at December 31, 2022	101,405	82,454	107,029	7,685	293,407	749,481	1,106	-	1,342,567
Accumulated amortization									
Balance at January 1, 2022 (retrospectively adjusted)	66,957	63,742	72,556	7,685	172,830	60,767	501	-	445,038
Amortization expenses	11,099	7,247	2,008	-	24,905	34,791	271	-	80,321
Effects of foreign currency exchange differences	516	3,702	3,766	-	4,743	7,551	63	-	20,341
Balance at December 31, 2022	78,572	74,691	78,330	7,685	202,478	103,109	835	-	545,700
Carrying amounts at December 31, 2022	$ 22,833	$ 7,763	$ 28,699	$ -	$ 90,929	$ 646,372	$ 271	$ -	$ 796,867

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

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

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

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings	$ 622,485	$ 1,182,395
Secured borrowings	1,495,530	1,208,520
	$ 2,118,015	$ 2,390,915
Range of interest rates		
Unsecured borrowings	1.81%-2.59%	1.43%-4.50%
Secured borrowings	1.85%-7.59%	1.60%-3.85%

b. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings		
Mega Bank	$ 888,900	$ 580,100
Taiwan Cooperative Bank	478,390	488,875
Bank SinoPac	300,333	90,974
Taiwan Business Bank	216,139	121,320
First Horizon Bank	149,767	153,550
Taishin Bank	142,500	157,500
Cathay United Bank	39,300	39,300
Bank of Montreal	-	36,390
CTBC Bank	-	30,000
Chang Hua Bank	-	4,740
	2,215,329	1,702,749
Less: Current portion	296,527	218,987
Long-term borrowings	$ 1,918,802	$ 1,483,762

1) Secured borrowings from Mega Bank: In September 2019, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2024. As of December 31, 2023 and 2022, the borrowings were $40,700 thousand and $92,300 thousand, respectively, at the annual borrowing interest rate were 2.15% and 2.03%, respectively. In February 2020, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to February 2025. As of December 31, 2023 and 2022, the borrowings were $48,200 thousand and $87,800 thousand, respectively, at the annual borrowing interest rate were 2.20% and 2.08%, respectively. In 2022, the parent company signed a contract for borrowings, under which the interests are repayable for the first three years from July 2022 and repayable monthly from July 2025 to July 2027. As of December 31, 2023 and 2022, the borrowings were both $300,000 thousand, at the annual borrowing interest rate were 2.15% and 2.05%, respectively. In 2022, the parent company signed a contract for borrowings, under which the interests are repayable for the first one and a half years from July 2022 and repayable monthly from January 2024 to July 2027. As of December 31, 2023 and 2022, the borrowings were both $100,000 thousand, at the annual borrowing interest rate were 2.30% and 2.05%, respectively. In March 2023, the parent company signed a contract for borrowings, which repayable monthly from January 2024 to July 2027. As of December 31, 2023, the borrowings was $100,000 thousand, at the annual borrowing interest rate of 2.30%. In June 2023, the parent company signed a contract for borrowings, which repayable monthly from January 2024 to July 2027. As of December 31, 2023, the borrowings was $100,000 thousand, at the annual borrowing interest rate of 2.30%. In July 2023, the parent company signed a contract for borrowings, which repayable monthly from January 2024 to July 2027. As of December 31, 2023, the borrowings was $200,000 thousand, at the annual borrowing interest rate of 2.30%.

2) Secured borrowings from Taiwan Cooperative Bank: In 2018, the parent company signed a contract for borrowings, under which the interests are repayable for the first two years from November 2018, and the principal and interest are repayable monthly from December 2020 to November 2038. As of December 31, 2023 and 2022, the borrowings were $152,918 thousand and $161,579 thousand, respectively, at annual borrowing interest rate of 2.10% and 1.60%, respectively. In 2021, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the interest is repayable monthly. As of December 31, 2023 and 2022, the borrowings were both $266,400 thousand, at annual borrowing interest rate of 2.208% and 1.956%, respectively. In 2022, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the interest is repayable monthly. As of December 31, 2023 and 2022, the borrowings were both $47,566 thousand, at annual borrowing interest rate of 2.208% and 1.956%, respectively. The total amount of the two loans mentioned above is $313,966 thousand, with both due on December 31, 2024. However, in the third quarter of 2024, the Cooperative Bank will review whether it meets the conditions for extending the maturity date. If the conditions are met, the maturity date will be extended to September 30, 2041. Interest is paid monthly in the first year, and principal and interest are amortized monthly from the second year onwards. In 2022, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the principal and interest are repayable monthly to March 2029. As of December 31, 2023 and 2022, the borrowings were $11,506 thousand and $13,330 thousand, respectively, at annual borrowing interest rate of 2.598% and 2.346%, respectively.

3) Secured borrowings from Bank SinoPac: In 2009, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly from September 2009 to September 2024. As of December 31, 2023 and 2022, the borrowings were $6,923 thousand and $16,154 thousand, respectively, at annual interest rate of 2.24% and 2.10%. In 2015, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2017 to November 2030. As of December 31, 2023 and 2022, the borrowings were $63,410 thousand and $71,808 thousand, respectively, at annual interest rate of 2.01% and 1.89%, respectively. In 2016, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly from October 2016 to October 2023. As of December 31, 2022, the borrowings was $3,012 thousand, at annual interest rate of 1.99%. In 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable quarterly and monthly, respectively, from September 2023 to December 2026. As of December 31, 2023, the borrowings was $230,000 thousand, at annual interest rate of 2.60%.

4) Secured borrowings from Taiwan Business Bank: In 2022, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2022 to December 2032. As of December 31, 2023 and 2022, the borrowings were $109,188 thousand and $121,320 thousand, respectively, at annual borrowing interest rate of 1.55% and 1.43%, respectively. In February 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of December 31, 2023, the borrowings were $53,292 thousand, at annual interest rate of 1.55%. In March 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2027. As of December 31, 2023, the borrowings were $7,818 thousand, at annual interest rate of 1.55%. In March 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of December 31, 2023, the borrowings were $2,239 thousand, at annual interest rate of 1.55%. In May 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of December 31, 2023, the borrowings were $2,278 thousand, at annual interest rate of 1.55%. In July 2023, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to December 2032. As of December 31, 2023, the borrowings were $41,324 thousand, at annual interest rate of 1.55%.

5) Secured borrowings from First Horizon Bank: In 2022, Spirit Manufacturing Inc. signed a contract for borrowings under which the principal and interest are repayable monthly from December 2022 to December 2042. As of December 31, 2023 and 2022, the annual borrowing interest rate were both 6.50%.

6) Secured borrowings from Taishin Bank: In June 2019, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2034. As of December 31, 2023 and 2022, the borrowings were $138,000 thousand and $144,000 thousand, respectively, at annual interest rate of 2.20% and 1.96%, respectively. In June 2019, the parent company signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2024. As of December 31, 2023 and 2022, the borrowings were $4,500 thousand and $13,500 thousand, respectively, at annual interest rate of 2.20% and 1.96%, respectively.

7) Secured borrowings from Cathay United Bank: In 2022, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the principal and interest are repayable monthly from May 2024 to April 2027. As of December 31, 2023 and 2022, the annual borrowing interest rates were 1.40% and 1.15%, respectively.

8) 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, 2022, at the annual borrowing interest rate all of 4.07%.

9) Secured borrowings from CTBC Bank: In 2021, Iuvo Industry Co., Ltd. signed a contract for borrowings under which the principal and interest are repayable monthly from May 2021 to December 2023. The Secured borrowings had been settled on September 2023. As of December 31, 2022, the annual borrowing interest rates was 2.95%.

10) 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, 2022, at the annual borrowing interest rate of 2.15%.

21. BONDS PAYABLE

	December 31	
	2023	2022
Secured domestic convertible bonds	$ -	$ 421,580
Unsecured domestic convertible bonds	1,200	976,957
Less: Current portion	(1,200)	(1,398,537)
	$ -	$ -

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

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

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

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

Proceeds from issuance (less transaction costs of $8,352 thousand)	$ 594,648
Equity component (less transaction costs allocated to the equity component of $178 thousand)	(12,666)
Financial assets at fair value through profit or loss - call options	1,487
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	(123,033)
Liability component at December 31, 2020	462,372
Interest charged at an effective interest rate of 0.93%	3,985
Convertible bonds converted into ordinary shares	(48,701)
Liability component at December 31, 2021	417,656
Interest charged at an effective interest rate of 0.93%	3,924
Liability component at December 31, 2022	421,580
Interest charged at an effective interest rate of 0.93%	2,520
Principle is repaid at maturity at August 24, 2023	(424,100)
Liability component at December 31, 2023	$ -

Financial assets at fair value through profit or loss - call options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options was $0 thousand and $42 thousand for the years ended December 31, 2023 and 2022, respectively.

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

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

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

The record date that the holder is entitled to sell back the convertible bond in advance is June 28, 2023. The holder is required to inform the stock agency of the Corporation regarding the sale by giving 40-day prior written notice. The Corporation will redeem the convertible bonds based on the face value and accrued interests. The redemption amount of the bonds which have been held for full two years is 101.0% of face value.

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

Proceeds from issuance (less transaction costs of $5,406 thousand)	$ 994,594
Equity component (less transaction costs allocated to the equity component of $212 thousand)	(38,988)
Financial liabilities held for trading - call and put options	(1,492)
Liability component at the date of issue	954,114
Interest charged at an effective interest rate of 1.57%	7,666
Liability component at December 31, 2021	961,780
Interest charged at an effective interest rate of 1.57%	15,177
Liability component at December 31, 2022	976,957
Interest charged at an effective interest rate of 1.57%	7,696
Redeem bonds payable	(983,453)
Liability component at December 31, 2023	$ 1,200

Financial assets at fair value through profit or loss - call and put options are measured at FVTPL. Loss on changes in fair value of financial assets at fair value through profit or loss - options were $300 thousand and $11,900 thousand for the years ended December 31, 2023 and 2022, respectively.

In June 2023, a bondholder exercised the right to sell back 9,988 units of convertible bonds with a sale price of $998,800 thousand and interest compensation of $9,988 thousand. The Corporation wrote off bonds payable and financial liabilities at FVTPL of $983,453 thousand and $25,605 thousand, respectively. The difference between the sale price and the carrying amount of $270 thousand recognized as a gain on redemption on of convertible bonds (accounted for non-operating income and expenses - other income). The equity components were converted to capital surplus - convertible bonds - expired of $38,942 thousand. As of December 31, 2023, there were $1,200 thousand convertible bonds whose face value had not been exercised.

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 PAYABLES AND LONG-TERM PAYABLES

	December 31	
	2023	**2022**
Current		
Payables for freight	$ 88,865	$ 100,919
Payables for salaries and bonuses	65,500	74,952
Payables for employee benefits	44,054	44,878
Payables for advertisements	33,466	35,879
Payables for value added taxes	32,338	36,783
Payables for royalties (Note 19)	24,264	24,302
Payables for labor costs	13,083	12,908
Payables for annual leave	12,792	6,771
Payables for insurance	12,414	10,309
Payables for commissions	4,758	6,580
Payables for purchases of equipment	3,385	2,813
Payables for employees' compensation	-	5,518
Others	122,771	135,188
	$ 457,690	$ 497,800
Non-current		
Payables for royalties (Note 19)	$ 58,829	$ 83,093

24. PROVISIONS

	December 31	
	2023	**2022**
Warranties	$ 12,044	$ 13,927

	Warranties
Balance at January 1, 2023	$ 13,927
Amount used	(53,637)
Additional provisions recognized	62,732
Effect of foreign currency exchange differences	(10,978)
Balance at December 31, 2023	$ 12,044
Balance at January 1, 2022	$ 19,343
Amount used	(57,249)
Additional provisions recognized	80,826
Effect of foreign currency exchange differences	(28,993)
Balance at December 31, 2022	$ 13,927

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., Cikayda Inc and Iuvo Industry 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., President Plastic Products MFG. Co., Ltd. and Iuvo Industry Co., Ltd. make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

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

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

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act 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 Act 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	
	2023	2022
Present value of defined benefit obligation	$ 24,499	$ 28,692
Fair value of plan assets	(12,852)	(12,225)
Deficit	11,647	16,467
Net defined benefit liabilities	$ 11,647	$ 16,467

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, 2022	$ 30,230	$ (10,946)	$ 19,284
Recognized in profit or loss			
Net interest expenses (income)	205	(71)	134
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(841)	(841)
Actuarial gain - changes in financial assumptions	(1,410)	-	(1,410)
Actuarial loss - changes in demographic assumptions	5	-	5
Actuarial gain - experience adjustments	(338)	-	(338)
Recognized in other comprehensive income	(1,743)	(841)	(2,584)
Contributions from employer	-	(367)	(367)
Balance at December 31, 2022	$ 28,692	$ (12,225)	$ 16,467
Balance at January 1, 2023	$ 28,692	$ (12,225)	$ 16,467
Recognized in profit or loss			
Net interest expenses (income)	352	(149)	203
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(110)	(110)
Actuarial loss - changes in financial assumptions	109	-	109
Actuarial gain - experience adjustments	(4,654)	-	(4,654)
Recognized in other comprehensive income	(4,545)	(110)	(4,655)
Contributions from employer	-	(368)	(368)
Balance at December 31, 2023	$ 24,499	$ (12,852)	$ 11,647

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	
	2023	**2022**
Operating costs	$ 58	$ 40
Selling and marketing expenses	17	16
General and administrative expenses	70	43
Research and development expenses	58	35
	$ 203	$ 134

Through the defined benefit plans under the Labor Standards Act, 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	
	2023	**2022**
Discount rate(s)	1.20%	1.25%
Expected rate(s) of salary increase	2.00%	2.00%

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

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (535)	$ (607)
0.25% decrease	$ 553	$ 628
Expected rate(s) of salary increase		
0.25% increase	$ 548	$ 622
0.25% decrease	$ (532)	$ (604)

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	
	2023	2022
Expected contributions to the plans for the next year	$ 367	$ 367
Average duration of the defined benefit obligation	8 years	8 years

26. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	200,000	200,000
Share capital authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	159,610	134,115
Ordinary shares issued	$ 1,596,097	$ 1,341,147

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

On March 23, 2023, the Corporation's board of directors resolved to issue 25,000 thousand shares at $10 per share. On April 27, 2023, the above-mentioned was approved by the FSC. The Corporation's board of directors resolved the base date as June 19, 2023. The transaction costs for the issuance of new shares, totaling $2,668 thousand, were deducted from the capital surplus as issuance premium.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 1,918,498	$ 1,327,831
Conversion of bonds	613,057	613,057
Treasury share transaction	127,204	124,774
May only be used to offset a deficit		
Convertible bonds - expired	47,894	-
Conversion of employee share options	19,610	1,460
Changes in percentage of ownership interests in subsidiaries	2,619	-
Gain on disgorgement	140	140
May not be used for any purpose		
Conversion of bonds	47	47,941
Employee share options	-	4,678
Employee share options in subsidiaries	27,652	23,038
	$ 2,756,721	$ 2,142,919

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 years ended December 31 in 2023 and 2022 was as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Convertible Bonds - Expired	Conversion of Employee Share Options	Changes in Ownership Interests in Subsidiaries	Enforce Disgorgement	Conversion of Bond - Options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2023	$ 1,327,831	$ 613,057	$ 124,774	$ -	$ 1,460	$ -	$ 140	$ 47,941	$ 4,678	$ 23,038
Exercise of employee share options	14,009	-	-	-	18,150	-	-	-	(19,833)	-
Compensation costs of employee share options (remark)	-	-	-	-	-	-	-	-	5,403	5,945
Treasury shares transferred to employees	-	-	2,430	-	-	-	-	-	(5,403)	-
Issuance of ordinary shares	572,332	-	-	-	-	-	-	-	18,150	-
Repurchase convertible bonds	-	-	-	47,894	-	-	-	(47,894)	-	-
Organization restructure	-	-	-	-	-	(702)	-	-	-	-
Expired employee share option	4,326	-	-	-	-	-	-	-	(2,995)	(1,331)
Acquisition of subsidiaries interest not subscribe according to shareholding ratio	-	-	-	-	-	3,321	-	-	-	-
Balance at December 31, 2023	$ 1,918,498	$ 613,057	$ 127,204	$ 47,894	$ 19,610	$ 2,619	$ 140	$ 47	$ -	$ 27,652
Balance at January 1, 2022	$ 1,325,152	$ 613,057	$ 117,644	$ -	$ 1,460	$ -	$ 140	$ 47,941	$ 4,869	$ 5,662
Exercise of employee share options	2,679	-	-	-	-	-	-	-	(191)	-
Compensation costs of employee share options (remark)	-	-	-	-	-	-	-	-	(19,068)	17,376
Treasury shares transferred to employees	-	-	7,130	-	-	-	-	-	(19,068)	-
Balance at December 31, 2022	$ 1,327,831	$ 613,057	$ 124,774	$ -	$ 1,460	$ -	$ 140	$ 47,941	$ 4,678	$ 23,038

Remark: On January 3, 2023 and January 11, 2022, 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 $5,403 thousand and $19,068 thousand, respectively. For the years ended December 31, 2023 and 2022, the compensation costs of employees' shares recognized were $24,095 thousand and $17,376 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings from previous years shall be used by the Corporation's board of directors as the basis for proposing a distribution plan of new issued shares which should be resolved in the shareholders' meeting for the distribution. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 28-d.

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

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

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2022	**2021**	**2022**	**2021**
Legal reserve	$ -	$ 44,149		
(Reversal of) special reserve	(111,910)	62,459		
Cash dividends	62,813	317,502	$ 0.50	$ 2.50

The above 2022 and 2021 appropriation for cash dividends had been resolved by the Corporation's board of directors on March 23, 2023 and March 31, 2022, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings on May 26, 2023 and May 27, 2022, respectively.

On March 12, 2024, the board of directors of the parent company proposed to reverse a special reserve of $493 thousand and also proposed to distribute stock dividends of $75,323 thousand from capital reserves, equating to a dividend of $0.5 per share. These distribution plans are pending approval at the annual general meeting of shareholders, which is expected to be held on May 27, 2024.

d. Other equity items

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

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

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

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ (7,267)	$ (2,360)
Recognized for the year		
Unrealized loss on equity instruments	(14,661)	(4,907)
Balance at December 31	$ (21,928)	$ (7,267)

e. Treasury shares

Purpose of Buy-back	**Shares Transferred to Employees (In Thousands of Shares)**
Number of shares at January 1, 2023	9,452
Decrease during the year	(489)
Number of shares at December 31, 2023	8,963

(Continued)

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2022	8,013
Increase during the year	2,338
Decrease during the year	(899)
Number of shares at December 31, 2022	9,452

(Concluded)

On May 11, 2022, the Corporation's board of directors resolved to redeem 3,000 thousand shares at $40 to $65 per share from May 12, 2022, to July 11, 2022. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. The Corporation has redeemed 2,338 thousand shares, with total cost of $96,415 thousand.

On January 3, 2023 and January 11, 2022, the Corporation's board of directors resolved to transfer 489 thousand and 899 thousand shares of treasury shares to employees, respectively. For related information on employees exercised of the treasury share options, refer to Note 31.

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

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 394,852	$ 394,933
Non-controlling interests arising from acquisition of subsidiaries (see Note 32)	-	6,200
Increase (decrease) in non-controlling interests	(3,321)	7,815
Adjustments relating to changes in capital surplus of granting share options to employees of subsidiaries	474	4,344
(Loss) profit for the period attributable to non-controlling interests	12,398	(18,554)
Exchange differences on translation of the financial statements of foreign entities	(7,522)	114
Organization restructure	702	-
Balance at December 31	$ 397,583	$ 394,852

27. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Sporting goods	$ 7,171,131	$ 6,168,950
Furniture	603,478	911,149
Other revenue	11,862	42,312
	$ 7,786,471	$ 7,122,411

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 10)	$ 984	$ 940	$ 1,490
Accounts receivable (Note 10)	$ 1,071,044	$ 1,095,392	$ 1,647,028
Contract liabilities			
Sale of goods	$ 145,721	$ 177,567	$ 21,470

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:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the start of the year		
Sale of goods	$ 177,567	$ 21,470

b. Disaggregation of revenue

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

c. Partially completed contracts

The year expected to recognize revenue in relation to the unsatisfied performance obligations is as follows:

	December 31	
	2023	2022
Sale of goods		
From January 2023 to December 2023	$ -	$ 177,567
From January 2024 to December 2024	145,721	-
	$ 145,721	$ 177,567

28. NET PROFIT

Net profit consisted of following items:

a. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 154,475	$ 146,455
Intangible assets	82,791	80,321
Right-of-use assets	26,741	24,779
Investment properties	2,140	2,214
	$ 266,147	$ 253,769
An analysis of depreciation by function		
Operating costs	$ 88,374	$ 97,254
Operating expenses	92,842	73,980
Non-operating income and expenses	2,140	2,214
	$ 183,356	$ 173,448
An analysis of amortization by function		
Operating expenses	$ 82,791	$ 80,321

b. Other operating income and expenses

	For the Year Ended December 31	
	2023	2022
(Loss) gain on disposal of property, plant and equipment	$ (1,182)	$ 433
Impairment loss recognized on prepayments for goods	-	(28,080)
	$ (1,182)	$ (27,647)

Since the supplier could not supply and the payment could not be recovered, the supplier's prepayments were recognized as a full loss of NT$28,080 thousand (RMB6,350 thousand) in 2022.

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 25)		
Defined contribution plan	$ 29,975	$ 27,184
Defined benefit plans	203	134
	30,178	27,318
Employees' compensation	943,092	915,384
Labor and national health insurance expenses	72,954	68,714
Other employee benefits	27,419	34,301
	1,043,465	1,018,399
Total employee benefits expense	$ 1,073,643	$ 1,045,717

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of employee benefits expense by function		
Operating costs	$ 303,984	$ 327,747
Operating expenses	769,659	717,970
	$ 1,073,643	$ 1,045,717

(Concluded)

d. Compensation of employees and remuneration of directors

The Corporation accrued employees' 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. For the years ended December 31, 2023 and 2022, there were no estimation for compensation of employees and remuneration of directors due to net loss before tax.

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 compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021.

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

e. Gains on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 214,011	$ 722,164
Foreign exchange losses	(198,894)	(280,407)
Net gains	$ 15,117	$ 441,757

f. Interest expenses

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 86,685	$ 63,080
Interest on convertible bonds	10,216	19,101
Interest on lease liabilities	993	2,348
	$ 97,894	$ 84,529

Information related to the capitalization of interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalisation of interest amount	$ 6,332	$ 1,004
Capitalisation of interest rate	1.95%-2.20%	1.44%-1.89%

g. Other expenses

	For the Year Ended December 31	
	2023	2022
Compensation for losses	$ -	$ 36,263
Others	4,398	4,346
	$ 4,398	$ 40,609

29. INCOME TAX

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ (3,841)	$ 64,316
Income tax on unappropriated earnings	-	869
Adjustments for prior year	(736)	20,370
	(4,577)	85,555
Deferred tax		
In respect of the current year	(40,473)	(71,933)
Adjustments for prior year	(14,009)	-
	(54,482)	(71,933)
Income tax (benefit) expense recognized in profit or loss	$ (59,059)	$ 13,622

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

	For the Year Ended December 31	
	2023	2022
Loss before tax	$ (169,431)	$ (81,061)
Income tax benefit calculated at the statutory rate	$ (33,886)	$ (16,210)
Nondeductible expenses in determining taxable income	15,729	19,777
Investment credit	(4,755)	-
Income tax on unappropriated earnings	-	869
Unrealized loss carryforwards	(2,191)	3,697

(Continued)

	For the Year Ended December 31	
	2023	2022
Realized/unrealized deductible temporary differences	$ (9,164)	$ (18,731)
Effect of different tax rate of entities in the Group operating in other jurisdictions	(10,047)	3,850
Adjustments for prior years	(14,745)	20,370
Income tax (benefit) expense recognized in profit or loss	$ (59,059)	$ 13,622

(Concluded)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plan	$ 931	$ 517

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 93,998	$ 51,611
Current tax liabilities		
Income tax payable	$ 7,066	$ 10,696

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, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effects of Foreign Currency Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Deferred revenue	$ 80,315	$ (8,313)	$ -	$ 1	$ 72,003
Investment loss recognized under the equity method	271,153	37,351	-	(39)	308,465
Write-down of inventories	36,990	10,053	-	(393)	46,650
Employee benefits	11,220	-	-	(207)	11,013
Allowance for impairment loss	41,491	(12,929)	-	(313)	28,249
Provisions	3,451	(308)	-	29	3,172
Defined benefit obligations	3,399	-	(931)	-	2,468
Payables for annual leave	1,629	1,233	-	(7)	2,855

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effects of Foreign Currency Exchange Differences	Closing Balance
Unrealized foreign exchange loss, net	$ 1,308	$ (1,258)	$ -	$ 24	$ 74
Unrealized financial assets valuation loss	154	5,978	-	-	6,132
Property, plant and equipment	1,970	388	-	48	2,406
	453,080	32,195	(931)	(857)	483,487
Tax losses	-	10,282	-	-	10,282
	$ 453,080	$ 42,477	$ (931)	$ (857)	$ 493,769
Deferred tax liabilities					
Temporary differences					
Property, plant and equipment	$ 135,239	$ (4,689)	$ -	$ (3,588)	$ 126,962
Investment gain recognized under the equity method	118,882	4,656	-	-	123,538
Intangible assets	173,574	(10,630)	-	1,841	164,785
Timing difference in sales	2,331	1,049	-	(59)	3,321
Unrealized foreign exchange gain, net	7,311	(2,391)	-	-	4,920
	$ 437,337	$ (12,005)	$ -	$ (1,806)	$ 423,526

For the year ended December 31, 2022

	Opening Balance	Acquisition Through Business Combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effects of Foreign Currency Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Deferred revenue	$ 130,607	$ -	$ (50,340)	$ -	$ 48	$ 80,315
Investment loss recognized under the equity method	159,895	-	111,238	-	20	271,153
Write-down of inventories	24,520	-	12,096	-	374	36,990
Employee benefits	11,057	-	-	-	163	11,220
Allowance for impairment loss	22,491	-	18,314	-	686	41,491
Provisions	4,789	-	(1,658)	-	320	3,451
Defined benefit obligations	3,916	-	-	(517)	-	3,399
Payables for annual leave	1,993	-	(418)	-	54	1,629
Unrealized foreign exchange loss, net	16,003	-	(14,757)	-	62	1,308
Unrealized financial assets valuation loss	2,990	-	(2,836)	-	-	154
Property, plant and equipment	1,461	-	442	-	67	1,970
	379,722	-	72,081	(517)	1,794	453,080
Tax losses	3,414	-	(3,414)	-	-	-
	$ 383,136	$ -	$ 68,667	$ (517)	$ 1,794	$ 453,080
Deferred tax liabilities						
Temporary differences						
Property, plant and equipment	$ 136,557	$ 1,319	$ (4,779)	$ -	$ 2,142	$ 135,239
Investment gain recognized under the equity method	113,356	-	5,515	-	11	118,882
Intangible assets	168,159	-	(11,313)	-	16,728	173,574
Timing difference in sales	2,297	-	-	-	34	2,331
Unrealized foreign exchange gain, net	-	-	7,311	-	-	7,311
	$ 420,369	$ 1,319	$ (3,266)	$ -	$ 18,915	$ 437,337

e. Income tax assessments

The income tax returns of the Corporation, the income tax returns of subsidiaries, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd., Cikayda Inc., Iuvo Industry Co., Ltd. and President Plastic Products MFG. Co., Ltd. through 2021 have been assessed by the tax authorities.

30. LOSS PER SHARE

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

Net loss for the period is as follows:

	For the Year Ended December 31	
	2023	2022
Loss for the year attributable to owners of the Corporation	$ (122,770)	$ (76,129)
Earnings used in the computation of basic loss per share	$ (122,770)	$ (76,129)

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

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic loss per share	138,842	125,706

The Group are net loss at the years ended December 31, 2023 and 2022, therefore, are not dilutive and diluted loss per share were not calculated.

31. SHARE-BASED PAYMENT ARRANGEMENTS

a. Issuance of ordinary shares in 2023 retained employee share options during 2023.

On March 23, 2023, the board of directors of the parent company resolved a cash capital increase to issue 25,000 thousand ordinary shares. According to Article 267 of the Company Act, when a company issues new shares, a portion of such shares shall be reserved for subscription by employees of the company. The grant date was June 5, 2023.

Options retained by cash capital increase were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	June 2023
Grant-date share price	$40.25
Exercise price	$33.00
Expected volatility	30.81%
Expected life (in years)	0.02 years
Expected dividend yield	-
Risk-free interest rate	1.03%

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 Group recognized that the compensation cost for 2023 was $18,150 thousand.

b. 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			
	2023		2022	
Employee Share Options	**Number of Options (In Thousands of Units)**	**Weighted-average Exercise Price ($)**	**Number of Options (In Thousands of Units)**	**Weighted-average Exercise Price ($)**
Balance at January 1	2,691	$ 34.90	2,784	$ 36.90
Options exercised	(495)	34.90	(93)	36.90
Options expired	(2,196)		-	
Balance at December 31	-		2,691	
Options exercisable, end of period	-		2,691	

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

	December 31	
	2023	**2022**
Range of exercise price ($)	$ -	$ 36.90
Weighted-average remaining contractual life (in years)	-	1 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.

For the year ended December 31, 2023, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of $1,683 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of $12,326 thousand was recognized on the conversion date.

For the year ended December 31, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of $191 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of $2,679 thousand was recognized on the conversion date.

c. Treasury shares transferred to employees

1) The fourth treasury shares transferred to employees

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

Information on treasury share options is as follows:

	For the Year Ended December 31, 2022	
Employee Share Options	**Number of Options (In Thousands of Units)**	**Weighted-average Exercise Price ($)**
Options granted	899	$ 29.89
Options operated	(899)	29.89
Balance at December 31	-	
Options exercisable, end of period	-	

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

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

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

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

For the year ended December 31, 2022, the compensation cost recognized by the Group was $19,068 thousand.

For the year ended December 31, 2022, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of $19,068 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of $11,938 thousand was recognized on the conversion date.

2) The fifth treasury shares transferred to employees

Qualified employees of the Group were granted 489 thousand treasury share options on January 3, 2023. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Corporation.

Information on treasury share options is as follows:

	For the Year Ended December 31, 2023	
Employee Share Options	**Number of Options (In Thousands of Units)**	**Weighted-average Exercise Price ($)**
Options granted	489	$ 30.00
Options operated	(489)	30.00
Balance at December 31	-	
Options exercisable, end of period	-	

The base date of employee share options was February 8, 2023. Employees exercised the treasury share options from February 6, 2023 to February 8, 2023.

Options granted in January 2023 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	January 2023
Grant-date share price	$41.05
Exercise price	$30.00
Expected volatility	3%
Expected life (in days)	37 days
Risk-free interest rate	1.65%
Weighted-average fair value of options granted	$11.05

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

For the year ended December 31, 2023, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of $5,403 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of $2,973 thousand was recognized on the conversion date.

d. Granting treasury share options to employees of subsidiaries

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

1) The options are exercisable at fifty percent after the first anniversary from the grant date.

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

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

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

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

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

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

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

Compensation cost recognized by the subsidiaries was $5,945 thousand and $17,376 thousand for the years ended December 31, 2023 and 2022, respectively.

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Iuvo Industry Co., Ltd.	Electric-assisted bicycle manufacturer	October 3, 2022	83	$ 55,000

In order to expand the sales market of electric-assisted bicycles, the Group acquired 83% equity in Iuvo Industry Co., Ltd.

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

Acquired Iuvo Industry Co., Ltd.

	Iuvo Industry Co., Ltd.
Current assets	
Cash	$ 5,049
Notes receivable	279
Accounts receivable	4,491
Other receivables	194
Inventories	104,697
Prepayments	31,251
Non-current assets	
Property, plant and equipment	493,756
Right-of-use assets	3,903
Brand value	6,592
Deferred tax asset	22
Refundable deposits	6,993
Other non-current assets	10,454
Current liabilities	
Short-term borrowings	(15,000)
Contract liabilities	(134,634)
Notes payable	(46,440)
Accounts payable	(31,085)
Other payables	(49,091)
Lease liabilities	(1,605)
Current portion of long-term borrowings	(31,985)
Non-current liabilities	
Long-term borrowings	(317,741)
Deferred tax liabilities	(1,319)
Lease liabilities	(2,312)
	$ 36,469

c. Non-controlling interests

IUVO Industry Co., Ltd at the acquisition date were recognized according to the fair value of identifiable net assets.

d. Goodwill recognized on acquisitions

Acquired Iuvo Industry Co., Ltd.

	Iuvo Industry Co., Ltd.
Consideration transferred	$ 55,000
Add: Non-controlling interests (17% in Iuvo Industry Co., Ltd.)	6,200
Less: Fair value of identifiable net assets acquired	(36,469)
Goodwill recognized on acquisitions	$ 24,731

The goodwill recognized in the acquisition of Iuvo Industry Co., Ltd. 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.

e. Net cash outflow on the acquisition of subsidiaries

2022

	Iuvo Industry Co., Ltd.
Consideration paid in cash	$ 55,000
Less: Cash balances acquired	(5,049)
Net cash outflow on the acquisition of subsidiaries	$ 49,951

f. Impact of acquisitions on the results of the Group

The financial results of IUVO Industry Co., Ltd. since the acquisition dates to December 31, 2022 are as follows:

	Iuvo Industry Co., Ltd.
Revenue	$ 91,372
Profit	$ (4,654)

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been $7,235,277 thousand, and the loss would have been $207,586 thousand for 2022. 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, 2022, nor is it intended to be a projection of future results.

33. PARTIAL CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Group entered into the following partial cash investing and financing activities:

a. From cash investing activities

	For the Year Ended December 31	
	2023	2022
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	$ 225,167	$ 354,420
Changes in prepayments for purchases of equipment	(6,398)	2,200
Changes in payables for purchase of equipment	(572)	(1,060)
Cash paid	$ 218,197	$ 355,560
Partial cash paid for other intangible assets		
Purchase of intangible assets	$ 36,976	$ 14,113
Changes in payables for royalties	24,302	20,944
Changes in prepayments	590	(2,246)
Changes in other payables	(15,967)	-
Cash paid	$ 45,901	$ 32,811

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, 2023	$ 2,390,915	$ 1,398,537	$ 1,702,749	$ 3,140	$ 40,230
Cash flows	(300,981)	(1,407,553)	541,876	(1,439)	(20,781)
Non-cash changes					
Reclassification	30,000	-	(30,000)	-	-
New leases	-	-	-	-	5,169
Interests	-	10,216	-	-	-
Exchange rate impact	(1,919)	-	704	14	921
Balance at December 31, 2023	$ 2,118,015	$ 1,200	$ 2,215,329	$ 1,715	$ 25,539
Balance at January 1, 2022	$ 2,866,075	$ 1,379,436	$ 790,427	$ 2,732	$ 52,479
Cash flows	(502,054)	-	556,272	176	(25,962)
Non-cash changes					
New leases	-	-	-	-	2,627
Acquisition through business combinations (Note 32)	15,000	-	349,726	-	3,917
Interests	-	19,101	-	-	-
Exchange rate impact	11,894	-	6,324	232	7,169
Balance at December 31, 2022	$ 2,390,915	$ 1,398,537	$ 1,702,749	$ 3,140	$ 40,230

34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

35. FINANCIAL INSTRUMENTS

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

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

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost					
Financial bonds	$ 36,846	$ -	$ 35,489	$ -	$ 35,489
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 1,200	$ -	$ 1,200	$ -	$ 1,200

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost					
Financial bonds	$ 30,710	$ -	$ 27,539	$ -	$ 27,539
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 1,398,537	$ -	$ 1,388,326	$ -	$ 1,388,326

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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Limited partnership	$ -	$ -	$ 16,555	$ 16,555
Hybrid financial assets				
Convertible bonds	$ -	$ -	$ 118,124	$ 118,124
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 6,865	$ 6,865
Foreign unlisted shares	-	-	35,139	35,139
Domestic listed shares	8,966	-	-	8,966
	$ 8,966	$ -	$ 42,004	$ 50,970

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Swap contracts	$ -	$ 3,171	$ -	$ 3,171
Limited partnership	-	-	568	568
	$ -	$ 3,171	$ 568	$ 3,739
Hybrid financial assets				
Convertible bonds	$ -	$ -	$ 147,071	$ 147,071
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 9,915	$ 9,915
Foreign unlisted shares	-	-	44,023	44,023
Domestic listed private placement shares	-	-	11,759	11,759
	$ -	$ -	$ 65,697	$ 65,697
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	$ -	$ 25,305	$ -	$ 25,305

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, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Hybrid Instruments	**Equity Instruments**
Financial assets		
Balance at January 1, 2023	$ 147,639	$ 65,697
Purchases	17,400	-
Recognized in profit or loss	(30,600)	-
Transfer out from Level 3	-	(11,759)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	(11,868)
Effects of foreign currency exchange differences	-	(66)
Balance at December 31, 2023	$ 134,679	$ 42,004

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Hybrid Instruments	**Equity Instruments**
Financial assets		
Balance at January 1, 2022	$ 139,035	$ 58,785
Purchases	600	11,759
Recognized in profit or loss	8,004	-
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	(4,907)
Effects of foreign currency exchange differences	-	60
Balance at December 31, 2022	$ 147,639	$ 65,697

3) Valuation techniques and assumptions applied for fair value measurement

Financial Instrument	Valuation Technique and Inputs
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.

(Continued)

Financial Instrument	Valuation Technique and Inputs
Convertible promissory notes	The probability-weighted average expected return method is used for value analysis, considering the terms of the purchase agreement and the management's expected probability and rights to future possible scenarios, to calculate the present value of the expected return for each scenario and the analysis results by weighting of scenario against associated probability.
Derivative financial instruments - swap contracts	Swap contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
Derivative financial instruments - call and 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.
Limited Partnership	The limited partnership uses the asset method to calculate the fair value of the investment targets. The asset method is used to evaluate the total value of the individual assets and liabilities covered by the investment.

(Concluded)

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

c. Categories of financial instruments

	December 31	
	2023	**2022**
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	$ 134,679	$ 150,810
Financial assets at amortized cost (Note 1)	2,402,902	2,574,727
Financial assets at FVTOCI - equity instruments	50,970	65,697
<u>Financial liabilities</u>		
FVTPL		
Held for trading	-	25,305
Amortized cost (Note 2)	5,686,364	6,958,910

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

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

d. Financial risk management objectives and policies

The Group's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, borrowings, and lease liabilities. 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, British Pound and Canadian dollar.

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		**EUR Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Profit or loss	$ (159,274)	$ (161,474)	$ (1,496)	$ (5,356)

	GBP Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Profit or loss	$ (8,180)	$ (8,183)	$ 18,750	$ 17,918

	CAD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ (4,157)	$ (718)

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	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 89,236	$ 359,509
Financial liabilities	2,245,850	4,043,842
Cash flow interest rate risk		
Financial assets	829,476	795,365
Financial liabilities	2,197,326	1,595,984

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, 2023 and 2022 would increase/decreased by $3,420 thousand and increase/decrease by $2,002 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 60.34% and 49.32% of total accounts receivable as of December 31, 2023 and 2022, 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, 2023 and 2022, the Group had available unutilized short-term bank loan facilities of $1,781,312 thousand and $2,365,882 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, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 504,222	$ 746,584	$ 17,921	$ -	$ -
Variable interest rate liabilities	30,017	146,713	251,031	1,213,675	659,912
Fixed interest rate liabilities	345,308	777,314	894,409	83,727	135,259
Lease liabilities	1,180	2,753	8,522	14,070	-
	$ 880,727	$ 1,673,364	$ 1,171,883	$ 1,311,472	$ 795,171

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 471,582	$ 801,934	$ 85,798	$ -	$ -
Variable interest rate liabilities	30,172	26,240	209,360	783,552	546,660
Fixed interest rate liabilities	196,070	606,173	2,964,726	236,643	-
Lease liabilities	1,271	2,943	11,637	24,721	-
	$ 699,095	$ 1,437,290	$ 3,271,521	$ 1,044,916	$ 546,660

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, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Swap contracts	$ -	$ -	$ 3,065	$ -	$ -

4) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand		
Amount used	$ 622,485	$ 1,182,395
Amount unused	935,575	1,307,750
	$ 1,558,060	$ 2,490,145
Secured bank overdraft facilities		
Amount used	$ 3,710,553	$ 2,911,269
Amount unused	845,737	1,058,132
	$ 4,556,290	$ 3,969,401

36. RELATED PARTY TRANSACTIONS

a. Related parties and relationships

Related Party	Relationship with the Corporation
Associates	
Morsel Inc.	Associate invested using the equity method
Other related parties	
Houli Construction Co., Ltd.	Director of the Company (is no longer the director of the Corporation since May 2023)
William MacFarland	Management of Fitness Equipment Services, LLC.

b. Transactions, account balances, gains and losses between the company and its subsidiaries are all eliminated upon consolidation, so they are not disclosed in this note. Except as disclosed in other notes, the transactions between the Group and other related parties are as follows.

1) Other receivables

	December 31	
Related Party Category/Name	**2023**	**2022**
Other related parties		
William MacFarlane	$ -	$ 24,909

Refer to Note 10 for the repayment compensation receivables of the unrecovered amount.

2) Other payables

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Associates	$ 15,967	$ -

The amount was mainly received by the Corporation on behalf of the subsidiaries and the unpaid amount for intangible assets acquired from Morsel Inc., totaling $15,967 thousand (recognized as current liabilities of $8,598 thousand and non-current liabilities of $7,369 thousand, respectively).

3) Purchase of property, plant and equipment

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Other related parties		
Houli Construction Co., Ltd.	$ 50,550	$ 185,484

4) Purchase of intangible assets

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Associates	$ 20,139	$ -

Primarily relates to the parent company's acquisition of intangible assets such as computer software, brand value, and copyrights from Morsel Inc.

c. Compensation of key management personnel

The details of the compensation for directors and other key management personnel were as follows:

	For the Year Ended December 31	
	2023	**2022**
Short-term employee benefits	$ 109,645	$ 110,804
Post-employment benefits	1,168	1,046
	$ 110,813	$ 111,850

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

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	**2022**
Property, plant and equipment	$ 2,230,810	$ 2,276,801
Right-of-use assets	263,819	273,046
Pledged deposits - current	23,390	240,578
Investment properties	18,690	19,569
Inventories	-	118,039
	$ 2,536,709	$ 2,928,033

38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS: NONE

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

The unrecognized contractual commitments of the Group are as follows:

	December 31	
	2023	**2022**
Acquisition of property, plant and equipment		
Property under construction	$ 82,953	$ 193,525

40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In thousands of New Taiwan Dollars and Foreign Currency)

December 31, 2023

	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 104,968	30.705	(USD:NTD)	$ 3,223,017
USD	1,991	7.0961	(USD:RMB)	61,135
USD	523	1.3235	(USD:CAD)	16,048
USD	23	141.3674	(USD:JPY)	696
RMB	12,080	4.327	(RMB:NTD)	52,272
RMB	511	0.1409	(RMB:USD)	2,212
EUR	777	33.98	(EUR:NTD)	26,423
EUR	78	1.1067	(EUR:USD)	2,643
EUR	25	0.8679	(EUR:GBP)	861
GBP	4,175	39.15	(GBP:NTD)	163,444
GBP	77	1.275	(GBP:USD)	3,032
GBP	29	1.1521	(GBP:EUR)	1,145
CAD	3,584	23.2	(CAD:NTD)	83,139
Non-monetary items				
USD	6,227	7.815	(USD:HKD)	191,207
USD	24,356	30.705	(USD:NTD)	747,851
HKD	275,025	3.929	(HKD:NTD)	1,080,575
RMB	198,200	1.1013	(RMB:HKD)	857,855
EUR	4,690	33.98	(EUR:NTD)	159,362
GBP	2,907	39.15	(GBP:NTD)	113,823
CAD	10,117	23.2	(CAD:NTD)	234,723
Financial liabilities				
Monetary items				
USD	2,408	30.705	(USD:NTD)	73,924
USD	340	1.3235	(USD:CAD)	10,447
USD	984	141.3674	(USD:JPY)	30,209
USD	27	7.0961	(USD:RMB)	840
RMB	91,688	4.327	(RMB:NTD)	396,733
RMB	7,567	0.1409	(RMB:USD)	32,744
GBP	103	1.275	(GBP:USD)	4,013
Non-monetary items				
JPY	34,439	0.2172	(JPY:NTD)	7,480
THB	2,358	0.9017	(THB:NTD)	2,126

December 31, 2022

	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 96,470	30.71	(USD:NTD)	$ 2,962,612
USD	11,938	6.9669	(USD:RMB)	366,596
USD	274	1.3547	(USD:CAD)	8,424
RMB	16,182	4.408	(RMB:NTD)	71,330
RMB	219	0.1435	(RMB:USD)	964
EUR	3,228	32.72	(EUR:NTD)	105,617
EUR	38	1.0655	(EUR:USD)	1,259
EUR	8	0.8822	(EUR:GBP)	252
GBP	4,338	37.09	(GBP:NTD)	160,913
GBP	74	1.1336	(GBP:EUR)	2,737
CAD	633	22.67	(CAD:NTD)	14,355
Non-monetary items				
USD	33,167	30.71	(USD:NTD)	1,018,573
USD	6,039	7.7984	(USD:HKD)	185,453
HKD	267,322	3.938	(HKD:NTD)	1,052,713
RMB	193,404	1.1193	(RMB:HKD)	852,524
GBP	2,803	37.09	(GBP:NTD)	103,962
THB	3,553	0.8347	(THB:NTD)	2,966
JPY	6,517	0.2324	(JPY:NTD)	1,514
EUR	5,179	32.72	(EUR:NTD)	169,444
CAD	11,577	22.67	(CAD:NTD)	262,457
Financial liabilities				
Monetary items				
USD	1,915	30.71	(USD:NTD)	58,808
USD	376	1.3547	(USD:CAD)	11,547
USD	828	132.1429	(USD:JPY)	25,434
USD	402	6.9669	(USD:RMB)	12,357
RMB	91,370	4.408	(RMB:NTD)	402,759
RMB	6,328	0.1435	(RMB:USD)	27,895

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were $15,117 thousand and $441,757 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: None

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 4

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

9) Trading in derivative instruments: Notes 7 and 35

b. Information on investees (excluding investees in mainland China): Table 6

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 7

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 8

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8

   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 9

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 10

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 revenues and results

	Asia	Americas	Europe	Eliminations	Total
For the year ended December 31, 2023					
Revenues from external customers	$ 1,659,764	$ 5,185,191	$ 941,516	$ -	$ 7,786,471
Intersegment revenues	4,521,201	107,048	40,451	(4,668,700)	-
Consolidated revenues	$ 6,180,965	$ 5,292,239	$ 981,967	$ (4,668,700)	$ 7,786,471
Segment income (loss)	$ 371,608	$ (302,357)	$ (213,625)	$ (25,057)	$ (169,431)
For the year ended December 31, 2022					
Revenues from external customers	$ 1,915,877	$ 4,386,944	$ 819,590	$ -	$ 7,122,411
Intersegment revenues	3,322,322	52,208	17,159	(3,391,689)	-
Consolidated revenues	$ 5,238,199	$ 4,439,152	$ 836,749	$ (3,391,689)	$ 7,122,411
Segment income (loss)	$ 645,920	$ (355,269)	$ (175,330)	$ (196,382)	$ (81,061)

b. Segment assets and liabilities

	December 31	
	2023	2022
Segment assets		
Asia	$ 6,712,085	$ 7,263,516
Americas	3,853,384	3,814,410
Europe	723,705	886,673
Total segment assets	$ 11,289,174	$ 11,964,599
Segment liabilities		
Asia	$ 2,846,112	$ 4,337,828
Americas	3,248,443	2,937,361
Europe	422,942	625,450
Total segment liabilities	$ 6,517,497	$ 7,900,639

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	
	2023	2022
Treadmill	$ 4,074,597	$ 3,254,691
Elliptical trainer	1,098,438	984,170
Bike	819,542	799,705
Furniture	568,128	911,149
Others	1,225,766	1,172,696
	$ 7,786,471	$ 7,122,411

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	
	2023	2022
America	$ 5,567,231	$ 5,131,271
Europe	1,378,977	1,151,419
Taiwan	493,351	329,384
Mainland China	245,837	282,226
Others	101,075	228,111
	$ 7,786,471	$ 7,122,411

	Non-current Assets December 31	
	2023	2022
America	$ 1,629,075	$ 681,901
Mainland China	826,587	892,261
Taiwan	2,883,446	3,789,272
Europe	167,151	86,507
	$ 5,506,259	$ 5,449,941

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	
	2023	2022
Customer A from America	$ 1,511,256	$ 720,810
Customer B from Asia	$ 459,690	$ 732,069

TABLE 1

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 6)	Ending Balance (Note 6)	Actual Borrowing Amount (Note 7)	Interest Rate	Nature of Financing	Business Transaction Amount (Note 4)	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	$ 6,407 (JPY 29,500 thousand)	$ -	$ -	-	Business transaction	$ 15,849	-	$ -	-	$ -	$ 15,849 (Note 2)	$ 1,749,638 (Note 5)	
		Dyaco Europe GmbH	Other receivables from related parties	Yes	3,465 (EUR 102 thousand)	-	-	-	Business transaction	12,125	-	-	-	-	12,125 (Note 2)	1,749,638 (Note 5)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	52,963 (GBP 1,353 thousand)	52,963 (GBP 1,353 thousand)	52,963 (GBP 1,353 thousand)	-	Business transaction	100,179	-	-	-	-	100,179 (Note 2)	1,749,638 (Note 5)	
		Spirit Manufacturing Inc.	Other receivables from related parties	Yes	253,637 (US$ 8,260 thousand)	40,505 (US$ 1,319 thousand)	40,505 (US$ 1,319 thousand)	-	Business transaction	664,504	-	-	-	-	664,504 (Note 2)	1,749,638 (Note 5)	
		Fitness Equipment Services, LLC.	Other receivables from related parties	Yes	516,624 (US$ 16,825 thousand)	240,749 (US$ 7,841 thousand)	240,749 (US$ 7,841 thousand)	-	Business transaction	1,811,486	-	-	-	-	1,749,638 (Note 2)	1,749,638 (Note 5)	
		Spirit Direct, LLC.	Other receivables from related parties	Yes	9,181 (US$ 299 thousand)	9,072 (US$ 295 thousand)	9,072 (US$ 295 thousand)	-	Business transaction	49,653	-	-	-	-	49,653 (Note 2)	1,749,638 (Note 5)	
		CARIO fitness Gmbh & CO. KG	Other receivables from related parties	Yes	49,946 (EUR 1,470 thousand)	-	-	-	Business transaction	1,294	-	-	-	-	49,946 (Note 2)	1,749,638 (Note 5)	
		CARIO fitness Gmbh & CO. KG	Other receivables from related parties	Yes	33,980 (EUR 1,000 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	1,749,638 (Note 1)	1,749,638 (Note 5)	
		CITY SPORTS (THAILAND) CO., LTD.	Other receivables from related parties	Yes	54,102 (THB 60,000 thousand)	54,102 (THB 60,000 thousand)	38,178 (THB 42,340 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	874,819 (Note 1)	1,749,638 (Note 5)	
		Wing Long Co., Ltd.	Other receivables from related parties	Yes	5,000	5,000	4,000	-	Short-term financing	-	Operating turnover	-	-	-	1,749,638 (Note 1)	1,749,638 (Note 5)	
		Sweatband. Com Ltd.	Other receivables from related parties	Yes	62,640 (GBP 1,600 thousand)	23,490 (GBP 600 thousand)	23,490 (GBP 600 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	1,749,638 (Note 1)	1,749,638 (Note 5)	
		Iuvo Industry Co., Ltd.	Other receivables from related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Operating turnover	-	-	-	1,749,638 (Note 1)	1,749,638 (Note 5)	
1	Fuel spirit International Inc.	Dyaco International Inc.	Other receivables from related parties	Yes	61,410 (US$ 2,000 thousand)	61,410 (US$ 2,000 thousand)	-	-	Short-term financing	-	Operating turnover	-	-	-	191,207 (Note 3)	191,207 (Note 3)	
2	Cikayda Inc.	Iuvo Industry Co., Ltd.	Other receivables from related parties	Yes	7,000	6,500	6,500	-	Short-term financing	-	Operating turnover	-	-	-	6,919 (Note 3)	6,919 (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 of a parent to a subsidiary in which the lending company directly and indirectly holds over 100% voting shares is limited to 100% of the net value of the lending company; the maximum financing to other individual corporations is limited to 40% of the net value of the lending company.

Note 4: The business transaction amount refers to the recent year's transaction amount between the lending company and the lender.

Note 5: The maximum financing allowed is limited to 40% of the net value of the parent entity.

Note 6: The maximum balance for the period and ending balances were approved by the board of directors.

Note 7: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)	Note
		Name	Relationship											
0	Dyaco International Inc.	Shelton Corporation (Jiaxing), Ltd.	Indirectly held subsidiary	$ 437,409	$ 117,245 (US$ 1,000 thousand and RMB 20,000 thousand)	$ -	$ -	$ -	-	$ 437,409	Y	-	Y	
		Wing Long Co., Ltd.	Directly held subsidiary	2,187,047	5,000	5,000	1,000	-	0.11	2,187,047	Y	-	-	
		Iuvo Industry Co., Ltd.	Directly held subsidiary	2,187,047	30,000	30,000	30,000	-	0.69	2,187,047	Y	-	-	
1	President Plastic Products MFG. Co., Ltd.	Dyaco International Inc.	Ultimate parent	2,187,047	300,000	300,000	300,000	300,000	6.86	2,187,047	-	Y	-	

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

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

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

TABLE 3

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Dyaco International Inc.	Stock							
	Energy Moana Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	300,000	$ 1,125	0.73	$ 1,125	Note 1
	Firenze Cultural Exchange International Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	750,000	5,740	7.50	5,740	Note 1
	Inalways corporation	-	Financial assets at fair value through other comprehensive income (FVTOCI)	588,000	8,966	1.19	8,966	Note 2
	Uniigym Global Holdings Limited.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	250,000	5,186 (US$ 169 thousand)	2.24	5,186 (US$ 169 thousand)	Note 1
	Gomore Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	50,433,730	26,480 (US$ 862 thousand)	4.40	26,480 (US$ 862 thousand)	Note 1
	Limited partnership							
	Changneng Capital Limited Partnership	-	Financial assets at fair value through profit or loss (FVTPL)	-	16,555	-	16,555	Note 1
	Convertible bonds							
	1.5-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	23,029 (US$ 750 thousand)	-	23,029 (US$ 750 thousand)	
	2-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	7,676 (US$ 250 thousand)	-	7,676 (US$ 250 thousand)	
	2.5-year financial debentures of Mega International Commercial Bank	-	Financial assets at amortized cost	-	6,141 (US$ 200 thousand)	-	6,141 (US$ 200 thousand)	
	Convertible promissory note							
	Morsel Inc.	-	Financial assets at fair value through profit or loss (FVTPL)	-	118,124 (US$ 3,847 thousand)	-	118,124 (US$ 3,847 thousand)	Note 1
Dyaco (Shanghai) Trading Co., Ltd.	Stock							
	Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	3,473 (RMB 803 thousand)	9.00	3,473 (RMB 803 thousand)	Note 1

(Continued)

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

Note 2: Their fair value is calculated based on the closing price as of December 31, 2023.

Note 3: For the information on investments and associates in subsidiaries, refer to Tables 6 and 7.

(Concluded)

TABLE 4

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, 2023
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total (Note 1)	
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Sales	$ 1,812,667	49	Flexible	Based on mutual agreement	Flexible	$ 1,164,880	56	Note 2
	Spirit Manufacturing Inc.	Directly held subsidiary	Sales	645,560	18	Flexible	Based on mutual agreement	Flexible	516,597	25	Note 2
	Shelton Corporation (Jiaxing), Ltd.	Indirectly held subsidiary	Purchase	1,272,941	52	Flexible	Based on mutual agreement	Flexible	(635,654)	61	
	Dyaco Canada Inc.	Directly held subsidiary	Sales	222,664	6	Flexible	Based on mutual agreement	Flexible	77,408	4	Note 2
	Dyaco UK Ltd.	Directly held subsidiary	Sales	105,588	4	Flexible	Based on mutual agreement	Flexible	67,545	3	Note 2
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	1,812,667	98	Flexible	Based on mutual agreement	Flexible	(1,164,880)	70	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	645,560	58	Flexible	Based on mutual agreement	Flexible	(516,597)	86	
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	1,272,941	63	Flexible	Based on mutual agreement	Flexible	635,654	82	
Dyaco Canada Inc.	Dyaco International Inc.	Ultimate parent	Purchase	222,664	70	Flexible	Based on mutual agreement	Flexible	(77,408)	88	
Dyaco UK Ltd.	Dyaco International Inc.	Ultimate parent	Purchase	105,588	72	Flexible	Based on mutual agreement	Flexible	(67,545)	92	

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

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

Note 3: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Receivables from Related Party		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance		Amount	Actions Taken		
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Accounts receivable	$ 1,164,880	1.72%	$ -	-	$ 19,422	$ -
			Other receivables	711,469	(Notes 1 and 2)	-	-	340,776	-
	Spirit Manufacturing Inc.	Directly held subsidiary	Accounts receivable	516,597	0.94%	-	-	59,095	-
			Other receivables	147,512	(Notes 1 and 2)	-	-	56,006	-
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	635,654	2.45%	-	-	197,704	-
Fuel Spirit International Inc.	Spirit Manufacturing Inc.	Fellow subsidiary	Accounts receivable	101,327	-	-	-	-	-

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

Note 2: On December 31, 2023, the company reclassified the accounts receivable from related parties, which were overdue beyond the normal credit period, to other receivables. Furthermore, in accordance with Article 14 of the "Regulations Governing Loaning of Funds and Endorsements/Guarantees by Public Companies," the most recent board of directors' resolution (on March 12, 2024) approved the balance of loans extended and the actual amount disbursed.

Note 3: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Note 1)
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	%	Carrying Amount (Note 1)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	$ 505,957	$ 505,957	126,415,463	100	$ 1,080,577	$ 33,475	$ 43,341 (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	545,861	484,529	-	100	159,361	(96,534)	(96,534)
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	8,900	440	440
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	72,964	72,964	201,020	100	(7,480)	(7,815)	(7,815)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	25,000	25,000	2,500,000	100	4,958	2,819	2,819
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	349,656	263,424	3,088,076	97	113,823	(55,301)	(55,301)
	SOLE INC.	America	Investment	1,642,866	1,642,866	-	100	493,326	(232,619)	(256,188) (Note 3)
	President Plastic Products MFG. Co., Ltd.	Taiwan	Rental of property	286,640	286,640	391,000	100	288,763	227	231 (Note 4)
	Cikayda Inc.	Taiwan	Manufacturing and selling	20,000	20,000	2,000,000	100	17,296	(743)	(743)
	Morsel Inc.	America	Intelligent fitness content production company	27,250 (US$ 1,000 thousand)	27,750 (US$ 1,000 thousand)	909,090	11	-	(39,070) (US$ -1,254 thousand)	-
	CITY SPORTS (THAILAND) CO., LTD.	Thailand	Fitness equipment selling	12,450 (THB 14,420 thousand)	12,450 (THB 14,420 thousand)	176,000	44	(2,126) (THB -2,360 thousand)	(10,750) (THB -11,938 thousand)	(4,925) (THB -5,469 thousand) (Note 5)
	Neutron Ventures Ltd.	United Kingdom	Investment	-	119,851 (GBP 3,220 thousand)	-	-	- (Note 9)	(49,111) (GBP -1,287 thousand)	(25,268) (GBP -671 thousand) (Note 6)
	Hongdaxin Projection Co., Ltd.	Taiwan	Film and television industry investment	4,000	4,000	400,000	40	3,714	(302)	(175)
	Spirit Manufacturing Inc.	America	Import, export and selling	265,734 (US$ 8,890 thousand)	265,734 (US$ 8,890 thousand)	1,668	100	222,860 (US$ 7,258 thousand)	(40,137) (US$ -1,288 thousand)	(40,137) (US$ -1,288 thousand)
	Dyaco Canada Inc.	Canada	Import, export and selling	271,752 (US$ 9,058 thousand)	271,752 (US$ 9,058 thousand)	1,000	100	234,721 (US$ 10,117 thousand)	(14,421) (US$ -625 thousand)	(14,421) (US$ -625 thousand)
	Iuvo Industry Co., Ltd	Taiwan	Electric-assisted bicycle manufacturer	155,000	125,000	18,300,000	92	118,225	(22,471)	23,380 (Note 7)
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co KG	Germany	Import, export and selling	274,917 (EUR 8,096 thousand)	216,813 (EUR 6,296 thousand)	-	100	79,061 (EUR 2,326 thousand)	(72,697) (EUR -2,157 thousand)	(75,025) (EUR -2,226 thousand) (Note 8)
	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977 (EUR 26 thousand)	977 (EUR 29 thousand)	-	100	928 (EUR 27 thousand)	(47) (EUR -1 thousand)	(47) (EUR -1 thousand)
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262 (US$ 2,100 thousand)	63,262 (US$ 2,100 thousand)	-	100	(123,453) (US$ -4,021 thousand)	(232,619) (US$ -7,466 thousand)	(232,619) (US$ -7,466 thousand)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Note 1)
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	%	Carrying Amount (Note 1)		
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	$ 185,015 (US$ 5,848 thousand)	$ 185,015 (US$ 5,848 thousand)	5,848,450	100	$ 191,207 (HK$ 48,665 thousand)	$ 5,868 (HK$ 1,474 thousand)	$ 5,868 (HK$ 1,474 thousand)
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	62,118 (US$ 2,000 thousand)	62,118 (US$ 2,000 thousand)	-	100	(16,318) (US$ -531 thousand)	(23,180) (US$ -744 thousand)	(23,180) (US$ -744 thousand)
Neutron Ventures Ltd.	Interactive Online Commerce Ltd	United Kingdom	Investment	167,250 (GBP 4,532 thousand)	97,577 (GBP 2,632 thousand)	-	100	64,645 (GBP 1,651 thousand)	(47,742) (GBP -1,232 thousand)	(47,742) (GBP -1,232 thousand)
	Neutron Ventures Poland S.p Z.o.o	Poland	Service industry	34 (PLN 5 thousand)	34 (PLN 5 thousand)	-	100	(365) (PLN -46 thousand)	(2,107) (PLN -271 thousand)	(2,107) (PLN -271 thousand)
Interactive Online Commerce Ltd	Sweatband.com Ltd.	United Kingdom	Sporting goods selling	166,237 (GBP 4,504 thousand)	96,564 (GBP 2,604 thousand)	-	100	64,436 (GBP 1,465 thousand)	(47,472) (GBP -1,232 thousand)	(47,472) (GBP -1,232 thousand)
Dyaco UK Ltd.	Neutron Ventures Ltd	United Kingdom	Investment	135,026 (GBP 3,429 thousand)	-	308,070	100	118,161 (GBP 3,018 thousand) (Note 9)	(49,111) (GBP -1,287 thousand)	(24,878) (GBP -642 thousand) (Note 6)

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 $33,475 thousand realized profit of $11,283 thousand and minus unrealized profit of $1,417 thousand from upstream intercompany transactions.

Note 3: Including share of loss of $232,619 thousand minus amortization of investment premium of $23,569 thousand.

Note 4: Including share of profit of $227 thousand and unrealized expenses of $4 thousand.

Note 5: Including share of loss of $4,730 thousand and minus amortization of investment premium of $195 thousand.

Note 6: Including share of loss of $46,336 thousand minus amortization of investment premium of $3,810 thousand.

Note 7: Including share of loss of $22,471 thousand minus amortization of investment premium of $909 thousand.

Note 8: Including share of loss of $72,697 thousand minus amortization of investment premium of $2,328 thousand.

Note 9: After the reorganization, which went by share exchange it is directly 100% held by Dyaco UK Ltd.

Note 10: Eliminated from the consolidated financial statements.

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2023
						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)	$ (25,061) (HK$ -6,297 thousand)	100	$ (25,061) (HK$ -6,297 thousand)	$ 116,846 (HK$ 29,739 thousand)	$ -
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	568,888 (US$ 18,800 thousand)	Through an investment company registered in a third region (Note 1)	659,471 (US$ 21,830 thousand)	-	-	659,471 (US$ 21,830 thousand)	85,432 (HK$ 21,465 thousand)	60	43,664 (HK$ 10,971 thousand) (Note 3)	738,355 (HK$ 187,924 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(3,096) (RMB -702 thousand)	100	(3,096) (RMB -702 thousand)	-	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 5)	-	-	-	Others (Note 5)	(399) (RMB -91 thousand)	40	(160) (RMB -36 thousand)	2,654 (RMB 613 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	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 $51,259 thousand minus amortization of investment premium of $8,241 thousand, unrealized profits of $259 thousand from upstream intercompany transactions and unrealized losses of $905 thousand from side stream intercompany transactions.

Note 4: Reinvested RMB3,500 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd., Dyaco Health Technology (Beijing) Co., Ltd. has been completed liquidation and cancellation in the first quarter of July 2023.

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.

TABLE 8

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, 2023
(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.	Sales	$ 91,151	2	Flexible	Based on mutual agreement	$ 30,987	1	$ -	
		Shelton Corporation (Jiaxing), Ltd.	Purchase	1,272,941	52	Flexible	Based on mutual agreement	(635,654)	61	-	

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

Note 2: Eliminated from the consolidated financial statements.

TABLE 9

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	
2023	0	Dyaco International Inc.	Spirit Direct, LLC.	a	Sales	$ 42,322	-	1
					Other operating revenue	7,513	-	-
					Accounts receivable from related parties	42,704	-	1
					Other receivables from related parties	44,273	-	-
					Temporary receipts	38	-	-
			Fuel-Spirit International Inc.	a	Other receivables from related parties	4,013	-	-
					Other payables to related parties	11,865	-	-
					Accounts receivable from related parties	9,182	-	-
					Sales	50,257	-	1
					Other operating revenue	92	-	-
					Other incomes	9,875	-	-
			Dyaco Japan Co., Ltd.	a	Sales	16,404	-	-
					Other operating revenue	252	-	-
					Accounts receivable from related parties	30,209	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Sales	91,151	-	1
					Accounts receivable from related parties	30,987	-	-
			Spirit Manufacturing Inc.	a	Sales	641,943	-	8
					Other operating revenue	3,617	-	-
					Accounts receivable from related parties	516,597	-	5
					Other receivables from related parties	147,512	-	1
			Dyaco Canada Inc.	a	Sales	218,825	-	3
					Other operating revenue	3,839	-	-
					Accounts receivable from related parties	77,408	-	1
			Dyaco Europe GmbH	a	Sales	12,125	-	-
					Accounts receivable from related parties	12,102	-	-
			Daan Health Management Consulting Co., Ltd.	a	Rental revenue	24	-	-
			Wing Long Co., Ltd.	a	Accounts receivable from related parties	504	-	-
					Other receivable to related parties	4,000	-	-
					Other payables to related parties	717	-	-
					Sales	11	-	-
					Other expenses	817	-	-
			Dyaco UK Ltd.	a	Sales	105,588	-	1
					Accounts receivable from related parties	67,545	-	1
					Other receivables from related parties	67,344	-	1
			Shelton Corporation (Jiaxing), Ltd.	a	Cost of goods sold	1,272,941	-	16
					Accounts payable to related parties	635,654	-	6
					Other expenses	135	-	-
					Inventories	254	-	-
					Sales	86	-	-

(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)	
			CARDIO fitness GmbH & Co. KG	a	Accounts receivable from related parties	$ 56	-	-
					Sales	1,215	-	-
					Other operating revenue	106	-	-
			SOLE INC.	a	Other receivables from related parties	284	-	-
			Fitness Equipment Services, LLC.	a	Accounts receivable from related parties	1,164,880	-	10
					Other receivables from related parties	711,469	-	6
					Sales	1,812,667	-	23
			President Plastic Products MFG. Co., Ltd.	a	Refundable deposits	900	-	-
					Lease liabilities	4,076	-	-
					Right-of-use asset	3,870	-	-
					Interest expense	58	-	-
					Depreciation	516	-	-
					Other payables to related parties	2,800	-	-
			Cikayda Inc.	a	Other receivables from related parties	315	-	-
					Other payables to related parties	2,040	-	-
					Rental revenue	400	-	-
					Other expenses	990	-	-
			Sweatband.com Ltd	a	Accounts receivable from related parties	3,078	-	-
					Other receivables from related parties	23,490	-	-
					Sales	13,209	-	-
					Other operating revenue	556	-	-
			City Sports (Thailand) Co,. Ltd.	a	Accounts receivable from related parties	2,432	-	-
					Other receivables from related parties	37,158	-	-
			Iuvo Industry Co., Ltd		Sales	292	-	-
					Other incomes	30	-	-
					Cost of goods sold	255	-	-
					Other expenses	7	-	-
					Accounts payables from related parties	275	-	-
	1	Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	c	Accounts receivable from related parties	101,327	-	1
			Dyaco Canada Inc.	c	Other operating revenue	647	-	-
					Other expenses	331	-	-
					Accounts receivable from related parties	214	-	-
					Other payables to related parties	326	-	-
			Shelton Corporation (Jiaxing), Ltd.	c	Cost of goods sold	79,223	-	1
					Accounts payable to related parties	32,744	-	-
			City Sports (Thailand) Co., Ltd.	c	Accounts receivable from related parties	2,391	-	-
	2	Spirit Direct, LLC.	Sweatband.com Ltd	c	Cost of goods sold	468	-	-
					Accounts payables from related parties	453	-	-
	3	Dyaco (Shanghai) Trading Co., Ltd.	Shelton Corporation (Jiaxing), Ltd.	c	Cost of goods sold	58,287	-	1
					Accounts payable to related parties	38,023	-	-
					Inventories	1,138	-	-

(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	Spirit Manufacturing Inc.	Dyaco Canada Inc.	c	Sales	$ 12,671	-	-
			Fitness Equipment Services, LLC.	c	Sales	14,507	-	-
					Accounts payable to related parties	18	-	-
					Accounts receivable from related parties	1	-	-
	5	Dyaco Europe GmbH	Cardio Fitness GmbH & Co. KG	c	Sales	31,158	-	-
					Other operating revenue	467	-	-
					Other expenses	1,949	-	-
					Accounts receivable from related parties	50,504	-	-
					Accounts payable to related parties	95	-	-
			Dyaco UK Ltd.	c	Accounts payable to related parties	278	-	-
					Cost of goods sold	1,380	-	-
			Sweatband.com Ltd	c	Sales	4,550	-	-
					Accounts payable to related parties	855	-	-
					Accounts receivable from related parties	509	-	-
	6	Dyaco UK Ltd.	Sweatband.com Ltd	c	Sales	34,266	-	-
					Cost of goods sold	105	-	-
					Accounts receivable to related parties	14,178	-	-
					Accounts payable from related parties	2,612	-	-
			CARDIO fitness GmbH&Co.KG	c	Accounts receivable to related parties	1	-	-
					Accounts payable from related parties	1,082	-	-
					Sales	3	-	-
					Cost of goods sold	3	-	-
	7	Fitness Equipment Services, LLC.	SOLE INC.	c	Other receivables from related parties	9,580	-	-
	8	CARDIO fitness GmbH&Co.KG	Sweatband.com Ltd	c	Accounts receivable from related parties	438	-	- -
	9	Cikayda Inc.	Iuvo Industry Co., Ltd.	c	Other receivable to related parties	6,500	-	-
	10	Neutron Ventures Ltd	Interactive Online Commerce Ltd	c	Other payables to related parties	8,542	-	-
			Sweatband.com Ltd	c	Other receivable to related parties	178	-	-
	11	Interactive Online Commerce Ltd	Sweatband.com Ltd	c	Other payables to related parties	8,332	-	-
	12	Neutron Ventures Poland S.p Z.o.o	Sweatband.com Ltd	c	Other payables to related parties	802	-	-
					Other receivable to related parties	2,450	-	-
					Sales	17,072	-	-

Note 1: Companies are numbered as follows:

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

(Continued)

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 10

DYACO INTERNATIONAL INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Guang-Ying Limited	10,346,727	6.48
Dyaco International Inc.	8,963,000	5.61
Chuan-Feng Investment Corporation	8,757,882	5.48
Lin, Ing-Gin	8,354,283	5.23

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