

Dyaco International Inc.

2023 Annual General Shareholders' Meeting Minutes

(Translation)

Time and Date of Meeting : 9:00 a.m. on May 26, 2023

Place of Meeting : No.1, Gong 1st Rd., Hemei Township, Changhua County

Total outstanding shares of VIS (after deduct the shares as defined in Article 179 of Company Law) : 73,830,805 shares; Total shares represented by shareholders present : 125,646,754 shares; Percentage of shares held by shareholders present : 58.76%

Attendee :

Mr. Ing-Gin, Lin (The Chairman of the Board of Directors)

Mrs. Zhu-Wei, Zhuang (Director)

Mr. Chi-Chuan, Chang (Director)

Mr. Chang -Hong Hsieh (Independent Director/Proxy: Mr, Kai-Li, Wang)

Mr. Kai-Li, Wang (Independent Director)

Mr. Chih-Cheng, Wang (Independent Director)

Others : Mr. Chien-Hsin Hsieh of Deloitte & Touche

Chairman : Mr. Ing-Gin, Lin

Recorder : Mr. Iuan-Sheng Chiou

The necessary quorum of members was present in person or by proxy and the Chairman declared the meeting duly constituted and the Company may proceed to business.

I. Chairman's Address (omitted)

II. Report Items

1. To report the business of 2022. (See Attachment A)

Speech of Shareholder Account Number 449

- (1). Please explain the reasons for the loss in 2022 and the outlook for this year.

The Chairman Replied:

In 2022, the fitness equipment market was impacted by the war and price inflation, and the inventory costs were still high, resulting in a decline in revenue and gross profit at the same time. In 2022, it turned from profit to loss. In 2023, the market demand for fitness equipment should recover slowly. The newly acquired subsidiary of the Company will continue to develop the sales of e-commerce channels, and with the launch of new

products every three years, the performance is expected to return to a growth trend this year. The costs of raw materials are slowly recovering, and ocean freight rates have plummeted; at the same time, the scale of production and sales has expanded, production capacity and operating efficiency have been greatly improved, and sales costs will be significantly reduced, which will help improve gross profit performance this year and improve profitability.

- (2). The turnover in April this year was only about NT\$500 million, please explain the reasons for the decline compared to previous few months.**

The Chairman Replied:

The second quarter is a traditional off-season for home fitness equipment. Although the revenue in April declined as compared to the previous month, it still grew by about 17% compared to the same period last year.

- (3). There have been several mergers and acquisitions of the Company over the years, please explain how the price of the equity transaction is evaluated and the benefits of the mergers and acquisitions.**

The Chairman Replied:

- I. The core value of the U.S. subsidiary FES is to own SOLE, the top fitness equipment brand in e-commerce in the United States. After the acquisition in February 2020, it benefited from the booming demand for home fitness equipment due to the pandemic, and its sales and profits have grown significantly. FES has a stable customer relationship with Dick's, the largest physical sports goods distributor in the United States, that could help the Company expand into other product in the future.
 - II. The acquisition of Xidun Metal Products (Jiaxing) was to establish the only production base in China, which provided sufficient production capacity at the time of surging product demand in 2020, and also helped reduce production costs.
 - III. The acquisition of President Plastics Products Mfg. Co., Ltd. was to obtain about 2,300 pings of its land in Dajia for the construction of factories.
 - IV. The acquisitions of Sweatband.com in the UK and CardioFitness in Germany were both acquisitions of local e-commerce and physical sales channels, which are beneficial to the promotion of the Group's own brand products.
 - V. Dyaco has expanded from indoor fitness equipment to outdoor electric-assist bicycles, and Iuvo Industry Co. Ltd. has been engaged in the development and production of electric-assist bicycles for more than ten years, which will help Dyaco accelerate its entry into the electric-assist bicycle business.
- (4). Giant, Merida and other manufacturers are doing business in electric-assist bicycle market. What are Dyaco's advantages in this business?**

The Chairman Replied:

Dyaco has expanded from indoor fitness equipment to outdoor electric-assist bicycles, which have a complementary role in the off-peak season of production and sales. Dyaco has entered the market with advantages of many years of manufacturing experience and

extensive brand operations, and has global sales channels, such as Dick's, the largest physical sports goods distributor in the United States, Walmart, the largest retail distributor, or Amazon, the largest e-commerce channel. In addition, because the Company already has a complete after-sales customer service system in the North American market, which ensures higher security for consumers to purchase products, so as to reduce the entry threshold of the electric-assist bicycle industry.

2. To report the Audit Committee's Review Report of 2022. (See Attachment B)

Speech of Shareholder Account Number 449

- (1). Please state the frequency of meetings held by the Audit Committee and the status of communication with accountants and auditors.**

Independent Directors- Mr. Kai-Li, Wang and Mr. Chih-Cheng, Wang Replied:

- I. The Audit Committee meets at least quarterly and communicates regularly with the accountants and the governing bodies, and also audits regular reports and irregular project reports.
- II. The Company's Corporate Governance Evaluation ranked 6% to 20% of the total number of listed companies for five consecutive years, and ranked top 5% in the category of non-financial electronic industry with a market value between NT\$5 billion and NT\$10 billion.

- (2). Please explain how to understand the operation status of the reinvestment.**

Independent Directors- Mr. Kai-Li, Wang Replied:

The management unit regularly reports the operating status of each subsidiary, or invites the person in charge of the subsidiary to attend the report from time to time.

3. To report 2022 employees' profits sharing bonus and directors' compensation. Please review.

Speech of Shareholder Account Number 449 Replied:

The Company did not distribute employees and Directors' remuneration due to the loss in 2022. Should it also consider the contribution of Independent Directors to distribute Directors' remuneration?

Financial Supervisor Replied:

The Company distributes the remuneration of employees and Directors in accordance with the Articles of Association, and Independent Directors are separately remunerated, which are all handled in accordance with the deliberations of the Compensation Committee and the resolutions of the Board of Directors.

4. To report 2022 remuneration paid to individual directors (including the correlation among the remuneration payment policy, standards and combination, and management performance).

(See Attachment C)

5. To report the proposal for cash distribution of 2022 earnings. (See Attachment D)

6. To report the implementation of share repurchase. (See Attachment E)

Speech of Shareholder Account Number 449

The average repurchase price per share of the Company's treasury shares for the fourth execution is NT\$63.10, which is relatively high compared to other repurchase prices. Will the Company's shares be repurchased again based on the current stock price performance?

Financial Supervisor Replied:

The Company's implementation strategy is to protect the overall shareholders' rights and interests and take into account the market mechanism, and buy back in batches within the price range depending on the stock price change.

7. Amendment to the "Rules of Procedure for Board of Directors Meetings". (See Attachment F)
8. Establish the Company's "Sustainable Development Practice Guidelines," sustainable development policies, and specific implementation plans. (See Attachment H)
9. Establishing the Company's "Regulations on Financial Business Operations between Related Parties". (See Attachment I)

III.Acknowledgement Items

Ratifications matter 1 (Proposed by the Board of Directors)

Subject : To accept 2022 Business Report and Financial Statements.

- Description :
1. The above consolidated financial statements including balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and business report were approved by resolution of the Board of Directors and submitted for the Audit Committee's review. The financial statements were audited by independent auditors Mr. Hsieh, Chien-Hsin and Ms. Liao, Wan-I of Deloitte Taiwan.
 2. 2022 Business Report is hereto attached as Attachment A.
 3. Standalone and Consolidated Independent Certified Public Accountant Report for the year of 2022 is hereto attached as Attachment I.
 4. Standalone and Consolidated Financial Statement for the year of 2021 is hereto attached as Attachment K.
 5. Please accept the aforementioned.

Speech of Shareholder Account Number 449

(1). The exchange loss in 2021 was about NT\$180 million, and the exchange gain in 2022

was about NT\$440 million, which was a huge gap in between. What is the Company's control method to this?

Financial Supervisor Replied:

The Company is mainly engaged in foreign sales, which is greatly affected by exchange rate changes. The Company has engaged in forward exchange or SWAP operations to reduce the exchange rate risks. In 2021, the depreciation of the U.S. dollar resulted in exchange losses, while in 2022, the rise of the U.S. dollar resulted in exchange gains.

- (2). In terms of inventory, if there is proper management and control and whether inventories are insured.**

Financial Supervisor Replied:

The Company timely adjusted the production and sales plan in response to weakening market demand, and actively controlled the depletion of inventories of each subsidiary; inventories are properly insured.

- (3). Please explain the meaning of the part of the compensation to be borne by the original three shareholders in respect of the subsidiary FES's class action compensation related to the treadmill disclosed in the financial statements.**

The Chairman Replied:

At the time when the Company signed the equity transaction agreement with the three FES equity transferors, it was agreed that in the event of disputes between the Company and consumers, two-thirds of the compensation shall be borne by the original three shareholders and the Company shall bear one-third of the compensation.

- (4). The financial statements revealed that the interest rate on bank loans is as high as 4.5%. Why is there such a high interest rate?**

Financial Supervisor Replied:

The relatively high interest rate of about 4.5% is the bank borrowing rate used by the subsidiary Xidun Metal Products (Jiaxing) in China. Due to its own working capital needs, it uses its own assets as a guarantee for financing.

- (5). The construction contract of the Dajia factory was signed by the Company with the Houli Construction Company, and its person in charge is Chang, Chih-Chuan, who is also a Director of Dyaco. Has this construction project gone through the process of price comparison and deliberation?**

Financial Supervisor Replied:

This related party transaction was conducted in accordance with the Company's Procedures for Acquisition or Disposal of Assets. The transaction price was determined upon negotiation between the both parties after price comparisons between three vendors.

- (6). When the Company invested in unlisted stocks, how to assess the reasonableness of these values.**

Financial Supervisor Replied:

Experts are appointed to issue equity value evaluation reports every year.

- (7). What are the reasons for the investment in Hongdaxin Projection Co., Ltd.?**

The company has an excellent technical team and advanced equipment for film and television photography, as well as resources in the film and television industry. Inviting Dyaco to join as a shareholder will not only help Dyaco's marketing and promotion, but also show that Dyaco supports the development of domestic film and television culture.

Resolution:

Voting Results: 73,830,805 shares were represented at the time of voting

Voting Results	% of the total represented shares present
Votes in favor: 71,688,569 Votes (Including votes casted electronically: 6,562,533 Votes)	97.09%
Votes against: 61,674 Votes (Including votes casted electronically: 61,674 Votes)	0.08%
Votes invalid: 0 votes (Including votes casted electronically: 0 Votes)	0.00%
Votes abstained: 2,080,562 votes (Including votes casted electronically: 1,875,554 Votes)	2.81%

Resolved: The above proposals be and hereby were approved as proposed.

Ratifications matter 2 (Proposed by the Board of Directors)

Subject : To approve the proposal for distribution of 2022 earnings.

- Description :
1. The Company's 2022 audited after-tax loss amounted to NT\$ 76,130,101. After adjusting for retained earnings, special reserve, and adding unappropriated retained earnings in the previous year, a total of NT\$ 282,328,368 is available for distribution and the proposed cash distribution is NT\$62,813,377.
 2. The Earnings Distribution Table for 2022 can be found on page 12 and was approved at the meeting of Board of Directors on March 23, 2023.
 3. Please accept the aforementioned.

Resolution : Voting Results: 73,830,805 shares were represented at the time of voting

Voting Results	% of the total represented shares present
Votes in favor: 71,674,782 Votes (Including votes casted electronically: 6,548,746 Votes)	97.07%
Votes against: 108,675 Votes (Including votes casted electronically: 108,675 Votes)	0.14%
Votes invalid: 0 votes (Including votes casted electronically: 0 Votes)	0.00%

Votes abstained: 2,047,348 votes (Including votes casted electronically: 1,842,340 Votes)	2.77%
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Resolved: The above proposals be and hereby were approved as proposed.

IV. Election matters

Election matter 1 (Proposed by the Board of Directors)

Subject : Election of the 12th Directors.

- Description :
1. The Company's 11th Board of Directors has its tenure expired on May 25, 2023. Following the provision of Articles of Association of the Company, there shall be 7 directors elected in this election (incl. 4 independent directors). They are for a term of 3 years, between May 26 2023 and May 25, 2026.
 2. According to Article 192-1 of Company Act, directors and independent directors are elected using a nomination system. All nominated candidates had been reviewed and approved at the meeting of Board of Directors on March 23, 2023.
 3. List of candidates for the director is hereto attached as Attachment L.
 4. Please Vote.

Election Result :

The List of boards of directors :

Stock No.	Candidate Name	Current Shares	Note
5287	CHUAN-FENG INVESTMENT CORPORATION Representative: Lin, Ing-Gin	88,801,436	Director
9471	Zhuang, Zhu-Wei	72,122,988	Director
20	YONG-HENG INVESTMENT CORPORATION Representative: Lam, Yuk	71,569,368	Director
B1207*****	Wang, Kai-Li	67,098,510	Independent Director
R1217*****	Wang, Chih-Cheng	67,097,934	Independent Director
P1011*****	Wu, Jiin-Po	67,056,961	Independent Director
A1111*****	Tu, Chi-Yao	67,031,571	Independent Director

V. Other Matters

Other matter 1 (Proposed by the Board of Directors)

Subject : To approve the lifting of non-competition restrictions on new director.

- Description :
1. According to Article 209 of Company Act, a director who does

anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

2. For the newly elected independent director who does anything stipulated, without prejudicing the interests of the Company, the release of the prohibition on such director from participation in competitive business is proposed for approval. The list of the lifting of non-competition restrictions on new directors is hereto attached as Attachment M.
3. The proposal is submitted for discussion.

Resolution : Voting Results: 73,830,805 shares were represented at the time of voting

Voting Results	% of the total represented shares present
Votes in favor: 71,598,374 Votes (Including votes casted electronically: 6,472,338 Votes)	96.97%
Votes against: 100,870 Votes (Including votes casted electronically: 100,870 Votes)	0.13%
Votes invalid: 0 votes (Including votes casted electronically: 0 Votes)	0.00%
Votes abstained: 2,131,561 votes (Including votes casted electronically: 1,926,553 Votes)	2.88%

Resolved: The above proposals be and hereby were approved as proposed.

VI. Motions: None.

VII. Adjournment (at 10:29 a.m., May 26, 2023)

Dyaco International Inc.
2022 Business Report

Dear shareholders:

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

The global economy in 2022 was originally expected to continue to recover. However, military conflicts between Russia and Ukraine broke out in the first quarter, leading to soaring global energy and raw material prices. In the second quarter, China implemented strict containment measures due to the outbreak of the epidemic, causing a further blow to the global supply chain. In view of the ongoing inflationary pressures in Europe and the United States, the US has rapidly raised interest rates and reduced bond purchases since March to inhibit inflation. This has led to significant devaluation of non-US currencies, which in turn has caused a surge in imported inflationary pressures in many countries. The rising cost of living worldwide this year has suppressed the recovery of the fitness equipment market due to increased inhibition.

Dyaco Group must comprehensively transform and enhance its competitiveness, including accelerating product development, responsiveness to market changes, responding to user needs, promoting employee innovation, and improving operational efficiency, which are our urgent goals. Here is a report on the 2022 business results, the 2023 business plan, and future development strategies:

I. 2022 Business Report

(I) Business Plan Implementation Results

The global economy has been under strain since the COVID-19 pandemic swept the world. With the easing of the pandemic, 2022 was supposed to be a year of economic recovery. However, due to new wars, record-high inflation rates, and climate disasters, people's consumption behavior has become more cautious, leading to the inhibition of the global fitness equipment sales market. As a result, the overall operating revenue in 2022 decreased by 39% compared to the same period last year. At the same time, affected by the rising costs of global raw materials and various other expenses, the gross profit margin has declined, resulting in a net loss of NT\$0.95 billion after tax and a loss of NT\$0.61 per share.

(II) Budget Implementation Status

The Company did not disclose financial forecasts for 2022, the overall operating performance was affected by the economic environment and market competition, and did not meet the Company's internally formulated business plans.

(III) Financial Income and Profit Analysis

1. Financial Income

Unit: NT \$1,000

	2021		2020		Increase (Decrease)
	Amount	%	Amount	Amount	%
Net Operating Revenue	7,122,411	100%	11,742,081	100%	-39%
Operating Costs	5,037,256	71%	7,684,679	65%	-34%
Gross Profit	2,085,155	29%	4,057,402	35%	-49%
Operating Expenses	2,441,738	34%	3,269,189	28%	-25%
Other Operating Income and Expenses	-27,647	0%	-2,840	0%	873%
Profit (Loss) from Operations	-384,230	-5%	785,373	7%	-149%
Non-Operating Income and Expenses	303,169	4%	-236,910	-2%	-228%
Profit (Loss) before Income Tax	-81,061	-1%	548,463	5%	-115%
Income Tax Expenses (Benefit)	-13,622	0%	-104,865	-1%	-87%
Net Income (Loss)	-94,683	-1%	443,598	4%	-121%

2. Profitability analysis

Item		2021	2020
Liquidity	Quick Ratio (%)	99.41	131.49
	Times Interest Earned	47.24	63.88
	Average Collection Turnover (Times)	0.04	9.01
Operating ability	Average Inventory Turnover (Times)	5.19	4.85
	Return on Total Assets (%)	1.55	2.30
Profitability	Return on Equity (%)	-0.22	3.92
	Net Margin (%)	-2.24	9.59
	Earnings Per Share (NT\$)	-1.33	3.78
	Quick Ratio (%)	-0.61	3.47

(IV) Research and Development Status

The Company's technology is mainly based on the integration of our Research & Development team, domestic upstream manufacturers, market demand, and research institutions. Through marketing personnel for closer access to the market and customers, we can better understand the development trends of products and the application of new technologies, and carry out product and technology development. When necessary, we will hire relevant consultants for advice, cooperate with schools and research institutions for technology development, making the overall product development efficiency and effectiveness faster and more efficient than competitors.

List of R&D achievements in 2022:

1. Assisted Bicycle
2. Full-view multimedia touchscreen elliptical machine, exercise bike, and recumbent bike
3. Folding elliptical machine
4. Rowing training machine

II. Summary of 2023 Business Plan

(I) Management Policy

1. Adhering to the core values of "Brand, Service, and Innovation" for the Company management, developing products and creating value based on people's needs, focusing on providing consumers with simple, comfortable, and safe products, and continuously improving people's health, sports, and leisure life quality.
2. What we offer to our customers is not just a product, but also includes brand beliefs, product creativity, and after-sales experience, thereby enhancing relationships with partners; with this framework, we will continue to expand our own brands SOLE, SPIRIT, and XTERRA, as well as the authorized brand UFC's international market share.
3. Diversifying and expanding new products and brands, developing a new electric-assisted bicycle brand CIKADA, adding UFC mixed martial arts brand weight training, combat fighting, and related training equipment, focusing on the medical technology field's needs for physical treatment and elderly rehabilitation equipment, and cooperating with the American smart fitness content producer STUDIO, combining STUDIO's online fitness courses with Dyaco's fitness equipment, etc.

4. Making the right decisions on key issues and not living in past successes, Dyaco will continue to commit to innovation in R&D technology, collaborate with academia, and extend the Company's R&D advantages by entering the medical rehabilitation equipment field. This way, the Company's products can benefit not only the general public but also people with mobility issues or elderly family members, allowing everyone to enjoy the fun of sports and better care for those in need of help. After all, having a healthy body leads to a better quality of life.

(II) Marketing Policy

1. Establish e-commerce marketing tools to increase market share beyond physical channels.
2. Strengthen third-party sales platform materials and search engine resources to increase brand exposure in local markets.
3. Continuously develop brand agents in various countries while establishing brand communication platforms.
4. Integrate the official company website and fan pages to improve the Company's image in Taiwan and enhance the exposure of domestic products.
5. Enhance the function of the Company's website and deepen the impression with product press releases.
6. Standardize the design of global physical channel marketing materials.

(III) Research and Development Policy

1. Actively develop new models for each brand series, offering diverse choices for consumers.
2. Provide cost-effective, practical, and aesthetically pleasing products under certain quality standards, and further introduce intelligent cloud platforms.
3. Strengthen collaboration with academia and continue to enter the medical rehabilitation equipment field, developing products suitable for the elderly and those with mobility impairments.
4. Develop new intelligent light commercial and commercial equipment series.
5. Combine IoT and wearable devices with sports equipment control, developing products with richer entertainment connections (APP software and 3C product control).

(IV) Production Policy

1. Moderately expand production capacity and improve production efficiency to ensure timely delivery, quality improvement, and cost reduction.
2. Integrate the industrial supply chain, enhance management efficiency and quality reliability, establish information sharing mechanisms, quickly respond to end-market demand, and reduce inventory costs while increasing added value.

III. Future Company Development Strategy

(I) Consistently Innovating Product Technology

In addition to fitness equipment, Dyaco will continue to care for people. Apart from taking care of the general public's sports and leisure quality, it also wants to take care of the elderly and those with limited mobility, allowing them to enjoy the fun of sports. Therefore, the Company will continue to strengthen cooperation with the academic community to develop fitness and rehabilitation equipment that meets the needs of all levels, and innovate in research and development technology, enhancing the interaction mode between athletes and machines, allowing everyone to enjoy exercising and feel safe doing it, thereby providing people with a different understanding and definition of sports.

(II) Developing Health and Rehabilitation Products

Influenced by the trend of exercise and health as well as the arrival of an aging society, the health and care industry has moved away from the traditional service industry atmosphere. Increasingly, more cases of IoT (Internet of Things) technology, AI artificial intelligence, and sensor technology applications have emerged, contributing to the thriving development of the health and care industry. Dyaco is committed to the long-term development of safe rehabilitation equipment, combining research and innovation capabilities, production technology and scale, and marketing channel strength to provide the best medical rehabilitation equipment worldwide, while also exploring new business opportunities beyond traditional sports and fitness equipment. This year, the Company has officially launched a series of rehabilitation equipment products and is actively promoting sales in various markets.

(III) Developing The Brand

Adhering to the core values of "Brand, Service, and Innovation" for the Company management, we provide not only products but also brand beliefs, product creativity, and after-sales service experiences to our customers, enhancing relationships with partners.

We continue to develop brand agents in various countries while establishing brand communication platforms to expand the market share of our own brands SOLE, SPIRIT, XTERRA, and licensed brand UFC, as well as develop the new electric-assisted bicycle brand CIKADA.

(IV) Sticking to Principles and Beliefs

1. Our commitment to product quality and customer promises remains unchanged.
2. Our pursuit of excellence and change in research, development, and design remains unchanged.
3. Our principle of integrating the supply chain to benefit both customers and suppliers remains unchanged.
4. Our belief in promoting the brand, deepening local channels, and benefiting more people remains unchanged.
5. Our principle of cultivating international talents and localized management teams remains unchanged.

IV. Affected by External Competitive, Regulatory and Overall Operating Environment.

The global economic outlook for 2023 is generally slower and more severe than expected, with inflation at its highest level in decades. The financial environment in most regions continues to tighten, the Russia-Ukraine war, and the ongoing COVID-19 pandemic all have serious impacts on economic prospects, leading to a cost-of-living crisis and affecting people's real purchasing power. There are still many uncertain political and economic factors affecting economic performance, and companies continue to face a severe overall operating environment. However, we remain optimistic about the future development of the Company, especially as the sales explosion in 2020 has helped to increase brand market share and recognition, and improve our capabilities in marketing, logistics, and after-sales service, creating stronger competitiveness. At the same time, through the integration of the upstream and downstream layout, we can leverage corporate resources, achieve synergy, and capture more market opportunities.

Overall, in the face of rapidly changing markets and rising production costs, the challenges faced by businesses are becoming increasingly severe. We believe that by adhering to the Company's core management philosophy of sustainable operation, continuously following the Company's planned steps to steadily layout local markets, establishing an innovative

growth-oriented corporate culture, fulfilling corporate social responsibility, and taking care of more people in need, we can maintain our competitive advantage and accumulate more strengths, allowing shareholders, customers, and employees to share in the fruitful business results.

Sincerely yours,

Chairman: Lin, Ing-Gin

General Manager: Chen, Ming-Nan

Chief Accountant Officer: Chiu, Yuan-Shen

Dyaco International Inc.
Audit Committee's Review Report

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

The Board of Directors has prepared and submitted the 2022 consolidated financial statements (including standalone financial statements), business report, and earnings distribution proposal. Independent auditors Mr. Hsieh, Chien-Hsin and Ms. Liao, Wan-I of Deloitte & Touche Taiwan audited the consolidated financial statements (including standalone financial statements) and has issued an audit report. These have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Dyaco International Inc.

Audit Committee convener: Hsieh, Chang-Hung

March 29, 2023

Dyaco International Inc.

Remuneration to Individual Directors for 2022

Unit: NT\$1,000; 1,000 Shares; %

Title	Name	Remuneration								The Aggregate of A, B, C, and D as Percentage of Net Income		Relevant Remuneration Received by Who are also Employees								The Aggregate of A, B, C, D, E, F and G as Percentage of Net Income		Any Other Compensations from Other Investees or Parent Comany
		Base Compensation (A)		Severance Pay and Pensions (B)		Directors' Compensation (C) (Note 1)		Business-conducting Expenses (D)				Salaries, Bonuses and Special Allowances (E)		Severance Pay and Pensions (F)		Employees' Compensation (G)						
		From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco	From All Consolidated Entities	From Dyaco		From All Consolidated Entities		From Dyaco	From All Consolidated Entities	
Chairman	Lin, Ing-Gin	3,573	3,573	-	-	-	-	3,276	3,276	6,849 Note 1	6,849 Note 1	-	-	-	-	-	-	-	-	6,849 Note 1	6,849 Note 1	-
Director	Zhuang, Zhu-Wei	-	-	-	-	-	-	90	90	90 Note 1	90 Note 1	-	-	-	-	-	-	-	-	90 Note 1	90 Note 1	-
Director	Chang, Chih-Chuan	-	-	-	-	-	-	90	90	90 Note 1	90 Note 1	-	-	-	-	-	-	-	-	90 Note 1	90 Note 1	-
Director	Wanshida Construction Co., Ltd. Representative: Li, Bo-Yi	-	-	-	-	-	-	45	45	45 Note 1	45 Note 1	-	-	-	-	-	-	-	-	45 Note 1	45 Note 1	-
Independent Director	Hsieh, Chang-Hung	600	600	-	-	-	-	90	90	690 Note 1	690 Note 1	-	-	-	-	-	-	-	-	690 Note 1	690 Note 1	-
Independent Director	Wang, Kai-Li	600	600	-	-	-	-	90	90	690 Note 1	690 Note 1	-	-	-	-	-	-	-	-	690 Note 1	690 Note 1	-
Independent Director	Wang, Chih-Cheng	600	600	-	-	-	-	90	90	690 Note 1	690 Note 1	-	-	-	-	-	-	-	-	690 Note 1	690 Note 1	-

Note 1 : The Company's loss for the year 2022, not applicable

Note 2 : Please describe the policies, systems, standards, and structure of independent directors' remuneration, and explain the relevance with the amount of remuneration based on their responsibilities, risks, and time investment: Pursuant to Article 24 of the Company's Articles of Incorporation, the remuneration of the directors of the Company shall be distributed at a rate not exceeding 5% of the profitability of the current year. The procedures for determining remuneration shall be subject to the regulations on the Company's Board of Directors' self-evaluation or peer review. Article 21 of the Company's Articles of Incorporation states that the compensation of directors shall be determined by the Remuneration Committee regarding the extent of their participation in and contribution to the operations, with the reasonable fairness of performance risks linked to the compensation received, and the Board of Directors authorized to make payments in accordance with the Remuneration Committee's assessment and the usual standards of the industry.

Note 3 : Except for the disclosure above, remuneration paid to the Company's directors for their services to all the companies listed in the financial statements (e.g., serving as a non-employee adviser): None.

Dyaco International Inc.
Earnings Distribution Table
Year Ended December 31, 2022

Unit: NT\$

Item	Amount
Net Loss of 2022	(76,130,101)
Plus: Remeasurement of Defined Benefit Obligation Recognized in Retained Earnings	2,067,370
Total Amount of After-Tax Net Income for 2022 and Other Items Adjusted to The Current Year's	(74,062,731)
Plus: Reversal Special Reserves	111,910,312
2022 Distributable Earnings	37,847,581
Plus: Unappropriated Earnings of Previous Years	252,800,860
Less: Adjustments to Unappropriated Earnings of Previous Years	(505,347)
Less: Adjustment to capital surplus due to non-proportional investment in investee's increase in capital	(7,814,726)
Distributable Earnings as of December 31, 2022	282,328,368
Distributable Items:	
Less: Dividends to Shareholders (NT\$0.5/per share)	(62,813,377)
Unappropriated Earnings	219,514,991

Note 1: Earnings available for distribution by the end of 2022 shall be distributed first.

Note 2: The dividend distribution was calculated based on the number of 125,626,754 shares outstanding at the time of the Board of Directors' resolution on March 23, 2023. The actual dividend distribution rate was calculated based on the number of shares outstanding on the ex-dividend date.

Note 3: Pursuant to Article 25 of the Articles of Incorporation, the Company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution by the Board of Directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Dyaco International Inc.

Implementation Status Report of the Company's Treasury Share

Treasury stocks in batches		1 st Batch	2 nd Batch	3 rd Batch
Scheduled buyback plan	Date of Board resolution	December 21, 2017	February 21, 2020	March 20, 2020
	Purpose of stock buyback	Transfer ownership of shares to employees	Transfer ownership of shares to employees	Transfer ownership of shares to employees
	Scheduled buyback period	2017/12/22~2018/02/21	2020/02/24~2020/04/23	2020/03/23~2020/05/19
	Scheduled buyback shares	4,000,000 shares	3,000,000 shares	4,500,000 shares
	Price range	NT\$30~NT\$50	NT\$30~NT\$50	NT\$25~NT\$45
	Scheduled buyback shares (as a percentage of issued shares) (Note 1)	4.30%	2.61%	3.91%
	Maximum amount of buyback shares	NT\$950,382,893	NT\$1,002,912,315	NT\$1,002,912,315
Execution of the buyback plan	Actual buyback period	2017/12/22~2018/02/21	2020/02/27~2020/03/20	2020/03/23~2020/04/08
	Actual buyback shares (as a percentage of issued shares) (Note 2)	2.61%	2.61%	1.36%
	Actual amount of buyback shares	NT\$172,339,773	NT\$104,927,035	NT\$50,663,964
	Average price per share	NT\$43.08	NT\$34.98	NT\$32.37
	Reasons for incompleteness	Completed	Completed	To protect the interests of shareholders and balance market mechanism, the Company adopts batch buying strategies depending on stock price changes. Therefore, the buyback is not completed.
Status		Nullified	Not Nullified	Not Nullified

【Attachment E】

Treasury stocks in batches		4 th Batch	5 th Batch
Scheduled buyback plan	Date of Board resolution	September 29, 2021	May 11, 2022
	Purpose of stock buyback	Transfer ownership of shares to employees	Transfer ownership of shares to employees
	Scheduled buyback period	2021/09/30~2021/11/29	2022/05/12~2022/07/11
	Scheduled buyback shares	4,000,000 shares	3,000,000 shares
	Price range	NT\$45~NT\$90	NT\$40~NT\$65
	Scheduled buyback shares (as a percentage of issued shares) (Note 1)	2.99%	2.24%
	Maximum amount of buyback shares	NT\$2,937,819,581	NT\$2,937,819,581
Execution of the buyback plan	Actual buyback period	2021/09/30~2021/09/29	2022/05/12~2022/07/11
	Actual buyback shares (as a percentage of issued shares) (Note 2)	1.86%	1.74%
	Actual amount of buyback shares	NT\$156,988,000	NT\$96,415,064
	Average price per share	NT\$63.10	NT\$41.24
	Reasons for incompleteness	To protect the interests of shareholders and balance market mechanism, the Company adopts batch buying strategies depending on stock price changes. Therefore, the buyback is not completed.	To protect the interests of shareholders and balance market mechanism, the Company adopts batch buying strategies depending on stock price changes. Therefore, the buyback is not completed.
Status		Not Nullified	Not Nullified

Note 1: Calculated based upon the total issued shares of the Company at the time the buyback was reported.

Note 2: Calculated based upon the total issued shares of the Company after expiration of period or completion of execution.

Comparison Table for Rules of Procedure for Board of Directors Meetings

After the Revision	Before the Revision	Description
<p><u>Article 3</u> (Convening and notice of board meetings)</p> <p>A. The board of directors shall meet at least quarterly.</p> <p>B. A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.</p> <p>C. All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised.</p>	<p><u>Article 3</u> (Convening and notice of board meetings)</p> <p>A. The board of directors shall meet at least quarterly.</p> <p>B. A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.</p> <p>The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.</p> <p>C. All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised <u>by an extraordinary motion except in the case of an emergency or for other legitimate reason.</u></p>	<p>In view of the important matters of the Company management, the agenda should be clearly stated to provide directors with sufficient information and time to evaluate proposals before making decisions. Therefore, the items to be discussed are deleted and specified, and they should be listed in the agenda and not raised as temporary motions.</p>
<p>Article 12 (Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <ol style="list-style-type: none"> 1. The Corporation's business plan. 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that 	<p>Article 12 (Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:</p> <ol style="list-style-type: none"> 1. The Corporation's business plan. 2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are 	<p>Since the dismissal and appointment of the Chairman are both important matters of the Company, a new clause six is added, stating that if the board of directors does not have an executive director, the</p>

<p>are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p>6. <u>If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.</u></p> <p>7. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>9. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or</p>	<p>not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).</p> <p>3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.</p> <p>4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.</p> <p>5. The offering, issuance, or private placement of equity-type securities.</p> <p>6. The appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph</p>	<p>appointment or dismissal of the Chairman should be brought up for discussion at the Board meeting.</p>
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<p>bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.</p> <p>The term "related party" in subparagraph <u>8</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>(OMITTED)</p>	<p><u>7</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph.)</p> <p>The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.</p> <p>(OMITTED)</p>	
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Dyaco International Inc.
Sustainable Development Best Practice Principles

Chapter 1 General Principles

Article 1

The Company are advised to promulgate their own sustainable development principles in accordance with the Principles to manage their economic, environmental and social risks and impact.

Article 2

The Principles apply to the Company, including the entire operations of each such company and its business group.

The Principles encourage the Company to actively fulfill sustainable development in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

Article 3

In promoting sustainable development initiatives, the Company listed companies shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

Article 4

To implement sustainable development initiatives, the Company are advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.

3. Preserve public welfare.
4. Enhance disclosure of corporate sustainable development information.

Article 5

The company shall take into consideration the correlation between the development of domestic and international sustainable development issues and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter 2 Exercising Corporate Governance

Article 6

The Company are advised to follow the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, and the Code of Ethical Conduct to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7

The directors of the Company shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's furtherance of its sustainable development objectives:

1. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;

2. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8

The Company are advised to, on a regular basis, organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9

For the purpose of managing sustainable development initiatives, the Company are advised to create a governance structure for promotion of sustainable development, and establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis. The Company are advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders. It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

Article 10

The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders

through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

Chapter 3 Fostering a Sustainable Environment

Article 11

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12

The Company are advised to endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13

The Company are advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 14

The Company are advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.

Article 15

The Company are advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 16

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures. The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17

The Company are advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.

The Company are advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the utilization of energy such as imported electricity, heating, or steam.

3. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the company.

The Company are advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

Chapter 4 Preserving Public Welfare

Article 18

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation,

and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

Article 19

The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20

The Company are advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents. The Company are advised to organize training on safety and health for their employees on a regular basis.

Article 21

The Company are advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

The Company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and

decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives. The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 22-1

The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.

Article 23

The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24

The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud

or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25

The Company are advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society. The Company are advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26

The Company are advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative. The Company are advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, TWSE/TPEX listed companies are advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy. When the Company enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27

The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company are advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Article 27-1

The company would continue to utilize donations, sponsorships, investments, procurements, strategic cooperations, voluntary technical services of corporations, and additional support forms to promote support cultural and creative developments, as well as artistic activities.

Chapter 5 Enhancing Disclosure of Sustainable Development Information

Article 28

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which TWSE/TPEX listed companies shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

Article 29

The company shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the status of their implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter 6 Supplementary Provisions**Article 30**

The company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve their established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.

Dyaco International Inc.
Sustainable Development Policy and Implementation Plan

Policy	Management	Plan
Implementing Corporate Governance	Establishing a culture of sustainable development values and prioritizing ESG (Environmental, Social, and Governance) considerations.	<ul style="list-style-type: none"> ● Establishing a sustainable development team directly under the chairman's office. ● Planning to establish a dedicated execution department to meet business needs.
	Utilizing functional committees to assist the functions of the board of directors.	<ul style="list-style-type: none"> ● Planning various functional committees to regularly analyze and evaluate climate change and ESG risks and propose response plans to the board of directors. ● Reporting sustainable development strategies and implementation progress regularly to the board of directors. ● Properly utilizing experts' functions to participate in functional committees, commissioning experts to provide evaluation reports or opinions, and reporting to the board of directors when necessary.
	Demanding and assisting suppliers in implementing sustainable development projects.	<ul style="list-style-type: none"> ● Requesting suppliers to provide their carbon inventory data. ● Providing guidance and assistance to suppliers in implementing sustainable development projects in response to their needs.
Developing Sustainable Environment	Establishing self-discipline for carbon reduction with incentives and strengthening monitoring mechanisms.	<ul style="list-style-type: none"> ● Improving equipment to meet carbon reduction standards. ● Establishing a carbon fee calculation method within the company. ● Providing company green energy products as employee benefits.
	Developing the green energy industry and promoting compliance with environmental regulations among subsidiary companies of the group.	<ul style="list-style-type: none"> ● Planning green buildings for new factories. ● Developing green energy products.

	Strengthening the ability to respond to climate change risks.	<ul style="list-style-type: none"> ● Conducting regular carbon inventories to establish reliable baseline data. ● Implementing carbon reduction improvement plans based on the results of carbon inventories. ● Identifying climate change risk factors, establishing financial data correlation, and implementing hedging plans.
Maintaining Social Welfare Activities	Actively participating in social welfare activities.	● Planning regular feedback to the community program to encourage employee participation.
	Enhancing social value and impact.	● Introducing a Social Return on Investment (SROI) management system.
Enhancing Corporate Sustainable Development Information Disclosure	Enhancing sustainable development information disclosure, improving information disclosure channels, and external communication.	<ul style="list-style-type: none"> ● Annually update sustainability reports and publish improvement achievements. ● Enhance disclosure of sustainability information through the official website and public channels.
	Prioritizing the establishment of information security protection.	<ul style="list-style-type: none"> ● Establish a dedicated corporate communication network and information security protection system. ● Implementing employee information security protection education and training.

**Rules Governing Financial and Business Matters Between this Corporation and its
Affiliated Enterprises**

Article 1

To ensure sound financial and business interactions between this Corporation and its affiliated enterprises and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between this Corporation and its affiliated enterprises, these Rules are adopted pursuant to Article 17 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2

Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between this Corporation and any of its affiliated enterprises shall be handled in accordance with the provisions of these Rules.

Article 3

The term "affiliated enterprise" as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with this Corporation:

1. A relationship of control or subordination.
2. A relationship of mutual investment. In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.

Article 4

This Corporation shall establish an effective internal control system in regard to its own and its affiliated enterprises' overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.

This Corporation shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any affiliated enterprise that is not a public company, this Corporation shall still, in consideration of the degree of influence it has on this Corporation's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.

Article 5

In addition to implementing the adopted internal control system, this Corporation shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

1. This Corporation shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.
2. A director that this Corporation assigns to an affiliated enterprise shall regularly attend the affiliate's board meetings, and in order to monitor its operation, shall carefully review its corporate objectives and strategy, financial position, business performance, cash flows, and important contracts, as reported by the various members of the affiliate enterprise's management. The director assigned to the affiliated enterprise shall ascertain the cause of any irregularity found, compile a record, and report the matter to the chairperson or general manager of this Corporation.
3. A supervisor assigned to an affiliated enterprise by this Corporation shall supervise the affiliate's business operations, investigate its financial and business conditions, and review its books, records and audit reports, and may also request reports from the affiliate's board of directors or managerial officers. For any irregularity that may be found, the supervisor assigned to the affiliate shall ascertain the cause, compile a record, and report to the chairperson or general manager of this Corporation.
4. This Corporation shall assign competent personnel to assume important positions at its affiliated enterprise, such general manager, financial officer, or internal audit officer, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
5. This Corporation, in consideration of the type of business, scale of operations, and number of personnel of a subsidiary, shall instruct the subsidiary in the procedures and methods for establishing an internal audit unit and adopting internal control system self-inspection operations.
6. In addition to reviewing the audit reports or self-inspection reports submitted by each subsidiary, the internal audit personnel of this Corporation must also carry out audits of the subsidiaries on a scheduled or unscheduled basis. After audit findings and recommendations have been presented, they shall instruct the audited subsidiaries to make any necessary corrections, and shall prepare follow-up reports on a regular basis to ensure that the subsidiaries have taken appropriate corrective measures in a timely manner.
7. Subsidiaries of this Corporation shall regularly (e.g., before the 15th day of each month) submit monthly financial statements for the preceding month, including balance sheets, income statements, statements of expenses, statements of cash flow and cash flow forecasts,

accounts receivable aging schedules and statements of delinquent accounts receivable, aging inventory analyses, and statements of loans to others and endorsements/guarantees. In the event of irregularities, analysis reports shall also be submitted to allow management and control by this Corporation. Other affiliated enterprises shall also regularly (e.g., before the 15th day of each quarter) submit financial statements for the preceding quarter, including balance sheets and income statements, for analysis and review by this Corporation.

Article 6

A managerial officer of this Corporation may not concurrently serve as a managerial officer of any affiliated enterprise of this Corporation, and shall not operate the same type of business as this Corporation, either on the officer's own behalf or with another party, unless otherwise approved by a resolution of the board of directors. The division of powers and responsibilities between this Corporation and its affiliated enterprises with respect to personnel management shall be clearly identified, and personnel transfers between the two shall be avoided. However, where personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

Article 7

This Corporation shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate credit risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, this Corporation shall especially maintain close control over material financial and business items for the purpose of risk management.

Article 8

Any loans or endorsements/guarantees between this Corporation and an affiliated enterprise shall be carefully assessed and carried out in compliance with the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and with the procedures prescribed by this Corporation regarding loans to others and provision of endorsements/guarantees.

With respect to the provision of loans, endorsements, or guarantees between this Corporation and an affiliated enterprise, the matters set out below shall be closely reviewed, and results of the assessment submitted to the board of directors. Any loan of funds shall be made only by a resolution of the board of directors, and no other party may be authorized to decide on the matter. The board of directors, in accordance with the preceding paragraph, may authorize the

chairperson to provide an endorsement or guarantee within a specific limit, provided it is subsequently submitted to and ratified by the next board meeting:

1. The necessity and the reasonableness of the loan or the endorsement or guarantee. When funds are loaned or an endorsement or guarantee is made because of business dealings, an assessment shall be made of whether the amount of the loan or amount of the endorsement or guarantee is commensurate with the total amount of the business involved. When short-term financing is needed, the reasons for and the circumstances surrounding the loan shall be set out.
2. A credit check and a risk assessment of the counterparty requesting the loan or the endorsement or guarantee.
3. The effects on this Corporation's operational risk and financial position and the rights and interests of its shareholders.
4. Whether collateral must be obtained, and an appraisal of its value.

Any endorsement or guarantee provided pursuant to Article 5, paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies between any subsidiaries in which this Corporation directly or indirectly holds 90 percent or more of the voting shares shall first be submitted for a resolution by the board of directors of this Corporation, except when an endorsement or guarantee is provided between companies in which this Corporation directly or indirectly holds 100 percent of the voting shares.

Any proposed loan between this Corporation and its parent or a subsidiary, or between its subsidiaries, shall be submitted for a resolution by the board of directors. The chairperson may also be authorized, with respect to a specific borrowing counterparty, and within a limit resolved by the board of directors and a period not to exceed 1 year, to provide an accreting loan or to make available a revolving line of credit.

If this Corporation has established independent director positions, the board of directors shall give full consideration to each independent director's opinion with respect to loans, endorsements, or guarantees between this Corporation and any of its affiliated enterprises. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.

When a loan of funds for short-term financing is necessary between any two foreign companies in which this Corporation directly or indirectly holds 100 percent of the voting shares, the loan amount is not subject to the restriction of 40 percent of the net worth of the company making the loan. The amount of an endorsement or guarantee between two companies in which this Corporation directly or indirectly holds 90 percent or more of the voting shares may not exceed 10 percent of this Corporation's net worth, except for endorsements or guarantees between two companies in which this Corporation directly or indirectly holds 100 percent of the voting shares.

This Corporation shall properly implement subsequent control measures with respect to loans or endorsements or guarantees. When there is a likelihood of overdue claims or the occurrence of loss, this Corporation shall adopt appropriate conservatory measures to safeguard its rights and interests.

Article 9

Price terms and payment methods shall be expressly stipulated for any business interaction between this Corporation and any affiliated enterprise. The purpose, pricing, and terms of a transaction, and its formal and substantive nature and the related handling procedures, shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

When business needs require the purchase of finished products, semi-finished products, or materials from an affiliated enterprise, purchasing personnel shall thoroughly evaluate the reasonableness of the price quoted by the affiliated enterprise based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall be commensurate with those offered to ordinary suppliers.

Price quotes for the sale of any finished products, semi-finished products, or materials to an affiliated enterprise shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall be commensurate with those offered to ordinary clients.

For professional or technical services provided between this Corporation and an affiliated enterprise, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by the general manager or the chairperson of this Corporation, and all contract terms and conditions shall comply with normal business practice.

By the end of each month, the accounting personnel of both this Corporation and its affiliated enterprises shall perform cross checks of the purchases and sales of goods between them for the preceding month and the related balances of accounts payable and receivable. If any discrepancies are found, accounting personnel shall identify the cause and prepare a reconciliation statement.

Article 10

Any asset transaction, derivative trading, merger, demerger, acquisition, or share transfer between this Corporation and an affiliated enterprise shall be conducted in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the procedures for acquisition and disposal of assets prescribed by this Corporation.

When this Corporation makes an acquisition of securities from or a disposition of securities to an affiliated enterprise, or an acquisition from an unaffiliated enterprise of securities whose underlying is the stock of an affiliated enterprise, it shall, before the date of occurrence, obtain the financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA), for reference in appraising the transaction price. If the amount of the transaction is 20 percent or more of this Corporation's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, it shall also, before the date of occurrence, request a CPA to provide an opinion on the reasonableness of the transaction price, except for securities quoted on an active market or as otherwise required by the Financial Supervisory Commission.

When this Corporation engages in the acquisition of intangible assets or its right-of-use assets or memberships from or their disposition to any of its affiliated enterprises, if the amount of the transaction is 20 percent or more of this Corporation's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, it shall, before the date of occurrence, request a CPA to provide an opinion on the reasonableness of the transaction price and the CPA needs to act.

Article 11

When this Corporation intends to conduct any acquisition or disposal of real property from or to any of its affiliated enterprises, or to conduct an acquisition or disposal of assets other than real property from or to any of its affiliated enterprises in which the transaction amount is furthermore 20 percent or more of this Corporation's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, with the exception of the purchase or sale of government bonds, repo or reverse repo bond transactions, or subscription to or redemption of domestic money market funds, it shall have the following matters approved by the board of directors and recognized by the supervisors before it may enter into a contract for the transaction and pay the required monies:

1. An appraisal issued by a professional appraiser as required by regulations, or a CPA opinion.
2. The purpose, necessity, and projected benefits of the acquisition or disposal of real property.
3. The reason for choosing the affiliated enterprise as a trading counterparty.
4. Information relating to appraisal of the reasonableness of the preliminary transaction terms when acquiring real property from an affiliated enterprise.

5. The date and price at which the real property was originally acquired by the affiliated enterprise, the trading counterparty, and the trading counterparty's relationship with this Corporation and its affiliated enterprises.
6. Monthly cash flow forecasts for a full year commencing from the scheduled month of contract signing, and an evaluation of the necessity of the transaction and the reasonableness of the utilization of funding.
7. Any restrictions on the transaction and other important stipulations.
8. An opinion issued by a CPA engaged to review whether the transaction with the affiliated enterprise conforms with ordinary commercial terms and whether it is not damaging to the interests of this Corporation and its minority shareholders.

When the amount of the transaction under the preceding paragraph is 20 percent or more of this Corporation's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, this Corporation shall obtain an appraisal report issued by a professional appraiser. If the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount, this Corporation shall additionally request a CPA to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price, and it shall be approved by a majority of the directors in attendance at a board of directors meeting attended by two-thirds or more of the directors.

In an acquisition of real property from an affiliated enterprise, if the actual transaction price is higher than the appraised transaction cost, and no objective evidence can be presented and no concrete opinion that the transaction is reasonable can be obtained from a professional appraiser and a CPA, the board of directors shall thoroughly review the transaction and determine whether it may prejudice the rights and interests of this Corporation and its shareholders, and when necessary, shall refuse to enter into the transaction. The supervisors shall also exercise their supervisory powers in respect of such a transaction, and when necessary shall notify the board of directors to stop the transaction.

When a transaction as described under the preceding paragraph has been approved by the board of directors and recognized by the supervisors, this Corporation shall set aside a special reserve against the difference between the transaction price and the appraised cost, and may not distribute the difference or use it for capital increase or for issuance of bonus shares. In addition, this Corporation shall report the handling of the above transaction to the shareholders meeting and shall disclose the details of the transaction in the annual report and any prospectus.

When [any of] the following circumstances is present in a transaction with an affiliated enterprise, after passage by the board of directors, the matter shall also be submitted to the shareholders

meeting for passage of a resolution, and neither the affiliated enterprise nor any persons connected with the affiliated enterprise may participate in the voting:

1. If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the public company's total asset.
2. A change in the Company Act, Articles of Incorporation or internal process of the transaction amount and terms that materially affects shareholder equity or corporate operations.

The Company shall submit actual transaction situation in all the subparagraphs of paragraph 1 to the shareholders meeting for report at the end of the year.

If this Corporation has established an audit committee, matters to be recognized by the supervisors as required under this article shall be approved by the majority of all members of the audit committee and shall be resolved at the board of directors, and the provisions of Article 6, paragraphs 4 and 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall apply mutatis mutandis.

Article 12

With respect to any financial or business interaction between this Corporation and any affiliated enterprise that requires a resolution of the board of directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.

When a director is an interested party with respect to a particular agenda item, that director shall enter into recusal and may neither vote on that item nor exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

Upon discovering that, in the course of their duties, the board of directors or a director has committed a violation of law or regulation, the articles of incorporation, or a shareholders meeting resolution, a supervisor shall immediately notify the board of directors or the individual director to cease the misconduct, and shall take appropriate measures to curb expansion of the misconduct. When necessary, a supervisor shall also file a report with the relevant regulatory authority or agency.

Article 13

This Corporation, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information,

or to retain CPAs to audit or review the financial reports of each subsidiary.

This Corporation shall publicly disclose the consolidated balance sheets, consolidated statements of comprehensive income, and CPA secondary review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under applicable laws and regulations. Information on any increase, decrease, or other change in affiliated enterprises shall be filed with the TWSE or GTSM within 2 days of the change.

Information on any material transaction between this Corporation and an affiliated enterprise shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

If an affiliated enterprise experiences financial difficulties, this Corporation shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of this Corporation, and when necessary, appropriate conservatory measures shall be adopted to safeguard this Corporation's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on this Corporation's financial position in its annual report and prospectus, this Corporation shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

Article 14

When any of the following circumstances applies to an affiliated enterprise, this Corporation shall make a public disclosure and regulatory filing on its behalf:

1. For a subsidiary whose shares have not been publicly issued domestically, the dollar amount of the subsidiary's acquisition or disposal of assets, endorsements or guarantees for others, and loans of funds to others meets the criteria for public disclosure and regulatory filing.
2. The parent or the subsidiary undergoes bankruptcy or reorganization proceedings pursuant to applicable laws and regulations.
3. A major policy is adopted by resolution of the affiliated enterprise's board of directors that has a material effect on the rights and interests of the shareholders or the securities prices of this Corporation.
4. Any matter regarding a subsidiary or the unlisted (neither TWSE nor GTSM listed) parent of this Corporation constitutes material information required to be announced under the provisions of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities and of the GreTai Securities Market Procedures for Verification and Disclosure of Material Information of Companies with GTSM Listed Securities.

If the parent of this Corporation is a foreign company, this Corporation shall make a filing of the following information on its behalf before the opening of trading hours on the first business day

following the day on which this Corporation becomes aware of the information or on which there is media reporting of the information:

1. A material change in shareholder equity.
2. A material change in business policy.
3. A material disaster resulting in serious reduction or complete cessation of production.
4. A material effect on the rights and interests of shareholders or the parent's operations resulting from a change in the laws, regulations, or rules of the parent's home country.
5. Mass media reporting about the parent sufficient to affect the securities prices of this Corporation.
6. The occurrence of any other material event that, pursuant to the laws or regulations of the foreign company's home country, must be filed immediately.

Article 15

Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises shall be implemented after the board of directors grants the approval, and reported at a shareholders' meeting.

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, 2022 and 2021, 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022. 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, 2022, the carrying amount of goodwill held by the Group was \$533,646 thousand, which represented 4.46% 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 4-11 and 5-2. The cash-generating unit of goodwill from business combination and basic assumptions of estimated recoverable amount have been disclosed in Note 18, including the projected future cash flows and discount rates (weighted average cost of capital).

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

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

1. We tested the data used to estimate recoverable amount of goodwill, such as historical operating revenue, revenue growth rate and gross margin for assessing the reasonableness of assumptions.
2. We compared the budgeted amounts with actual operating results of the Group in 2021 when considering the assessment of reliability prediction for 2022 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, 2022 and 2021 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, 2022 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, 2023

Notice to Readers

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Dyaco International Inc.

Opinion

We have audited the accompanying financial statements of Dyaco International Inc. (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Evaluation of Impairment Loss on Goodwill from the Subsidiaries which are
Accounted for by Using the Equity Method

The book value of the subsidiaries which are accounted for using the equity method included the goodwill on acquisition of Dongguan Dayu Sports Equipment Co., Ltd., Shelton Corporation (Jiaxing), Ltd., CARDIO fitness GmbH & Co. KG, Dyaco Canada Inc., Fitness Equipment Services, LLC., CITY SPORTS (THAILAND) CO., LTD. and Neutron Ventures Ltd. As of December 31, 2022, the carrying amount of goodwill was \$533,646 thousand. According to IAS 36 "Impairment of Assets", goodwill arising from the acquisition of a business is subject to an annual impairment test by comparing its carrying amount (including attributable goodwill) with its recoverable amount. The impairment test of goodwill impairment involves significant accounting judgments and estimates made by management, especially when estimating the future cash flows

and discount rates used to calculate the present value of a cash-generating unit. Thus, the impairment test of goodwill was considered to be a key audit matter. For the accounting policies, significant accounting judgments and estimates related to goodwill, refer to Notes 4-f and 5-b. The cash-generating unit of goodwill arising from business combination and basic assumptions of estimated recoverable amount have been disclosed in Note 13-2, including the projected future cash flows and discount rates (weighted average cost of capital).

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

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

1. We tested the data used to estimate recoverable amount of goodwill, such as historical operating revenue, revenue growth rate and gross margin for assessing the reasonableness of assumptions.
2. We compared the budgeted amounts with actual operating results of the Corporation in 2021 when considering the assessment of reliability prediction for 2022 and future years in order to assess the accuracy of management's historical predictions.
3. We checked if there were significant differences between the weighted average cost of capital calculated by using the same valuation method and the weighted average cost of capital adopted by the Corporation to confirm that management applied the appropriate discount rates for assessing goodwill impairment.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, 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, 2023

Notice to Readers

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

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021 (Retrospectively Adjusted) (Note 32)	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 1,120,781	9	\$ 1,212,636	10
Financial assets at fair value through profit or loss (Notes 4 and 7)	3,739	-	-	-
Financial assets at amortized cost (Notes 4, 9 and 37)	240,578	2	292,394	2
Notes receivable (Notes 4, 10 and 27)	940	-	1,490	-
Accounts receivable (Notes 4, 10 and 27)	1,095,392	9	1,647,028	14
Other receivables (Notes 4 and 10)	65,176	1	68,090	1
Other receivables from related parties (Note 36)	24,909	-	-	-
Current tax assets (Note 29)	51,611	1	35,596	-
Inventories (Notes 4, 5, 11 and 37)	2,989,456	25	3,531,206	29
Prepayments (Note 12)	214,900	2	155,988	1
Other current assets	10,618	-	22,631	-
Total current assets	5,818,100	49	6,967,059	57
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4 and 7)	147,071	1	139,035	1
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	65,697	-	58,785	1
Financial assets at amortized cost- non-current (Note 9)	30,710	-	-	-
Investments accounted for using the equity method (Notes 4 and 14)	6,823	-	29,527	-
Property, plant and equipment (Notes 4, 15 and 37)	3,691,829	31	2,923,838	24
Right-of-use assets (Notes 4, 16 and 37)	311,457	3	328,889	3
Investment properties (Notes 4, 17 and 37)	28,547	-	53,481	-
Goodwill (Notes 4, 5, 18 and 32)	558,377	5	493,455	4
Other intangible assets (Notes 4 and 19)	796,867	7	791,645	7
Deferred income tax assets (Notes 4 and 29)	453,080	4	383,136	3
Prepayments for equipment	9,487	-	9,533	-
Refundable deposits	36,312	-	19,553	-
Other non-current assets	10,242	-	2,855	-
Total non-current assets	6,146,499	51	5,233,732	43
TOTAL	\$ 11,964,599	100	\$ 12,200,791	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 37)	\$ 2,390,915	20	\$ 2,866,075	24
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	25,305	-	14,135	-
Contract liabilities (Note 27)	177,567	2	21,470	-
Notes payable (Note 22)	46,117	-	33,271	-
Accounts payable (Note 22)	1,015,770	9	1,338,034	11
Other payables (Note 23)	497,800	4	649,170	5
Current income tax liabilities (Note 29)	10,696	-	29,628	-
Provisions (Notes 4 and 24)	13,927	-	19,343	-
Lease liabilities (Notes 4 and 16)	16,522	-	17,859	-
Current portion of bonds payable (Notes 4 and 21)	1,398,537	12	-	-
Current portion of long-term borrowings (Notes 20 and 37)	218,987	2	232,812	2
Other current liabilities	40,989	-	76,561	1
Total current liabilities	5,853,132	49	5,298,358	43
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 21)	-	-	1,379,436	11
Long-term borrowings (Notes 20 and 37)	1,483,762	12	557,615	5
Deferred tax liabilities (Notes 4 and 29)	437,337	4	420,369	4
Lease liabilities (Notes 4 and 16)	23,708	-	34,620	-
Long-term payable (Note 23)	83,093	1	107,094	1
Net defined benefit liabilities (Note 25)	16,467	-	19,284	-
Guarantee deposits received	3,140	-	2,732	-
Total non-current liabilities	2,047,507	17	2,521,150	21
Total liabilities	7,900,639	66	7,819,508	64
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)				
Share capital				
Ordinary shares	1,341,147	11	1,339,822	11
Advance share capital	-	-	400	-
Total share capital	1,341,147	11	1,340,222	11
Capital surplus	2,142,919	18	2,115,925	18
Retained earnings				
Legal reserve	329,002	3	284,853	2
Special reserve	238,087	2	175,628	1
Unappropriated earnings	170,420	1	676,407	6
Total retained earnings	737,509	6	1,136,888	9
Other equity	(126,177)	(1)	(238,081)	(2)
Treasury shares	(426,290)	(3)	(368,604)	(3)
Total equity attributable to owners of the Corporation	3,669,108	31	3,986,350	33
NON-CONTROLLING INTERESTS (Notes 13 and 26)	394,852	3	394,933	3
Total equity	4,063,960	34	4,381,283	36
TOTAL	\$ 11,964,599	100	\$ 12,200,791	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, 2022 AND 2021

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

	2022		2021 (Retrospectively Adjusted) (Note 32)	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 27)	\$ 7,298,112	102	\$ 11,898,232	101
LESS: SALES RETURNS	30,878	-	47,460	-
SALES DISCOUNTS AND ALLOWANCES	<u>144,823</u>	<u>2</u>	<u>108,691</u>	<u>1</u>
NET OPERATING REVENUE	7,122,411	100	11,742,081	100
OPERATING COSTS (Notes 11 and 28)				
Cost of sales	5,037,256	71	7,684,679	65
GROSS PROFIT	<u>2,085,155</u>	<u>29</u>	<u>4,057,402</u>	<u>35</u>
OPERATING EXPENSES (Notes 28 and 35)				
Selling and marketing	1,492,314	21	2,421,568	21
General and administrative	768,083	11	717,603	6
Research and development (Note 10)	108,315	1	110,751	1
Expected credit loss	<u>73,026</u>	<u>1</u>	<u>19,267</u>	<u>-</u>
Total operating expenses	<u>2,441,738</u>	<u>34</u>	<u>3,269,189</u>	<u>28</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>(27,647)</u>	<u>-</u>	<u>(2,840)</u>	<u>-</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(384,230)</u>	<u>(5)</u>	<u>785,373</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	2,275	-	1,444	-
Rental income	14,480	-	15,678	-
Other income	36,912	1	21,434	-
Foreign exchange gain or loss, net (Note 28)	441,757	6	(185,471)	(1)
Impairment loss (Note 28)	(24,882)	-	-	-
Expected credit loss (Note 10)	(39,500)	(1)	-	-
Loss on valuation of financial instruments	(768)	-	(14,951)	-
Other expenses (Notes 10 and 28)	(40,609)	(1)	(2,988)	-
Interest expense (Note 28)	(84,529)	(1)	(68,509)	(1)
Share of loss of associates (Note 14)	<u>(1,967)</u>	<u>-</u>	<u>(3,547)</u>	<u>-</u>
Total non-operating income and expenses	<u>303,169</u>	<u>4</u>	<u>(236,910)</u>	<u>(2)</u>
(LOSS) PROFIT BEFORE INCOME TAX	(81,061)	(1)	548,463	5

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021 (Retrospectively Adjusted) (Note 32)	
	Amount	%	Amount	%
INCOME TAX EXPENSE (Notes 4 and 29)	<u>13,622</u>	<u>-</u>	<u>104,865</u>	<u>1</u>
NET (LOSS) PROFIT	<u>(94,683)</u>	<u>(1)</u>	<u>443,598</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	2,584	-	808	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(4,907)	-	(5,200)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 29)	<u>(517)</u>	<u>-</u>	<u>(162)</u>	<u>-</u>
	<u>(2,840)</u>	<u>-</u>	<u>(4,554)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>116,925</u>	<u>1</u>	<u>(58,647)</u>	<u>(1)</u>
Total other comprehensive gain (loss)	<u>114,085</u>	<u>1</u>	<u>(63,201)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 19,402</u>	<u>-</u>	<u>\$ 380,397</u>	<u>3</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (76,129)	(1)	\$ 440,342	4
Non-controlling interests	<u>(18,554)</u>	<u>-</u>	<u>3,256</u>	<u>-</u>
	<u>\$ (94,683)</u>	<u>(1)</u>	<u>\$ 443,598</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 37,842	-	\$ 378,535	3
Non-controlling interests	<u>(18,440)</u>	<u>-</u>	<u>1,862</u>	<u>-</u>
	<u>\$ 19,402</u>	<u>-</u>	<u>\$ 380,397</u>	<u>3</u>
(LOSS) EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ (0.61)</u>		<u>\$ 3.47</u>	
Diluted			<u>\$ 3.30</u>	

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 26)											
							Other Equity		Treasury Shares	Total	Non-controlling Interests (Notes 13 and 26)	Total Equity
							Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Share Capital		Capital Surplus	Retained Earnings		Unappropriated Earnings (Retrospectively Adjusted) (Note 32)						
Ordinary Shares	Advance Share Capital	Legal Reserve		Special Reserve								
BALANCE AT JANUARY 1, 2021	\$ 1,311,496	\$ 15,027	\$ 1,986,005	\$ 152,827	\$ 105,812	\$ 1,390,288	\$ (178,468)	\$ 2,840	\$ (272,651)	\$ 4,513,176	\$ 356,686	\$ 4,869,862
Issuance of ordinary shares under employee share options (Note 31)	8,760	(600)	58,812	-	-	-	-	-	-	66,972	-	66,972
Equity component of convertible bonds issued by the Corporation (Notes 21 and 26)	-	-	38,988	-	-	-	-	-	-	38,988	-	38,988
Changes in capital surplus from investments using the equity method (Note 31)	-	-	1,876	-	-	-	-	-	-	1,876	-	1,876
Gain on disgorgement	-	-	140	-	-	-	-	-	-	140	-	140
Appropriation of prior year's earnings												
Legal reserve	-	-	-	132,026	-	(132,026)	-	-	-	-	-	-
Special reserve	-	-	-	-	69,816	(69,816)	-	-	-	-	-	-
Cash dividends to shareholder - NT\$7.50 per share	-	-	-	-	-	(953,027)	-	-	-	(953,027)	-	(953,027)
	-	-	-	132,026	69,816	(1,154,869)	-	-	-	(953,027)	-	(953,027)
Convertible bonds converted to ordinary shares (Note 21)	19,566	(14,027)	43,162	-	-	-	-	-	-	48,701	-	48,701
Net profit for the year ended December 31, 2021	-	-	-	-	-	440,342	-	-	-	440,342	3,256	443,598
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	646	(57,253)	(5,200)	-	(61,807)	(1,394)	(63,201)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	440,988	(57,253)	(5,200)	-	378,535	1,862	380,397
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	36,000	36,000
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(157,086)	(157,086)	-	(157,086)
Treasury shares transferred to employees (Note 26)	-	-	(13,058)	-	-	-	-	-	61,133	48,075	385	48,460
BALANCE AT DECEMBER 31, 2021	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

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021 (Retrospectively Adjusted) (Note 32)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (81,061)	\$ 548,463
Adjustments for:		
Depreciation expense	173,448	202,595
Amortization expense	80,321	81,736
Expected credit loss recognized	112,526	19,267
Net loss on fair value changes of financial instrument at fair value through profit or loss	768	14,951
Interest expense	84,529	68,509
Interest income	(2,275)	(1,444)
Compensation costs of employee share options	40,788	36,640
Share of loss of associates	1,967	3,547
(Gain) loss on disposal of property, plant and equipment	(433)	2,723
Loss on disposal of intangible assets	-	117
Loss on inventories valuation and obsolescence	73,502	3,577
Impairment losses	24,882	-
Impairments loss on prepayment for goods	28,080	-
Unrealized (gain) loss on foreign currency exchange	(409,046)	168,266
Changes in operating assets and liabilities		
Notes receivable	550	530
Accounts receivable	601,778	1,313,017
Increase in trade receivables - related parties	(24,909)	-
Other receivables	(36,586)	62,910
Inventories	768,900	(371,807)
Prepayments	(86,992)	35,450
Other current assets	8,126	(3,008)
Contract liabilities	156,097	(53,061)
Notes payable	12,846	(748,082)
Accounts payable	(476,108)	(1,113,088)
Other payables	(200,542)	(431,906)
Provisions	(5,012)	(5,841)
Other current liabilities	(35,572)	12,660
Net defined benefit liabilities	(233)	(307)
Cash generated from (used in) operations	810,339	(153,586)
Interest received	2,275	1,444
Interest paid	(65,346)	(57,775)
Income tax paid	(120,502)	(571,547)
Net cash generated from (used in) operating activities	626,766	(781,464)

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021 (Retrospectively Adjusted) (Note 32)
Purchase of financial assets at fair value through other comprehensive income	(11,761)	(12,900)
Decrease (increase) in financial assets at amortized cost	21,106	(83,463)
Purchase of financial assets at fair value through profit or loss	(600)	(138,750)
Purchase of investments accounted for using the equity method	(4,000)	(27,750)
Net cash outflow on acquisition of subsidiaries (Note 32)	(49,951)	(75,325)
Payments for property, plant and equipment (Note 33)	(355,560)	(225,170)
Proceeds from disposal of property, plant and equipment	17,216	10,808
Increase in refundable deposits	(12,872)	(1,179)
Payments for intangible assets (Note 33)	(32,811)	(58,823)
(Increase) decrease in other non-current assets	<u>(7,387)</u>	<u>9,063</u>
Net cash used in investing activities	<u>(436,620)</u>	<u>(603,489)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(502,054)	1,289,927
Proceeds from issuance of convertible bonds	-	994,594
Proceeds from long-term borrowings	723,145	-
Repayments of long-term borrowings	(166,873)	(158,886)
Proceeds from guarantee deposits received	176	62
Repayment of the principal portion of lease liabilities	(25,962)	(20,503)
Cash dividends	(317,502)	(953,027)
Exercise of employee share options	3,413	32,593
Payments for buy-back of ordinary shares	(96,415)	(157,086)
Proceeds from treasury shares transferred to employees	26,791	48,075
Imposition of disgorgement	<u>-</u>	<u>140</u>
Net cash (used in) generated from financing activities	<u>(355,281)</u>	<u>1,075,889</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>73,280</u>	<u>(20,624)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(91,855)	(329,688)
CASH, BEGINNING OF THE YEAR	<u>1,212,636</u>	<u>1,542,324</u>
CASH, END OF THE YEAR	<u>\$ 1,120,781</u>	<u>\$ 1,212,636</u>

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

(Concluded)

DYACO INTERNATIONAL INC.

BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021 (Retrospectively Adjusted) (Note 13)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 465,110	5	\$ 611,607	6
Financial assets at fair value through profit or loss (Notes 4, 7 and 32)	3,739	-	-	-
Financial assets at amortized cost (Notes 4, 9 and 34)	233,678	2	292,394	3
Notes receivable (Notes 4, 10 and 24)	691	-	1,490	-
Accounts receivable (Notes 4, 10 and 24)	74,405	1	105,935	1
Accounts receivable from related parties (Notes 4, 24 and 33)	1,975,808	21	2,542,832	25
Other receivables (Notes 4 and 10)	9,856	-	52,110	1
Other receivables from related parties (Notes 4 and 33)	748,871	8	1,452,687	14
Current tax assets (Note 26)	48,443	1	31,010	-
Inventories (Notes 4, 5 and 11)	323,380	3	478,619	5
Prepayments (Note 12)	81,688	1	39,945	-
Other current assets	6,515	-	18,923	-
Total current assets	3,972,184	42	5,627,552	55
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4, 7 and 32)	147,071	2	139,035	1
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 32)	61,824	1	54,745	1
Financial assets at amortized cost - non-current (Note 9)	30,710	-	-	-
Investments accounted for using the equity method (Notes 4, 5 and 13)	3,005,652	31	2,171,408	22
Property, plant and equipment (Notes 4, 14 and 34)	1,801,014	19	1,620,884	16
Right-of-use assets (Notes 4, 15 and 33)	12,821	-	38,915	1
Investment properties (Notes 4, 16 and 34)	19,569	-	20,448	-
Intangible assets (Notes 4 and 17)	104,955	1	128,350	1
Deferred income tax assets (Notes 4 and 26)	387,112	4	333,364	3
Prepayments for equipment	1,644	-	8,196	-
Refundable deposits (Notes 32 and 33)	5,168	-	8,737	-
Other non-current assets	5,683	-	5,683	-
Total non-current assets	5,583,223	58	4,529,765	45
TOTAL	\$ 9,555,407	100	\$ 10,157,317	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 2,175,500	23	\$ 2,343,950	23
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 32)	25,305	-	14,135	-
Contract liabilities (Note 24)	37,470	-	8,611	-
Notes payable (Note 20)	18,059	-	33,191	-
Accounts payable (Note 20)	275,828	3	346,217	4
Accounts payable to related parties (Note 33)	402,944	4	634,246	6
Other payables (Note 21)	124,387	1	178,121	2
Other payables to related parties (Note 33)	41,880	1	333	-
Current income tax liabilities (Note 26)	2,544	-	-	-
Lease liabilities (Notes 4, 15 and 33)	3,766	-	7,651	-
Current portion of bonds payable (Notes 4 and 19)	1,398,537	15	-	-
Current portion of long-term borrowings (Notes 18 and 34)	150,600	2	230,890	2
Other current liabilities	28,330	-	59,239	1
Total current liabilities	4,685,150	49	3,856,584	38
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 19)	-	-	1,379,436	14
Long-term borrowings (Notes 18 and 34)	965,613	10	522,910	5
Deferred tax liabilities (Notes 4 and 26)	126,030	2	113,258	1
Lease liabilities (Notes 4, 15 and 33)	9,308	-	31,429	-
Long-term payables (Note 21)	83,093	1	104,342	1
Credit balance of investments accounted for using the equity method (Notes 4 and 13)	-	-	143,086	2
Net defined benefit liabilities (Notes 4 and 22)	16,467	-	19,284	-
Guarantee deposits received	638	-	638	-
Total non-current liabilities	1,201,149	13	2,314,383	23
Total liabilities	5,886,299	62	6,170,967	61
EQUITY (Note 23)				
Share capital				
Ordinary shares	1,341,147	14	1,339,822	13
Advance share capital	-	-	400	-
Total share capital	1,341,147	14	1,340,222	13
Capital surplus	2,142,919	22	2,115,925	21
Retained earnings				
Legal reserve	329,002	3	284,853	3
Special reserve	238,087	3	175,628	2
Unappropriated earnings	170,420	2	676,407	6
Total retained earnings	737,509	8	1,136,888	11
Other equity	(126,177)	(1)	(238,081)	(2)
Treasury shares	(426,290)	(5)	(368,604)	(4)
Total equity	3,669,108	38	3,986,350	39
TOTAL	\$ 9,555,407	100	\$ 10,157,317	100

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

DYACO INTERNATIONAL INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021 (Retrospectively Adjusted) (Note 13)	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 33)	\$ 2,732,707	100	\$ 6,880,450	100
LESS: SALES RETURNS	1,498	-	4,921	-
SALES DISCOUNTS AND ALLOWANCES	<u>2,307</u>	<u>-</u>	<u>2,696</u>	<u>-</u>
NET OPERATING REVENUE	2,728,902	100	6,872,833	100
OPERATING COSTS (Notes 11, 25 and 33)				
Cost of sales	<u>2,220,359</u>	<u>81</u>	<u>5,204,517</u>	<u>76</u>
GROSS PROFIT	508,543	19	1,668,316	24
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>207,264</u>	<u>7</u>	<u>(33,817)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>715,807</u>	<u>26</u>	<u>1,634,499</u>	<u>24</u>
OPERATING EXPENSES (Notes 10, 25 and 33)				
Selling and marketing	249,060	9	355,231	5
General and administrative	162,213	6	164,145	2
Research and development	96,467	4	104,517	2
Expected credit loss (gain)	<u>12,474</u>	<u>-</u>	<u>2,735</u>	<u>-</u>
Total operating expenses	<u>520,214</u>	<u>19</u>	<u>626,628</u>	<u>9</u>
OTHER OPERATING INCOME (Notes 25 and 33)	<u>50</u>	<u>-</u>	<u>63,675</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>195,643</u>	<u>7</u>	<u>1,071,546</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries and associates	(536,210)	(20)	(319,470)	(5)
Interest income (Note 33)	1,520	-	842	-
Rental income (Note 33)	4,431	-	4,415	-
Other income	24,463	1	10,442	-
Foreign exchange gain (loss), net (Note 25)	400,357	15	(165,119)	(2)
Gain or loss on valuation of financial instruments	(768)	-	(14,951)	-
Impairment loss (Note 13)	(24,882)	(1)	-	-
Other expenses	(3,075)	-	(111)	-
Expected credit loss (Note 10)	(39,500)	(1)	-	-
Interest expense (Notes 25 and 33)	<u>(57,150)</u>	<u>(2)</u>	<u>(43,781)</u>	<u>(1)</u>

(Continued)

DYACO INTERNATIONAL INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021 (Retrospectively Adjusted) (Note 13)	
	Amount	%	Amount	%
Total non-operating income and expenses	<u>(230,814)</u>	<u>(8)</u>	<u>(527,733)</u>	<u>(8)</u>
PROFIT (LOSS) BEFORE INCOME TAX	(35,171)	(1)	543,813	8
INCOME TAX EXPENSE (Notes 4 and 26)	<u>40,958</u>	<u>2</u>	<u>103,471</u>	<u>1</u>
NET PROFIT (LOSS)	<u>(76,129)</u>	<u>(3)</u>	<u>440,342</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	2,584	-	808	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(4,680)	-	704	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(227)	-	(5,904)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	<u>(517)</u>	<u>-</u>	<u>(162)</u>	<u>-</u>
	<u>(2,840)</u>	<u>-</u>	<u>(4,554)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>116,811</u>	<u>4</u>	<u>(57,253)</u>	<u>(1)</u>
Other comprehensive loss for the period, net of income tax	<u>113,971</u>	<u>4</u>	<u>(61,807)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 37,842</u>	<u>1</u>	<u>\$ 378,535</u>	<u>6</u>
EARNINGS (LOSS) PER SHARE (Note 27)				
Basic	<u>\$ (0.61)</u>		<u>\$ 3.47</u>	
Diluted			<u>\$ 3.30</u>	

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

(Concluded)

DYACO INTERNATIONAL INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Other Equity									
	Share Capital			Retained Earnings			Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
	Ordinary Shares	Advance Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Retrospectively Adjusted) (Note 32)				
BALANCE AT JANUARY 1, 2021	\$ 1,311,496	\$ 15,027	\$ 1,986,005	\$ 152,827	\$ 105,812	\$ 1,390,288	\$ (178,468)	\$ 2,840	\$ (272,651)	\$ 4,513,176
Issuance of ordinary shares under employee share options (Note 28)	8,760	(600)	58,812	-	-	-	-	-	-	66,972
Equity component of convertible bonds issued by the Corporation (Notes 19 and 23)	-	-	38,988	-	-	-	-	-	-	38,988
Changes in capital surplus from investments using the equity method	-	-	1,876	-	-	-	-	-	-	1,876
Gain on disgorgement	-	-	140	-	-	-	-	-	-	140
Appropriation of prior year's earnings										
Legal reserve	-	-	-	132,026	-	(132,026)	-	-	-	-
Special reserve	-	-	-	-	69,816	(69,816)	-	-	-	-
Share dividends to shareholder - NT\$7.50 per share	-	-	-	-	-	(953,027)	-	-	-	(953,027)
	-	-	-	132,026	69,816	(1,154,869)	-	-	-	(953,027)
Convertible bonds converted to ordinary shares (Note 19)	19,566	(14,027)	43,162	-	-	-	-	-	-	48,701
Net profit for the year ended December 31, 2021	-	-	-	-	-	440,342	-	-	-	440,342
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	646	(57,253)	(5,200)	-	(61,807)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	440,988	(57,253)	(5,200)	-	378,535
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	-	(157,086)	(157,086)
Treasury shares transferred to employees (Note 23)	-	-	(13,058)	-	-	-	-	-	61,133	48,075
BALANCE AT DECEMBER 31, 2021	1,339,822	400	2,115,925	284,853	175,628	676,407	(235,721)	(2,360)	(368,604)	3,986,350
Issuance of ordinary shares under employee share options (Note 28)	1,325	(400)	38,932	-	-	-	-	-	-	39,857
Changes in capital surplus from investments using the equity method	-	-	-	-	-	(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)
	-	-	-	44,149	62,459	(424,110)	-	-	-	(317,502)
Net loss for the year ended December 31, 2022	-	-	-	-	-	(76,129)	-	-	-	(76,129)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,067	116,811	(4,907)	-	113,971
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	(74,062)	116,811	(4,907)	-	37,842
Buy-back of ordinary shares (Note 23)	-	-	-	-	-	-	-	-	(96,415)	(96,415)
Treasury shares transferred to employees (Note 23)	-	-	(11,938)	-	-	-	-	-	38,729	26,791
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

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

DYACO INTERNATIONAL INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021 (Retrospectively Adjusted) (Note 13)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (35,171)	\$ 543,813
Adjustments for:		
Depreciation expense	68,043	74,401
Amortization expense	31,207	37,144
Expected credit loss recognized	51,974	2,735
Net loss on fair value changes of financial instrument at fair value through profit or loss	768	14,951
Interest expense	57,150	43,781
Interest income	(1,520)	(842)
Impairment loss	24,882	-
Compensation costs of employee share options	19,068	34,379
Share of loss (profit) of subsidiaries and associates accounted for using the equity method	536,210	319,470
Gain on disposal of property, plant and equipment	(50)	(357)
Loss on inventories valuation and obsolescence	39,056	-
Realized (unrealized) gain (loss) on the transactions with subsidiaries	(207,264)	33,817
Unrealized loss (gain) on foreign currency exchange	(36,951)	71,972
Changes in operating assets and liabilities		
Notes receivable	799	339
Accounts receivable	19,209	25,309
Accounts receivable from related parties	(485,232)	1,591,887
Other receivables	2,754	42,237
Other receivables from related parties	748,584	(1,015,642)
Inventories	116,183	231,784
Prepayments	(41,675)	2,359
Other current assets	12,408	511
Contract liabilities	28,753	(20,873)
Notes payable	(15,132)	(747,632)
Accounts payable	(70,188)	(472,433)
Accounts payable to related parties	(223,177)	(619,034)
Other payables	(55,559)	(115,358)
Other payables to related parties	41,547	(85,747)
Other current liabilities	(30,909)	9,818
Net defined benefit liabilities	(233)	(307)
Cash generated from operations	595,534	2,482
Interest received	1,520	3,459
Interest paid	(38,049)	(33,047)
Income tax paid	(97,340)	(540,887)
Net cash generated from (used in) operating activities	461,665	(567,993)

(Continued)

DYACO INTERNATIONAL INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021 (Retrospectively Adjusted) (Note 13)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(11,760)	(12,900)
Decrease (increase) in other financial assets	28,006	(83,463)
Purchase of financial assets at fair value through profit or loss	(600)	(138,750)
Purchase of investments accounted for using the equity method	(4,000)	(27,750)
Increase in investments in subsidiaries (Note 13)	(70,000)	(25,000)
Net cash outflow on acquisition of subsidiaries (Note 13)	(55,000)	(93,654)
Payments for property, plant and equipment (Note 30)	(250,430)	(20,449)
Proceeds from disposal of property, plant and equipment	13,148	620
Decrease (increase) in refundable deposits	3,569	(4,912)
Increase in other receivables from related parties	(42,682)	(45,546)
Payments for intangible assets (Note 30)	<u>(24,095)</u>	<u>(52,844)</u>
Net cash used in investing activities	<u>(413,844)</u>	<u>(504,648)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	(168,450)	1,198,950
Proceeds from issuance of convertible bonds	-	994,594
Proceeds from long-term borrowings	521,320	-
Repayments of long-term borrowings	(158,907)	(156,978)
Refund of guarantee deposits received	-	(163)
Repayment of the principal portion of lease liabilities	(6,467)	(5,117)
Cash dividends	(317,502)	(953,027)
Exercise of employee share options	3,413	32,593
Payments for buy-back of ordinary shares	(96,415)	(157,086)
Proceeds from treasury shares transferred to employees	26,791	48,075
Imposition of disgorgement	<u>-</u>	<u>140</u>
Net cash generated from (used in) financing activities	<u>(196,217)</u>	<u>1,001,981</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,899</u>	<u>(2,633)</u>
NET INCREASE (DECREASE) IN CASH	(146,497)	(73,293)
CASH, BEGINNING OF THE YEAR	<u>611,607</u>	<u>684,900</u>
CASH, END OF THE YEAR	<u>\$ 465,110</u>	<u>\$ 611,607</u>

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

(Concluded)

Dyaco International Inc.
List of Director Candidates

No	Name	Education	Key Past Positions	Current Position	Shares Held (Unit: Share)
1	CHUAN-FENG INVESTMENT CORPORATION Representative: Lin, Ing-Gin	Master of Professional Accounting, University of Texas	Founder of Dyaco International Inc	Chairman of Dyaco International Inc	8,111,882
2	Zhuang, Zhu-Wei	Bachelor of Department of Fiber and Composite Materials, Feng Chia University	General Manager of CHANITEX CO., LTD. Chairman of CHANITEX Education Foundation	General Manager of CHANITEX CO., LTD. Chairman of CHANITEX Education Foundation	1,000,000
3	YONG-HENG INVESTMENT CORPORATION Representative: Lam, Yuk	Bachelor of Business studies, National university of Ireland, Dublin	Executive Assistant of DA WU JIANG INTERNATIONAL CO.,LTD.	Executive Assistant of DA WU JIANG INTERNATIONAL CO.,LTD.	6,318,057

Dyaco International Inc.

List of Independent Director Candidates

No	Name	Education	Key Past Positions	Current Position	Shares Held (Unit: Share)
4	Wang, Kai-Li	PhD of Economics Sciences, Utah State University	Director, Department of Financial, Tunghai University Director of EMBA of Tunghai University Committee financial member of Taiwan Economic Association	Professor, Department of Financial, Tunghai University Independent Director of Ginko International Co., Ltd. Independent Director of AKER Co., Ltd. Vice chairman of Taiwan Mergers & Acquisitions and Private Equity Council	0
5	Wang, Chih-Cheng	PhD of College of Law, National Chengchi University	Committee member of Foundation of Finance Members of the Board of Examiners, Examination Yuan Deputy Minister of Fair Trade Commission, Executive Yuan Confidential Secretary Executive Officer of Executive Yuan Secretary of Bureau of Monetary Affairs, Ministry of Finance Professor, School of Law, National Cheng Kung University Professor, School of Management, National Taiwan University of Science and Technology Adjunct Professor, School of Law, Soochow University	Professor, College of Law, National Chung Cheng University Director of The Securities and Futures Investors Protection Center Director of The Financial Ombudsman Institution, Arbitrator of Chinese Arbitration Association Member of TPEx Listing Review Committee, Taipei Exchange Member of the Securities Listing Review Committee, TWSE Independent Director of CTBC Financial Holding Co., Ltd. Independent Director of Taiwan Life Insurance Co., Ltd. Independent Director of	0

				Lucky Cement Corporation	
6	Wu, Jiin-Po	PhD of business computer system, university of North Texas	System analyst of Wei Chuan CORP. Lecturer, University of North Texas Associate Professor, Department of Information Management, Tamkang University Department Head, Department of Leisure Management, Tamkang University	Associate Professor, Department of Information Management, Tamkang University	0
7	Tu, Chi-Yao	PhD of Economic Law, China University of Political Science and Law	Partner of tax function, Deloitte & Touche Taiwan The expert of financial and economic law, Straits Exchange Foundation	Independent Director of Yummy Town (Cayman) Holdings Corporation Independent Director of Teco Electro Devices CO., Ltd.	0

Dyaco International Inc.

Content of Non-competition on Directors

Candidate category	Name	Company and Position
Director	CHUAN-FENG INVESTMENT CORPORATION Representative: Lin, Ing-Gin	Director of Dyaco International Holding Limited Director of Fuel Spirit International Inc. Director of Dyaco Canada Inc. Director of Dyaco UK Ltd. Director of Dyaco Europe GmbH Director of Dyaco (Shanghai) Trading Co., Ltd.. Director of SOLE Inc. Director of Neutron Ventures Ltd. Director of Shelton Corporation (Jiaxing), Ltd. Chairman of IUVO INDUSTRY CO. Ltd.