

Dyaco International Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Dyaco International Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Dyaco International Inc. (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 14, 2021

Notice to Readers

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

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Retrospectively Adjusted and Reviewed) (Note 32)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 1,541,677	12	\$ 1,542,324	12	\$ 625,864	8
Financial assets at fair value through profit or loss (Note 7)	2,446	-	2,593	-	-	-
Financial assets at amortized cost (Notes 9 and 38)	208,999	2	208,931	1	314,832	4
Notes receivable (Notes 10 and 27)	1,370	-	2,020	-	972	-
Accounts receivable (Notes 10 and 27)	2,474,866	19	3,050,265	23	1,257,551	15
Other receivables (Note 10)	49,858	-	86,259	1	31,735	-
Current tax assets (Note 29)	26,918	-	17,980	-	178	-
Inventories (Notes 11 and 38)	3,505,558	27	3,141,741	24	1,128,359	14
Prepayments (Note 12)	160,161	1	183,385	1	155,825	2
Other current assets	18,873	-	20,363	-	28,049	-
Total current assets	7,990,726	61	8,255,861	62	3,543,365	43
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 8)	51,089	-	51,165	-	51,930	1
Investments accounted for using the equity method (Note 14)	5,213	-	5,252	-	-	-
Property, plant and equipment (Notes 15 and 38)	2,848,304	22	2,877,597	22	2,637,027	32
Right-of-use assets (Notes 16 and 38)	341,732	3	350,377	3	359,833	4
Investment properties (Note 17)	55,964	-	57,061	-	58,510	1
Goodwill (Notes 18 and 32)	477,588	4	478,118	4	493,638	6
Other intangible assets (Note 19)	752,784	6	760,552	6	925,298	11
Deferred income tax assets (Note 29)	387,474	3	330,238	3	193,022	2
Prepayments for equipment	11,971	-	15,931	-	4,578	-
Refundable deposits	57,695	1	57,918	-	10,561	-
Prepayments for investment	20,000	-	-	-	-	-
Other non-current assets	9,211	-	11,918	-	16,922	-
Total non-current assets	5,019,025	39	4,996,127	38	4,751,319	57
TOTAL	\$ 13,009,751	100	\$ 13,251,988	100	\$ 8,294,684	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 38)	\$ 1,874,403	14	\$ 1,573,781	12	\$ 1,619,397	19
Financial liabilities at fair value through profit or loss (Note 7)	1,121	-	1,685	-	1,397	-
Notes payable (Note 22)	633,112	5	781,353	6	215,663	3
Accounts payable (Note 22)	2,016,120	16	2,438,687	18	556,623	7
Other payables (Note 23)	1,707,521	13	1,075,723	8	764,988	9
Current income tax liabilities (Note 29)	495,687	4	401,093	3	58,465	1
Provisions (Note 24)	18,863	-	18,359	-	14,602	-
Lease liabilities (Note 16)	17,753	-	19,863	-	23,338	-
Contract liabilities (Note 27)	63,662	1	74,531	1	11,288	-
Current portion of bonds payable (Note 21)	-	-	-	-	594,823	7
Current portion of long-term borrowings (Notes 20 and 38)	160,047	1	159,929	1	151,204	2
Other current liabilities	62,330	-	63,901	1	46,266	1
Total current liabilities	7,050,619	54	6,608,905	50	4,058,054	49
NON-CURRENT LIABILITIES						
Bonds payable (Note 21)	414,747	3	462,372	4	-	-
Long-term borrowings (Notes 20 and 38)	751,083	6	790,621	6	911,889	11
Deferred tax liabilities (Note 29)	434,084	4	426,806	3	412,311	5
Lease liabilities (Note 16)	42,625	-	44,408	-	51,498	-
Long-term payables (Note 23)	35,426	-	25,878	-	134,912	2
Net defined benefit liabilities (Note 25)	20,595	-	20,399	-	19,639	-
Guarantee deposits received	2,634	-	2,737	-	2,649	-
Total non-current liabilities	1,701,194	13	1,773,221	13	1,532,898	18
Total liabilities	8,751,813	67	8,382,126	63	5,590,952	67
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 26)						
Share capital						
Ordinary shares	1,326,523	10	1,311,496	10	1,151,009	14
Advance share capital	7,919	-	15,027	-	-	-
Total share capital	1,334,442	10	1,326,523	10	1,151,009	14
Capital surplus	2,030,983	16	1,986,005	15	1,308,607	16
Retained earnings						
Legal reserve	152,827	1	152,827	1	133,886	2
Special reserve	105,812	1	105,812	1	79,123	1
Unappropriated earnings	702,049	5	1,390,288	10	114,426	1
Total retained earnings	960,688	7	1,648,927	12	327,435	4
Other equity	(181,144)	(1)	(175,628)	(1)	(120,210)	(1)
Treasury shares	(244,018)	(2)	(272,651)	(2)	(312,201)	(4)
Total equity attributable to owners of the Corporation	3,900,951	30	4,513,176	34	2,354,640	29
NON-CONTROLLING INTERESTS	356,987	3	356,686	3	349,092	4
Total equity	4,257,938	33	4,869,862	37	2,703,732	33
TOTAL	\$ 13,009,751	100	\$ 13,251,988	100	\$ 8,294,684	100

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
			(Retrospectively Adjusted) (Note 32)	
	Amount	%	Amount	%
OPERATING REVENUE (Note 27)	\$ 3,887,878	101	\$ 1,683,507	102
LESS: SALES RETURNS	13,098	-	5,801	-
SALES DISCOUNTS AND ALLOWANCES	<u>36,673</u>	<u>1</u>	<u>29,905</u>	<u>2</u>
NET OPERATING REVENUE	3,838,107	100	1,647,801	100
OPERATING COSTS (Notes 11 and 28)				
Cost of sales	<u>2,454,600</u>	<u>64</u>	<u>1,185,779</u>	<u>72</u>
GROSS PROFIT	<u>1,383,507</u>	<u>36</u>	<u>462,022</u>	<u>28</u>
OPERATING EXPENSES (Note 28)				
Selling and marketing	823,958	21	294,197	18
General and administrative	185,969	5	146,232	9
Research and development	22,323	1	21,013	1
Expected credit loss (Note 10)	<u>15,331</u>	<u>-</u>	<u>4,669</u>	<u>-</u>
Total operating expenses	<u>1,047,581</u>	<u>27</u>	<u>466,111</u>	<u>28</u>
OTHER OPERATING INCOME AND EXPENSES (Note 28)	<u>165</u>	<u>-</u>	<u>43</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>336,091</u>	<u>9</u>	<u>(4,046)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	491	-	1,421	-
Rental income	3,748	-	3,776	-
Other income	4,937	-	3,333	-
Foreign exchange gain, net (Note 28)	3,139	-	14,074	1
Other expenses	(83)	-	(114)	-
Loss on valuation of financial instruments	(1,268)	-	(1,410)	-
Interest expense	<u>(13,967)</u>	<u>-</u>	<u>(15,606)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(3,003)</u>	<u>-</u>	<u>5,474</u>	<u>-</u>

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
			(Retrospectively Adjusted) (Note 32)	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 333,088	9	\$ 1,428	-
INCOME TAX EXPENSE (BENEFIT) (Note 29)	<u>64,896</u>	<u>2</u>	<u>(1,862)</u>	<u>-</u>
NET PROFIT	<u>268,192</u>	<u>7</u>	<u>3,290</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(8,619)</u>	<u>-</u>	<u>(19,996)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 259,573</u>	<u>7</u>	<u>\$ (16,706)</u>	<u>(1)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 264,788	7	\$ (1,229)	-
Non-controlling interests	<u>3,404</u>	<u>-</u>	<u>4,519</u>	<u>-</u>
	<u>\$ 268,192</u>	<u>7</u>	<u>\$ 3,290</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 259,272	7	\$ (15,626)	(1)
Non-controlling interests	<u>301</u>	<u>-</u>	<u>(1,080)</u>	<u>-</u>
	<u>\$ 259,573</u>	<u>7</u>	<u>\$ (16,706)</u>	<u>(1)</u>
EARNINGS (LOSS) PER SHARE (Note 30)				
Basic	<u>\$ 2.10</u>		<u>\$ (0.01)</u>	
Diluted	<u>\$ 1.99</u>		<u>\$ (0.01)</u>	

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)
(Reviewed, Not Audited)

	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)						
Shares Capital	Advance Share Capital	Legal Reserve		Special Reserve								
BALANCE AT JANUARY 1, 2020	\$ 961,009	\$ -	\$ 758,304	\$ 133,886	\$ 79,123	\$ 239,976	\$ (109,706)	\$ 3,893	\$ (172,340)	\$ 1,894,145	\$ 350,172	\$ 2,244,317
Issuance of ordinary shares under employee share options (Note 31)	-	-	1,402	-	-	-	-	-	-	1,402	-	1,402
Changes in capital surplus from investments using the equity method	-	-	156	-	-	-	-	-	-	156	-	156
Appropriation of prior year's earnings	-	-	-	-	-	(124,321)	-	-	-	(124,321)	-	(124,321)
Cash dividends to shareholder - NT\$1.15 per share	-	-	-	-	-	-	-	-	-	-	-	-
Net loss for the three months ended March 31, 2020	-	-	-	-	-	(1,229)	-	-	-	(1,229)	4,519	3,290
Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	-	(14,397)	-	-	(14,397)	(5,599)	(19,996)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	(1,229)	(14,397)	-	-	(15,626)	(1,080)	(16,706)
Issuance of ordinary shares for cash (Note 26)	190,000	-	548,745	-	-	-	-	-	-	738,745	-	738,745
Buy-back of ordinary shares (Note 26)	-	-	-	-	-	-	-	-	(139,861)	(139,861)	-	(139,861)
BALANCE AT MARCH 31, 2020	\$ 1,151,009	\$ -	\$ 1,308,607	\$ 133,886	\$ 79,123	\$ 114,426	\$ (124,103)	\$ 3,893	\$ (312,201)	\$ 2,354,640	\$ 349,092	\$ 2,703,732
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)	1,000	1,380	7,623	-	-	-	-	-	-	10,003	-	10,003
Changes in capital surplus from investments using the equity method	-	-	51	-	-	-	-	-	-	51	-	51
Appropriation of prior year's earnings	-	-	-	-	-	(953,027)	-	-	-	(953,027)	-	(953,027)
Cash dividends to shareholder - NT\$7.50 per share	-	-	-	-	-	-	-	-	-	-	-	-
Convertible bonds converted to ordinary shares (Note 21)	14,027	(8,488)	43,162	-	-	-	-	-	-	48,701	-	48,701
Net profit for the three months ended March 31, 2021	-	-	-	-	-	264,788	-	-	-	264,788	3,404	268,192
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	(5,516)	-	-	(5,516)	(3,103)	(8,619)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	264,788	(5,516)	-	-	259,272	301	259,573
Treasury shares transferred to employees (Note 26)	-	-	(5,858)	-	-	-	-	-	28,633	22,775	-	22,775
BALANCE AT MARCH 31, 2021	\$ 1,326,523	\$ 7,919	\$ 2,030,983	\$ 152,827	\$ 105,812	\$ 702,049	\$ (183,984)	\$ 2,840	\$ (244,018)	\$ 3,900,951	\$ 356,987	\$ 4,257,938

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

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020 (Retrospectively Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 333,088	\$ 1,428
Adjustments for:		
Depreciation expense	50,138	48,498
Amortization expense	21,960	27,717
Expected credit loss recognized	15,331	4,669
Interest expense	13,967	15,606
Interest income	(491)	(1,421)
Compensation costs of employee share options	511	1,558
Gain on disposal of property, plant and equipment	(167)	(43)
Loss on disposal of intangible assets	2	-
Loss on inventories valuation and obsolescence	7,344	-
Unrealized gain on foreign currency exchange	(87)	(14,400)
Net loss (gain) on fair value changes of financial instruments at fair value through profit or loss	1,267	(1,646)
Changes in operating assets and liabilities		
Notes receivable	650	529
Accounts receivable	556,981	299,611
Other receivables	36,401	12,796
Inventories	(373,538)	354,620
Prepayments	23,224	(47,955)
Other current assets	(2,385)	223
Contract liabilities	(10,869)	3,387
Notes payable	(148,241)	(92,895)
Accounts payable	(419,088)	(376,647)
Provisions	349	(764)
Other payables	(222,022)	(99,278)
Other current liabilities	(1,571)	(36,856)
Net defined benefit liabilities	196	76
Cash generated from (used in) operations	(117,050)	98,813
Interest received	491	1,421
Interest paid	(12,491)	(14,595)
Income tax paid	(29,198)	(6,557)
Net cash generated from (used in) operating activities	(158,248)	79,082

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at fair value through other comprehensive income	-	(9,075)
Decrease (increase) in financial assets at amortized cost	(68)	13,525

(Continued)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020 (Retrospectively Adjusted)
Increase in prepayment for investment	\$ (20,000)	\$ -
Net cash outflow on acquisition of subsidiaries (Note 34)	(86,520)	(658,305)
Payments for property, plant and equipment (Note 34)	(15,995)	(5,947)
Proceeds from disposal of property, plant and equipment	400	78
Decrease in refundable deposits	4,098	4,028
Payments for intangible assets (Note 34)	(14,245)	(5,801)
Decrease (increase) in other non-current assets	<u>2,707</u>	<u>(10,721)</u>
Net cash used in investing activities	<u>(129,623)</u>	<u>(672,218)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	303,760	-
Repayments of short-term borrowings	-	(371,370)
Proceeds from long-term borrowings	-	200,000
Repayments of long-term borrowings	(39,949)	(31,508)
Refund of guarantee deposits received	(102)	(46)
Repayment of the principal portion of lease liabilities	(5,006)	(6,340)
Exercise of employee share options	9,543	-
Proceeds from issuance of ordinary shares	-	738,745
Proceeds from treasury shares transferred to employees	22,775	-
Payments for buy-back of ordinary shares	<u>-</u>	<u>(139,861)</u>
Net cash generated from financing activities	<u>291,021</u>	<u>389,620</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,797)</u>	<u>3,167</u>
NET DECREASE IN CASH	(647)	(200,349)
CASH, BEGINNING OF THE PERIOD	<u>1,542,324</u>	<u>826,213</u>
CASH, END OF THE PERIOD	<u>\$ 1,541,677</u>	<u>\$ 625,864</u>

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

(Concluded)

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Dyaco International Inc. (the “Corporation”) was established in 1990. The Corporation and its subsidiaries are collectively referred to as the Group. The Group mainly manufactures, imports, exports and sells sports equipment and outdoor furniture. The Corporation’s shares have been list on the Taiwan Stock Exchange since September 20, 2016.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 14, 2021.

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 8)

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)
	(Concluded)

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

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

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

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

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

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

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

Note 8: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

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

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

See Note 13, Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Please see the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2020 except for the information below.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The accounting judgments and key sources of estimation uncertainty of these consolidated financial statements are the same as the consolidated financial statements for the year ended December 31, 2020.

6. CASH

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 1,189	\$ 10,396	\$ 968
Checking accounts and demand deposits	<u>1,540,488</u>	<u>1,531,928</u>	<u>624,896</u>
	<u>\$ 1,541,677</u>	<u>\$ 1,542,324</u>	<u>\$ 625,864</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Demand deposits	0.001%-0.35%	0.001%-0.35%	0.001%-0.25%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets mandatorily classified as at <u>FVTPL</u>			
Derivative financial assets (not under hedge accounting)			
Convertible bonds options (Note 21)	<u>\$ 2,446</u>	<u>\$ 2,593</u>	<u>\$ -</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Cross-currency swap contracts	\$ 1,071	\$ 1,685	\$ 458
Foreign exchange forward contracts	<u>50</u>	<u>-</u>	<u>939</u>
	<u>\$ 1,121</u>	<u>\$ 1,685</u>	<u>\$ 1,397</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2021</u>			
Cross-currency swap contracts	NTD/USD	2021.06.18-2021.10.12	NTD43,799/USD1,500
Foreign exchange forward contracts	NTD/USD	2021.06.01-2021.09.29	NTD57,063/USD2,000
Foreign exchange forward contracts	USD/RMB	2021.09.29	USD500/RMB3,300

December 31, 2020

Cross-currency swap contracts	NTD/USD	2021.06.18-2021.10.12	NTD43,799/USD1,500
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March 31, 2020

Cross-currency swap contracts	NTD/USD	2020.10.29-2020.11.06	NTD150,212/USD5,000
Foreign exchange forward contracts	NTD/USD	2020.04.06-2020.08.05	NTD105,468/USD3,500
Foreign exchange forward contracts	RMB/USD	2020.05.06-2020.08.06	RMB11,110/USD1,600

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Foreign investments			
Unlisted shares			
Gomore Inc.	\$ 32,556	\$ 32,556	\$ 31,860
Uniigym Global Holdings Limited.	8,585	8,585	9,075
Bigger Fit Technology (Beijing) Co., Ltd.	5,048	5,087	5,000
Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	<u>4,900</u>	<u>4,937</u>	<u>5,995</u>
	<u>\$ 51,089</u>	<u>\$ 51,165</u>	<u>\$ 51,930</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Restricted deposits	\$ 208,999	\$ 208,931	\$ 314,832

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

	March 31, 2021	December 31, 2020	March 31, 2020
Restricted deposits	0.11%-0.20%	0.16%-0.30%	0.16%-0.45%

b. The financial assets at amortized cost pledged as collateral are set out in Note 38.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,370	\$ 2,020	\$ 972
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,370</u>	<u>\$ 2,020</u>	<u>\$ 972</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 2,630,204	\$ 3,190,624	\$ 1,397,088
Less: Allowance for impairment loss	<u>155,338</u>	<u>140,359</u>	<u>139,537</u>
	<u>\$ 2,474,866</u>	<u>\$ 3,050,265</u>	<u>\$ 1,257,551</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 34,318	\$ 50,901	\$ 4,186
Others	<u>15,540</u>	<u>35,358</u>	<u>27,549</u>
	<u>\$ 49,858</u>	<u>\$ 86,259</u>	<u>\$ 31,735</u>

a. Notes receivable

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

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

b. Accounts receivable

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

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

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

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

March 31, 2021

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-3.76%	0%-21.00%	1.84%-27.90%	2.57%-43.50%	5.00%-100%	100%	
Gross carrying amount	\$ 2,012,880	\$ 376,232	\$ 97,153	\$ 9,883	\$ 7,642	\$ 126,414	\$ 2,630,204
Loss allowance (Lifetime ECLs)	(2,810)	(5,441)	(14,024)	(1,954)	(4,695)	(126,414)	(155,338)
Amortized cost	<u>\$ 2,010,070</u>	<u>\$ 370,791</u>	<u>\$ 83,129</u>	<u>\$ 7,929</u>	<u>\$ 2,947</u>	<u>\$ -</u>	<u>\$ 2,474,866</u>

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-3.76%	0%-21.00%	1.84%-27.90%	2.57%-43.50%	5.00%-100%	100%	
Gross carrying amount	\$ 2,856,971	\$ 175,155	\$ 20,827	\$ 5,683	\$ 5,673	\$ 126,315	\$ 3,190,624
Loss allowance (Lifetime ECLs)	(3,183)	(3,602)	(1,699)	(1,560)	(4,000)	(126,315)	(140,359)
Amortized cost	<u>\$ 2,853,788</u>	<u>\$ 171,553</u>	<u>\$ 19,128</u>	<u>\$ 4,123</u>	<u>\$ 1,673</u>	<u>\$ -</u>	<u>\$ 3,050,265</u>

March 31, 2020

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days and Individually Recognized	Total
Expected credit loss rate	0%-5.64%	0%-17.77%	3.45%-38.58%	5.26%-44.70%	6.08%-100%	100%	
Gross carrying amount	\$ 916,033	\$ 311,953	\$ 29,500	\$ 4,795	\$ 5,145	\$ 129,662	\$ 1,397,088
Loss allowance (Lifetime ECLs)	(1,232)	(1,738)	(3,225)	(916)	(2,764)	(129,662)	(139,537)
Amortized cost	<u>\$ 914,801</u>	<u>\$ 310,215</u>	<u>\$ 26,275</u>	<u>\$ 3,879</u>	<u>\$ 2,381</u>	<u>\$ -</u>	<u>\$ 1,257,551</u>

The Group's customer, New Level UK Ltd., was in severe financial difficulty and went into bankruptcy on February 26, 2018. As of March 31, 2021, accounts receivable from New Level UK Ltd. amounted to \$106,552 thousand (NT\$79,163 thousand and US\$960 thousand). Due to the uncertainty of the recoverability of accounts receivable according to legal proceedings, the Group recognized a loss allowance.

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

	For the Three Months Ended March 31	
	2021	2020
Beginning balance	\$ 140,359	\$ 135,039
Add: Acquisitions through business combinations	-	749
Add: Net remeasurement of loss allowance	15,331	4,669
Less: Amounts written off	(321)	(982)
Foreign exchange gains and losses	<u>(31)</u>	<u>62</u>
Ending balance	<u>\$ 155,338</u>	<u>\$ 139,537</u>

c. Other receivables

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

The Group considers the current financial condition of debtors in order to measure twelve-month expected credit losses or lifetime expected credit losses. As of March 31, 2021, the ratio of allowance for impairment loss of other receivables was 0%.

11. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 345,981	\$ 333,062	\$ 144,131
Work in progress	251,379	291,520	153,102
Finished goods	2,553,527	2,218,372	631,966
Merchandise	<u>354,671</u>	<u>298,787</u>	<u>199,160</u>
	<u>\$ 3,505,558</u>	<u>\$ 3,141,741</u>	<u>\$ 1,128,359</u>

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

	For the Three Months Ended March 31	
	2021	2020
Cost of inventories sold	\$ 2,422,426	\$ 1,168,585
Inventory write-downs	7,344	-
Warranties	<u>24,830</u>	<u>17,194</u>
	<u>\$ 2,454,600</u>	<u>\$ 1,185,779</u>

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

12. PREPAYMENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Prepayments for goods	\$ 79,283	\$ 70,289	\$ 63,112
Prepaid expenses	43,502	45,991	57,421
Tax overpayment retained for offsetting future tax payable	27,649	59,690	13,777
Others	<u>9,727</u>	<u>7,415</u>	<u>21,515</u>
	<u>\$ 160,161</u>	<u>\$ 183,385</u>	<u>\$ 155,825</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2021	December 31, 2020	March 31, 2020	
Dyaco International Inc.	Dyaco International Holding Limited	Investment	100	100	100	-
	Dyaco Europe GmbH	Import, export and selling	100	100	100	-
	Daan Health Management Consulting Co., Ltd.	Rental of medical equipment	100	100	100	-
	Dyaco Japan Co., Ltd.	Import, export and selling	100	100	100	-
	Wing Long Co., Ltd.	Import, export and selling	100	100	100	-
	Dyaco UK Ltd.	Import, export and selling	100	100	100	-
	SOLE INC.	Investment	100	100	100	Note 1
	President Plastic Products MFG Co., Ltd.	Rental of property	100	100	-	Note 2
SOLE INC.	Fitness Equipment Services, LLC.	Import, export and selling	100	100	100	Note 1
Dyaco Europe GmbH	CARDIO fitness GmbH & Co. KG	Import, export and selling	100	100	100	-
	CARDIO fitness Verwaltungs GmbH	Investment	100	100	100	-
Dyaco International Holding Limited	Fuel-Spirit International Inc.	Import, export and selling	100	100	100	-
	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	100	100	100	-
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	60	60	60	-
Dyaco (Shanghai) Trading Co., Ltd.	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	100	100	100	-
Fuel-Spirit International Inc.	Spirit Manufacturing Inc.	Import, export and selling	100	100	100	-
	Dyaco Canada Inc.	Import, export and selling	100	100	100	-
Spirit Manufacturing Inc.	Spirit Direct, LLC.	Import, export and selling	100	100	100	-
	Dyaco Commercial & Medical North America, LLC.	Import, export and selling	100	100	100	-

Remarks:

- 1) On January 2, 2020, the board of directors resolved to establish SOLE INC., to purchase 100% equity of Fitness Equipment Services, LLC. Also, the board of directors resolved to acquire interests in SOLE INC. for US\$31,490 thousand (NT\$948,631 thousand). In addition, on February 1, 2020, SOLE INC. purchased 100% equity of Fitness Equipment Services, LLC. for US\$31,477 thousand (NT\$948,251 thousand). For related information on business combinations, please refer to Note 32.
- 2) On August 12, 2020, the board of directors approved the resolution to purchase 100% equity of President Plastic Products Mfg. Co., Ltd. to acquire land in Dajia District, Taichung City, and planned to build the factory. On December 8, 2020, the Corporation purchased 100% equity of President Plastic Products Mfg. Co., Ltd. for NT\$258,640 thousand. As of March 31, 2021, NT\$27,354 thousand was not paid and recognized as other payables. For related information on acquisition of a subsidiary that does not constitute a business, please refer to Note 33.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2021	December 31, 2020	March 31, 2020
Shelton Corporation (Jiaxing), Ltd.	China	40%	40%	40%

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

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the Three Months Ended March 31		March 31, 2021	December 31, 2020	March 31, 2020
	2021	2020			
Shelton Corporation (Jiaxing), Ltd.	\$ 3,404	\$ 4,519	\$ 356,987	\$ 356,686	\$ 349,092

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

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 1,976,201	\$ 2,218,628	\$ 921,175
Non-current assets	966,763	991,059	992,607
Current liabilities	(1,766,551)	(2,031,709)	(746,578)
Non-current liabilities	<u>(139,737)</u>	<u>(141,938)</u>	<u>(141,305)</u>
Equity	<u>\$ 1,036,676</u>	<u>\$ 1,036,040</u>	<u>\$ 1,025,899</u>
Equity attributable to:			
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 679,689	\$ 679,354	\$ 676,807
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>356,987</u>	<u>356,686</u>	<u>349,092</u>
	<u>\$ 1,036,676</u>	<u>\$ 1,036,040</u>	<u>\$ 1,025,899</u>

	For the Three Months Ended March 31	
	2021	2020
Revenue	<u>\$ 1,163,693</u>	<u>\$ 422,161</u>
Net profit from continuing operations (Remark)	\$ 8,510	\$ 11,297
Other comprehensive income for the period	<u>(7,756)</u>	<u>(25,296)</u>
Total comprehensive income for the period	<u>\$ 754</u>	<u>\$ (13,999)</u>
Profit attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 5,106	\$ 6,778
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>3,404</u>	<u>4,519</u>
	<u>\$ 8,510</u>	<u>\$ 11,297</u>
Total comprehensive income attributable to:		
Owners of Shelton Corporation (Jiaxing), Ltd.	\$ 453	\$ (8,400)
Non-controlling interests of Shelton Corporation (Jiaxing), Ltd.	<u>301</u>	<u>(5,599)</u>
	<u>\$ 754</u>	<u>\$ (13,999)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (43,255)	\$ (20,598)
Investing activities	(1,356)	(267)
Financing activities	<u>43,760</u>	<u>51,554</u>
Net cash inflow (outflow)	<u>\$ (851)</u>	<u>\$ 30,689</u>

Remark: Net profit was \$11,928 thousand less amortization of \$3,418 thousand for the three months ended March 31, 2021. Net profit was \$14,663 thousand less amortization of \$3,366 thousand for the three months ended March 31, 2020.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2021	December 31, 2020	March 31, 2020
Investments in associates	<u>\$ 5,213</u>	<u>\$ 5,252</u>	<u>\$ -</u>
Associates that are not individually material			
Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	<u>\$ 5,213</u>	<u>\$ 5,252</u>	<u>\$ -</u>

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

Aggregate information of associates that are not individually material

	For the Three Month Ended March 31	
	2021	2020
The Group's share of:		
Profit (loss) from continuing operations	\$ -	\$ -
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 1,277,444	\$ 1,911,892	\$ 790,276	\$ 49,855	\$ 74,460	\$ 24,297	\$ 4,128,224
Additions	-	896	10,582	736	4,260	818	17,292
Disposals	-	-	(3,490)	(743)	(1,515)	(143)	(5,891)
Effects of foreign currency exchange differences	<u>27</u>	<u>(4,544)</u>	<u>(2,006)</u>	<u>(118)</u>	<u>(1,680)</u>	<u>(855)</u>	<u>(9,176)</u>
Balance at March 31, 2021	<u>1,277,471</u>	<u>1,908,244</u>	<u>795,362</u>	<u>49,730</u>	<u>75,525</u>	<u>24,117</u>	<u>4,130,449</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	-	598,857	549,088	32,511	59,623	10,548	1,250,627
Depreciation expenses	-	16,878	20,574	1,213	2,120	888	41,673
Disposals	-	-	(3,320)	(699)	(1,496)	(143)	(5,658)
Effects of foreign currency exchange differences	<u>-</u>	<u>(2,486)</u>	<u>(1,332)</u>	<u>(79)</u>	<u>(298)</u>	<u>(302)</u>	<u>(4,497)</u>
Balance at March 31, 2021	<u>-</u>	<u>613,249</u>	<u>565,010</u>	<u>32,946</u>	<u>59,949</u>	<u>10,991</u>	<u>1,282,145</u>
Carrying amounts at March 31, 2021	<u>\$ 1,277,471</u>	<u>\$ 1,294,995</u>	<u>\$ 230,352</u>	<u>\$ 16,784</u>	<u>\$ 15,576</u>	<u>\$ 13,126</u>	<u>\$ 2,848,304</u>
<u>Cost</u>							
Balance at January 1, 2020	\$ 993,472	\$ 1,911,586	\$ 690,454	\$ 43,768	\$ 72,039	\$ 21,524	\$ 3,732,843
Acquisitions through business combinations (Note 32)	-	-	36,712	-	346	1,599	38,657
Additions	-	160	2,940	162	1,388	775	5,425
Disposals	-	-	(161)	(36)	(290)	-	(487)
Effects of foreign currency exchange differences	<u>119</u>	<u>(12,594)</u>	<u>(2,824)</u>	<u>(100)</u>	<u>(1,137)</u>	<u>(176)</u>	<u>(16,712)</u>
Balance at March 31, 2020	<u>993,591</u>	<u>1,899,152</u>	<u>727,121</u>	<u>43,794</u>	<u>72,346</u>	<u>23,722</u>	<u>3,759,726</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	-	527,450	458,061	31,823	53,143	6,316	1,076,793
Acquisitions through business combinations (Note 32)	-	-	13,257	-	75	1,094	14,426
Depreciation expenses	-	17,060	17,774	1,023	2,014	964	38,835
Disposals	-	-	(145)	(36)	(271)	-	(452)
Effects of foreign currency exchange differences	<u>-</u>	<u>(4,489)</u>	<u>(1,762)</u>	<u>(59)</u>	<u>(551)</u>	<u>(42)</u>	<u>(6,903)</u>
Balance at March 31, 2020	<u>-</u>	<u>540,021</u>	<u>487,185</u>	<u>32,751</u>	<u>54,410</u>	<u>8,332</u>	<u>1,122,699</u>
Carrying amounts at March 31, 2020	<u>\$ 993,591</u>	<u>\$ 1,359,131</u>	<u>\$ 239,936</u>	<u>\$ 11,043</u>	<u>\$ 17,936</u>	<u>\$ 15,390</u>	<u>\$ 2,637,027</u>

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-50 years
Decoration	2-49 years
Machinery equipment	1-11 years
Transportation equipment	2-11 years
Office equipment	1-15 years
Leasehold improvements	1-10 years

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Land	\$ 283,483	\$ 287,713	\$ 285,749
Buildings	49,380	52,380	65,613
Transportation equipment	8,812	10,209	8,346
Office equipment	<u>57</u>	<u>75</u>	<u>125</u>
	<u>\$ 341,732</u>	<u>\$ 350,377</u>	<u>\$ 359,833</u>
		For the Three Months Ended March 31	
		2021	2020
Additions to right-of-use assets		<u>\$ 3,486</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land		\$ 2,076	\$ 2,045
Buildings		4,388	5,441
Transportation equipment		1,150	1,335
Office equipment		<u>19</u>	<u>19</u>
		<u>\$ 7,633</u>	<u>\$ 8,840</u>

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Current	<u>\$ 17,753</u>	<u>\$ 19,863</u>	<u>\$ 23,338</u>
Non-current	<u>\$ 42,625</u>	<u>\$ 44,408</u>	<u>\$ 51,498</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Buildings	1.56%-4.90%	1.56%-4.75%	1.56%-4.75%
Transportation equipment	1.66%-2.50%	1.65%-4.07%	1.66%-3.41%
Office equipment	4.07%	4.07%	4.07%

c. Material lease-in activities and terms

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

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

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

d. Other lease information

	For the Three Months Ended March 31	
	2021	2020
Expenses relating to short-term leases	\$ 6,476	\$ 5,034
Expenses relating to low-value asset leases	\$ 165	\$ 66
Total cash outflow for leases	\$ 11,647	\$ 11,440

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

17. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2021	\$ 79,327
Effects of foreign currency exchange differences	(410)
Balance at March 31, 2021	<u>78,917</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	22,266
Depreciation expenses	832
Effects of foreign currency exchange differences	(145)
Balance at March 31, 2021	<u>22,953</u>
Carrying amount at March 31, 2021	<u>\$ 55,964</u>

(Continued)

**Completed
Investment
Properties**

Cost

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

Accumulated depreciation

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

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Year 1	\$ 12,515	\$ 14,063	\$ 16,714
Year 2	2,999	4,180	11,466
Year 3	668	654	2,953
Year 4	668	654	658
Year 5	668	654	658
Year 5 onwards	<u>779</u>	<u>926</u>	<u>1,425</u>
	<u>\$ 18,297</u>	<u>\$ 21,131</u>	<u>\$ 33,874</u>

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

As of March 31, 2021 and 2020, the fair value of investment property located in Zhongshan District, Taipei City was \$27,912 thousand and \$32,507 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers. The management used the market-based evidence of transaction price of property, plant and equipment in determining the fair value. Management was unable to reliably measure the fair value of the investment property located in Jiaxing City, Zhejiang Province, China, because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

18. GOODWILL

	For the Three Months Ended March 31	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 487,049	\$ 191,049
Acquisitions through business combinations - Fitness Equipment Services, LLC. (Note 32)	-	313,992
Effect of foreign currency exchange differences	(923)	(2,926)
Balance at March 31	<u>486,126</u>	<u>502,115</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	8,931	8,566
Effect of foreign currency exchange differences	(393)	(89)
Balance at March 31	<u>8,538</u>	<u>8,477</u>
Carrying amounts at March 31	<u>\$ 477,588</u>	<u>\$ 493,638</u>

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

19. OTHER INTANGIBLE ASSETS

	Computer Software	Patents	Customer Relationship	Existing Technologies	Royalty	Brand Value	Website	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 87,427	\$ 84,192	\$ 97,402	\$ 7,685	\$ 214,021	\$ 649,344	\$ 1,025	\$ 1,141,096
Additions	985	-	-	-	12,797	-	-	13,782
Disposals	(6,350)	-	-	-	-	-	-	(6,350)
Effects of foreign currency exchange differences	(394)	(1,676)	1,013	-	128	1,254	2	327
Balance at March 31, 2021	<u>81,668</u>	<u>82,516</u>	<u>98,415</u>	<u>7,685</u>	<u>226,946</u>	<u>650,598</u>	<u>1,027</u>	<u>1,148,855</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2021	65,490	60,602	73,267	7,685	141,511	31,749	240	380,544
Amortization expenses	2,296	1,946	424	-	9,760	7,466	68	21,960
Disposals	(6,348)	-	-	-	-	-	-	(6,348)
Effects of foreign currency exchange differences	(306)	(937)	969	-	83	106	-	(85)
Balance at March 31, 2021	<u>61,132</u>	<u>61,611</u>	<u>74,660</u>	<u>7,685</u>	<u>151,354</u>	<u>39,321</u>	<u>308</u>	<u>396,071</u>
Carrying amounts at March 31, 2021	<u>\$ 20,536</u>	<u>\$ 20,905</u>	<u>\$ 23,755</u>	<u>\$ -</u>	<u>\$ 75,592</u>	<u>\$ 611,277</u>	<u>\$ 719</u>	<u>\$ 752,784</u>
<u>Cost</u>								
Balance at January 1, 2020	\$ 81,261	\$ 83,665	\$ 73,825	\$ 75,924	\$ 292,000	\$ -	\$ -	\$ 606,675
Acquisitions through business combinations (Note 32)	-	-	27,112	-	-	686,846	1,084	715,042
Additions	1,482	-	-	-	-	-	-	1,482
Disposals	(1,002)	-	-	(68,318)	-	-	-	(69,320)
Effects of foreign currency exchange differences	(595)	(2,286)	(5,304)	79	1,053	2,284	4	(4,765)
Balance at March 31, 2020	<u>81,146</u>	<u>81,379</u>	<u>95,633</u>	<u>7,685</u>	<u>293,053</u>	<u>689,130</u>	<u>1,088</u>	<u>1,249,114</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2020	54,903	52,798	73,825	75,924	115,387	-	-	372,837
Amortization expenses	2,792	1,909	282	-	17,155	5,534	45	27,717
Disposals	(1,002)	-	-	(68,318)	-	-	-	(69,320)
Effects of foreign currency exchange differences	(480)	(2,091)	(5,393)	79	445	22	-	(7,418)
Balance at March 31, 2020	<u>56,213</u>	<u>52,616</u>	<u>68,714</u>	<u>7,685</u>	<u>132,987</u>	<u>5,556</u>	<u>45</u>	<u>323,816</u>
Carrying amounts at March 31, 2020	<u>\$ 24,933</u>	<u>\$ 28,763</u>	<u>\$ 26,919</u>	<u>\$ -</u>	<u>\$ 160,066</u>	<u>\$ 683,574</u>	<u>\$ 1,043</u>	<u>\$ 925,298</u>

- a. The Group signed royalty agreements for a duration of authorization from January 1, 2018 to December 31, 2023 with several foreign well-known sports brands to manufacture and sell products. The discounted cost was recognized as royalty in intangible assets at the beginning of authorization period, and the related liability was recognized as long-term payable as well as current portion of long-term payable. The interest expenses were calculated by the effective interest method.

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

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

20. BORROWINGS

- a. Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured borrowings	\$ 566,646	\$ 421,659	\$ 705,775
Secured borrowings	<u>1,307,757</u>	<u>1,152,122</u>	<u>913,622</u>
	<u>\$ 1,874,403</u>	<u>\$ 1,573,781</u>	<u>\$ 1,619,397</u>
Range of interest rates			
Unsecured borrowings	0.68%-1.39%	0.68%-4.78%	1.18%-3.49%
Secured borrowings	1.01%-4.45%	1.15%-4.45%	1.34%-4.87%

- b. Long-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Secured borrowings</u>			
Mega Bank	\$ 357,550	\$ 382,900	\$ 458,950
Taishin Bank	183,750	187,500	198,750
Taiwan Cooperative Bank	177,062	179,267	180,000
Bank SinoPac	128,648	134,068	150,332
Bank of Montreal	39,829	39,772	39,237
Chang Hua Bank	24,291	27,043	35,239
Kölner Bank	<u>-</u>	<u>-</u>	<u>585</u>
	911,130	950,550	1,063,093
Less: Current portions	<u>160,047</u>	<u>159,929</u>	<u>151,204</u>
Long-term borrowings	<u>\$ 751,083</u>	<u>\$ 790,621</u>	<u>\$ 911,889</u>

- 1) Secured borrowings from Mega Bank: In 2007, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2007 to December 2022. As of March 31, 2021, December 31, 2020 and March 31, 2020, the borrowings were \$17,850 thousand, \$20,400 thousand and \$28,050 thousand, respectively, at the annual borrowing interest rate were 1.38%, 1.38% and 1.65%, respectively. In September 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to September 2024. As of March 31, 2021, December 31, 2020 and March 31, 2020, the borrowings were \$182,600 thousand, \$195,500 thousand and \$234,200 thousand, respectively, at the annual borrowing interest rate were 1.40%, 1.40% and 1.65%, respectively. In February 2020, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to February 2025. As of March 31, 2021, December 31, 2020 and March 31, 2020, the amount of borrowings were \$157,100 thousand, \$167,000 thousand and \$196,700 thousand, at the annual borrowing interest rate were 1.45%, 1.45% and 1.70%.
- 2) Secured borrowings from Taishin Bank: In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2034. As of March 31, 2021, December 31, 2020 and March 31, 2020, the borrowings were \$154,500 thousand, \$156,000 thousand and \$160,500 thousand, respectively, at annual borrowing interest rate were 1.23%, 1.23% and 1.45%, respectively. In June 2019, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to June 2024. As of March 31, 2021, December 31, 2020 and March 31, 2020, the borrowings were \$29,250 thousand, \$31,500 thousand and \$38,250 thousand, respectively, at annual borrowing interest rate were 1.23%, 1.23% and 1.45%, respectively.
- 3) Secured borrowings from Taiwan Cooperative Bank: In November 2018, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2020 to November 2038 after two years of interest payments. As of March 31, 2021, December 31, 2020 and March 31, 2020, the borrowings were \$177,062 thousand, \$179,267 thousand and \$180,000 thousand, respectively, at annual borrowing interest rate were 1.40%, 1.40% and 1.48%.
- 4) Secured borrowings from Bank SinoPac: In 2009, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from September 2009 to September 2024. As of March 31, 2021, December 31, 2020 and March 31, 2020, the borrowings were \$31,539 thousand, \$33,846 thousand and \$40,769 thousand, respectively, at annual borrowing interest rate were 1.44%, 1.44% and 1.71%, respectively. In 2015, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from December 2017 to November 2022. As of March 31, 2021, December 31, 2020 and March 31, 2020, the borrowings were \$88,621 thousand, \$90,913 thousand and \$97,789 thousand, respectively, at annual borrowing interest rate were 1.26%, 1.26% and 1.51%, respectively. In 2016, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly from October 2016 to October 2023. As of March 31, 2021, December 31, 2020 and March 31, 2020, the borrowings were \$8,488 thousand, \$9,309 thousand and \$11,774 thousand, respectively, at annual borrowing interest rate were 1.33%, 1.33% and 1.60%, respectively.
- 5) Secured borrowings from Bank of Montreal: In 2016, Dyaco Canada Inc. signed a contract for borrowings, under which the principal and interest are repayable monthly from May 2016 to April 2023. As of March 31, 2021, December 31, 2020 and March 31, 2020, the annual borrowing interest rate was 4.07%.
- 6) Secured borrowings from Chang Hua Bank: In May 2008, the Corporation signed a contract for borrowings, under which the principal and interest are repayable monthly to May 2023. As of March 31, 2021, December 31, 2020 and March 31, 2020, the annual borrowing interest rates were 1.50%, 1.50% and 2.06%, respectively.

- 7) Secured borrowings from Kölner Bank: CARDIO fitness GmbH & Co. KG signed a contract for borrowings, under which the principal and interest are repayable monthly from February 2016 to July 2020. As of March 31, 2020, the annual borrowing interest rate was 2.50%.

21. BONDS PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
Secured domestic convertible bonds	\$ 414,747	\$ 462,372	\$ 594,823
Less: Current portion	<u>-</u>	<u>-</u>	<u>(594,823)</u>
	<u>\$ 414,747</u>	<u>\$ 462,372</u>	<u>\$ -</u>

- a. On September 20, 2017, the Corporation issued 0% three-year secured domestic convertible bonds at 100.5% of face value of \$600,000 thousand for the first time, with maturity date of September 20, 2020, totaling \$603,000 thousand. The convertible bonds are guaranteed by Bank SinoPac.

Each bond entitles the holder to convert it into ordinary shares of the Corporation at a conversion price of \$40.1. Conversion may occur at any time between December 21, 2017 and September 20, 2020.

According to restrictions for first-time issuance and conversion of secured convertible bond, the Corporation is entitled to redeem the bonds by cash at face value from December 21, 2017 to August 11 2020, if the closing price of common shares is 30% higher than its conversion price within thirty business days in a row or the balance of outstanding bonds is 10% lower than the original face value.

The record date that the holder is entitled to sell back the convertible bond in advance is September 20, 2019. The holder is required to inform the stock agency of the Corporation regarding the sale by giving 30-day prior written notice. The Corporation will redeem the convertible bonds based on the face value and accrued interests. The redemption amount of the bonds which have been held for full two years is 101.0025% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.31% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$8,943 thousand)	\$ 594,057
Equity component (less transaction costs allocated to the equity component of \$238 thousand)	(15,802)
Financial liabilities held for trading - selling options	<u>(1,426)</u>
Liability component at the date of issue	576,829
Interest charged at an effective interest rate of 1.31%	17,526
Convertible bonds converted into ordinary shares	<u>(1,481)</u>
Liability component at December 31, 2019	592,874
Interest charged at an effective interest rate of 1.31%	<u>1,949</u>
Liability component at March 31, 2020	<u>\$ 594,823</u>

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

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

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

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

As of March 31, 2021, the amount of convertible bonds of NT\$49,800 thousand was reclassified to advance share capital at NT\$5,539 thousand. Capital surplus - options and bonds payable discounts on the conversion date decreased in the amounts of NT\$1,051 thousand and NT\$1,099 thousand, respectively. The capital surplus - options of NT\$44,213 thousand was recognized on the conversion date.

Proceeds from issuance (less transaction costs of \$8,352 thousand)	\$ 594,648
Equity component (less transaction costs allocated to the equity component of \$178 thousand)	(12,666)
Financial assets at fair value through profit or loss - options	<u>1,487</u>
Liability component at the date of issue	583,469
Interest charged at an effective interest rate of 0.93%	1,936
Convertible bonds converted into ordinary shares	<u>(123,033)</u>
Liability component at December 31, 2020	462,372
Interest charged at an effective interest rate of 0.93%	1,076
Convertible bonds converted into ordinary shares	<u>(48,701)</u>
Liability component at March 31, 2021	<u>\$ 414,747</u>

Financial assets at fair value through profit or loss - options are measured at FVTPL. Gain on changes in fair value of financial assets at fair value through profit or loss - options was \$147 thousand for the three months ended March 31, 2021.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

- a. Notes payable

The Group issues notes payable for payment and business expenditure.

- b. Accounts payable

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

23. OTHER PAYABLE AND LONG-TERM PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Payables for dividends	\$ 953,027	\$ -	\$ 124,321
Payables for freight	241,139	324,203	37,010
Payables for advertisements	72,981	138,272	32,800
Payables for royalties (Note 19)	69,272	77,592	75,692
Payables for salaries and bonuses	57,489	107,474	43,807
Payables for value added taxes	50,269	46,161	31,056
Payables for employee benefits	44,227	44,563	43,007
Payables for investments (Note 13)	27,354	113,874	286,454
Payables for labor costs	23,204	32,207	9,942
Payables for employees' compensation	19,461	16,236	2,453
Payables for insurance	12,843	12,044	9,212
Payables for annual leave	10,567	11,177	6,559
Payables for commissions	7,086	7,038	6,070
Payables for remuneration of directors	5,055	5,055	1,225
Payables for purchases of equipment	453	4,788	4,120
Others	<u>113,094</u>	<u>135,039</u>	<u>51,260</u>
	<u>\$ 1,707,521</u>	<u>\$ 1,075,723</u>	<u>\$ 764,988</u>
<u>Non-current</u>			
Payables for royalties (Note 19)	<u>\$ 35,426</u>	<u>\$ 25,878</u>	<u>\$ 134,912</u>

24. PROVISIONS

	March 31, 2021	December 31, 2020	March 31, 2020
Warranties	<u>\$ 18,863</u>	<u>\$ 18,359</u>	<u>\$ 14,602</u>
			Warranties
Balance at January 1, 2021			\$ 18,359
Amount used			(24,481)
Additional provisions recognized			24,830
Effect of foreign currency exchange differences			<u>155</u>
Balance at March 31, 2021			<u>\$ 18,863</u>
Balance at January 1, 2020			\$ 15,835
Amount used			(17,958)
Additional provisions recognized			17,194
Effect of foreign currency exchange differences			<u>(469)</u>
Balance at March 31, 2020			<u>\$ 14,602</u>

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd. and President Plastic Products Mft. Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation Daan Health Management Consulting Co., Ltd., Wing Long Co., Ltd. and President Plastic Products Mft. Co., Ltd. make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

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

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

b. Defined benefit plans

The Group calculated the pension obligations of the defined benefit plans for the three months ended March 31, 2021 and 2020 by using the pension rate based on actuarial valuations as of December 31, 2020 and 2019, respectively. An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended March 31	
	2021	2020
Operating costs	\$ 26	\$ 26
Operating expenses	<u>66</u>	<u>66</u>
	<u>\$ 92</u>	<u>\$ 92</u>

26. EQUITY

a. Share capital

Ordinary shares

	March 31, 2021	December 31, 2020	March 31, 2020
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>150,000</u>
Share capital authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>132,652</u>	<u>131,149</u>	<u>115,100</u>
Ordinary shares issued	<u>\$ 1,326,523</u>	<u>\$ 1,311,496</u>	<u>\$ 1,151,009</u>

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

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

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of ordinary shares	\$ 1,307,003	\$ 1,269,348	\$ 1,253,154
Conversion of bonds	613,057	568,844	1,147
Treasury share transaction	93,507	37,685	-
May only be used to offset a deficit			
Conversion of employee share options	1,460	1,460	1,460
May not be used for any purpose			
Conversion of bonds	8,953	10,004	15,762
Employee share options	3,166	94,878	33,700
Employee share options in subsidiaries	<u>3,837</u>	<u>3,786</u>	<u>3,384</u>
	<u>\$ 2,030,983</u>	<u>\$ 1,986,005</u>	<u>\$ 1,308,607</u>

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

The balance adjustment in capital surplus for the three months ended March 31 in 2021 and 2020 was as follows:

	Issuance of Ordinary Shares	Convertible Bond Premium	Treasury Shares Transaction	Conversion of Employee Share Options	Conversion of Bond-options	Employee Share Options	Employee Share Options in Subsidiaries
Balance at January 1, 2021	\$ 1,269,348	\$ 568,844	\$ 37,685	\$ 1,460	\$ 10,004	\$ 94,878	\$ 3,786
Convertible bond premium	-	44,213	-	-	(1,051)	-	-
Exercise of employee share options	37,655	-	-	-	-	(30,492)	-
Compensation costs of employee share options	-	-	-	-	-	460	51
Treasury shares transferred to employees	-	-	<u>55,822</u>	-	-	<u>(61,680)</u>	-
Balance at March 31, 2021	<u>\$ 1,307,003</u>	<u>\$ 613,057</u>	<u>\$ 93,507</u>	<u>\$ 1,460</u>	<u>\$ 8,953</u>	<u>\$ 3,166</u>	<u>\$ 3,837</u>
Balance at January 1, 2020	\$ 704,409	\$ 1,147	\$ -	\$ 1,460	\$ 15,762	\$ 32,298	\$ 3,228
Increase cash capital	548,745	-	-	-	-	-	-
Compensation costs of employee share options	-	-	-	-	-	1,402	156
Balance at March 31, 2020	<u>\$ 1,253,154</u>	<u>\$ 1,147</u>	<u>\$ -</u>	<u>\$ 1,460</u>	<u>\$ 15,762</u>	<u>\$ 33,700</u>	<u>\$ 3,384</u>

c. Retained earnings and dividend policy

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

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

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

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

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 132,026	\$ 18,941		
Special reserve	69,816	26,689		
Cash dividends	953,027	124,321	\$ 7.50	\$ 1.15

The above 2020 and 2019 appropriation for cash dividends had been resolved by the Corporation's board of directors on March 30, 2021 and March 27, 2020, respectively; the other proposed appropriations for 2019 had been resolved by the shareholders in their meeting on May 28, 2020 and the other proposed appropriations for 2020 will be resolved by the shareholders in their meeting to be held on May 28, 2021.

d. Other equity items

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

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

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

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 2,840	\$ 3,893
Recognized for the period		
Unrealized gain (loss) on equity instruments	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ 2,840</u>	<u>\$ 3,893</u>

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2021	7,122
Decrease during the period	<u>(748)</u>
Number of shares at March 31, 2021	<u>6,374</u>
Number of shares at January 1, 2020	4,000
Increase during the period	<u>4,068</u>
Number of shares at March 31, 2020	<u>8,068</u>

On February 21, 2020, the Corporation's board of directors resolved to redeem 3,000 thousand shares at \$30 to \$50 per share from February 24, 2020 to April 23, 2020. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. The Corporation has redeemed 3,000 thousand shares, with total cost of \$104,927 thousand.

On March 20, 2020, the Corporation's board of directors resolved to redeem 4,500 thousand shares at \$25 to \$45 per share from March 23, 2020 to May 19, 2020. Even if the share price of the Corporation is below the lower limit mentioned above, the Corporation is entitled to redeem shares. The Corporation has accumulatively redeemed 1,565 thousand shares, with total cost of \$50,623 thousand.

On December 25, 2020, the Corporation's board of directors resolved to transfer 748 thousand shares of treasury shares to employees. For related information on employees exercised the treasury share options, please refer to Note 31.

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

f. Non-controlling interests

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 356,686	\$ 350,172
Profit for the period attributable to non-controlling interests	3,404	4,519
Exchange differences on translation of the financial statements of foreign entities	<u>(3,103)</u>	<u>(5,599)</u>
Balance at March 31	<u>\$ 356,987</u>	<u>\$ 349,092</u>

27. REVENUE

	For the Three Months Ended March 31	
	2021	2020
Revenue from contracts with customers		
Sporting goods	\$ 3,446,600	\$ 1,385,932
Furniture	386,632	257,369
Other revenue	<u>4,875</u>	<u>4,500</u>
	<u>\$ 3,838,107</u>	<u>\$ 1,647,801</u>

a. Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Notes receivable (Note 10)	<u>\$ 1,370</u>	<u>\$ 2,020</u>	<u>\$ 972</u>	<u>\$ 1,501</u>
Accounts receivable (Note 10)	<u>\$ 2,474,866</u>	<u>\$ 3,050,265</u>	<u>\$ 1,257,551</u>	<u>\$ 1,009,492</u>
Contract liabilities				
Sale of goods	<u>\$ 63,662</u>	<u>\$ 74,531</u>	<u>\$ 11,288</u>	<u>\$ 7,901</u>

b. Disaggregation of revenue

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

28. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended March 31	
	2021	2020
Property, plant and equipment	\$ 41,673	\$ 38,835
Intangible assets	21,960	27,717
Right-of-use assets	7,633	8,840
Investment properties	<u>832</u>	<u>823</u>
	<u>\$ 72,098</u>	<u>\$ 76,215</u>

(Continued)

	For the Three Months Ended March 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 25,401	\$ 23,029
Operating expenses	23,905	24,646
Non-operating income and expenses	<u>832</u>	<u>823</u>
	<u>\$ 50,138</u>	<u>\$ 48,498</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>21,960</u>	<u>27,717</u>
	<u>\$ 21,960</u>	<u>\$ 27,717</u>
		(Concluded)

b. Other operating income and expenses

	For the Three Months Ended March 31	
	2021	2020
Gain on disposal of property, plant and equipment	\$ 167	\$ 43
Loss on disposal of intangible assets	<u>(2)</u>	<u>-</u>
	<u>\$ 165</u>	<u>\$ 43</u>

c. Employee benefits expense

	For the Three Months Ended March 31	
	2021	2020
Post-employment benefits (Note 25)		
Defined contribution plan	\$ 7,614	\$ 9,400
Defined benefit plans	<u>92</u>	<u>92</u>
	<u>7,706</u>	<u>9,492</u>
Employees' compensation	245,620	179,115
Labor and national health insurance expenses	20,482	16,154
Other employee benefits	<u>12,355</u>	<u>7,081</u>
	<u>278,457</u>	<u>202,350</u>
Total employee benefits expense	<u>\$ 286,163</u>	<u>\$ 211,842</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 120,504	\$ 77,660
Operating expenses	<u>165,659</u>	<u>134,182</u>
	<u>\$ 286,163</u>	<u>\$ 211,842</u>

d. Compensation of employees and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended March 31, 2021 and 2020, the compensation of employees and remuneration of directors were as follows:

	For the Three Months Ended March 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	1%	\$ 3,225	1%	\$ 2
Remuneration of directors	-	-	-	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019 which had been approved by the Corporation's board of directors on March 30, 2021 and March 27, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	1.00%	\$ 16,236	1.00%	\$ 2,451
Remuneration of directors	0.31%	5,055	0.50%	1,225

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

e. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2021	2020
Foreign exchange gains	\$ 45,669	\$ 25,792
Foreign exchange losses	<u>(42,530)</u>	<u>(11,718)</u>
Net gains	<u>\$ 3,139</u>	<u>\$ 14,074</u>

f. Interest expenses

	For the Three Months Ended March 31	
	2021	2020
Interest on bank loans	\$ 12,459	\$ 13,271
Interest on convertible bonds	1,076	1,949
Interest on lease liabilities	<u>432</u>	<u>386</u>
	<u>\$ 13,967</u>	<u>\$ 15,606</u>

29. INCOME TAX

a. Income tax recognized in profit or loss

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

	For the Three Months Ended March 31	
	2021	2020
Current tax		
In respect of the current period	\$ 112,632	\$ 10,945
Adjustments for prior periods	<u>1,337</u>	<u>(1,838)</u>
	113,969	9,107
Deferred tax	<u>(49,073)</u>	<u>(10,969)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 64,896</u>	<u>\$ (1,862)</u>

b. Income tax assessments

The income tax returns of the Corporation, Daan Health Management Consulting Co., Ltd. and Wing Long Co., Ltd. through 2019 have been assessed by the tax authorities.

The income tax returns of President Plastic Products MFG Co., Ltd. through 2018 have been assessed by the tax authorities.

30. EARNINGS PER SHARE

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

Net profit for the period is as follows:

	For the Three Months Ended March 31	
	2021	2020
Profit (loss) for the period attributable to owners of the Corporation	<u>\$ 264,788</u>	<u>\$ (1,229)</u>

(Continued)

	For the Three Months Ended March 31	
	2021	2020
Earnings used in the computation of basic earnings (loss) per share	\$ 264,788	\$ (1,229)
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax) and gain on financial assets at FVTPL	<u>979</u>	<u>-</u>
Earnings used in the computation of diluted earnings (loss) per share	<u>\$ 265,767</u>	<u>\$ (1,229)</u> (Concluded)

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

	For the Three Months Ended March 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	126,154	107,833
Effect of potentially dilutive ordinary shares		
Employee share options*	2,279	-
Compensation of employees*	153	-
Convertible bonds*	<u>4,717</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>133,303</u>	<u>107,833</u>

* The employee share options, compensation of employees and convertible bonds for the three months ended March 31, 2020 were not used in the computation of diluted earnings per share due to anti-dilutive effect.

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

31. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share options

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

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

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

Information on employee share options is as follows:

	For the Three Months Ended March 31			
	2021		2012	
Employee Share Options	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (\$)
Balance at January 1	3,600	\$ 40.45	4,000	\$ 42.95
Options exercised	(238)	40.10	-	-
Balance at March 31	<u>3,362</u>		<u>4,000</u>	
Options exercisable, end of period	<u>2,522</u>		<u>2,000</u>	

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

	March 31	
	2021	2020
Range of exercise price (\$)	\$ 40.1	\$ 41.6
Weighted-average remaining contractual life (in years)	2.75 years	3.75 years

Options granted in December 2017 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	December 2017
Grant-date share price	\$42.95
Exercise price	\$42.95
Expected volatility	28.17%
Expected life (in years)	4-5 years
Expected dividend yield	-
Risk-free interest rate	0.63%-0.71%
Weighted-average fair value of options granted	\$10.42

Expected volatility was based on the annualized standard deviation of daily returns of the Corporation's historical share price over the expected life of the employee share options.

As of March 31, 2021, the abovementioned employee share option certificate was exercised by the holder, the capital surplus - employee share option of NT\$30,492 thousand was reclassified to the capital surplus - ordinary shares premium on the conversion date. The capital surplus - ordinary shares premium of NT\$7,163 thousand was recognized on the conversion date.

Compensation cost recognized by the Group was \$511 thousand for the three months ended March 31, 2021.

Compensation cost recognized by the Group was \$1,558 thousand for the three months ended March 31, 2020.

b. Treasury shares transferred to employees

The second treasury shares transferred to employees in 2020

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

Information on treasury share options is as follows:

	For the three Months Ended March 31, 2021	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Employee Share Options		
Balance at January 1	\$ 748	\$ -
Options granted	<u>(748)</u>	30.54
Balance at March 31	<u><u>-</u></u>	
Options exercisable, end of period	<u><u>-</u></u>	

The base date of employee share options was January 15, 2021. Employees exercised the treasury share options from January 13 to January 15, 2021.

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

	December 2020
Grant-date share price	\$113.00
Exercise price	\$30.54
Expected volatility	61.05%
Expected life (in days)	24 days
Risk-free interest rate	0.18%
Weighted-average fair value of options granted	\$82.46

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

As of March 31, 2021, the abovementioned treasury share options was exercised by the employees, the capital surplus - employee share option of NT\$61,680 thousand was reclassified to the capital surplus - treasury shares transaction on the conversion date. The transfer price was lower than the average price of treasury shares, reducing the capital surplus - treasury shares transaction of \$5,858 thousand.

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

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

	Fitness Equipment Services, LLC.
Current assets	
Cash and cash equivalents	\$ 3,492
Accounts receivables	542,218
Inventories	286,131
Other current assets	4,193
Non-current assets	
Property, plant and equipment (Note 15)	24,231
Intangible assets (Note 19)	715,042
Other non-current assets	5,549
Current liabilities	
Short-term borrowings	(480,242)
Accounts payable	(147,072)
Other payables	(133,743)
Non-current liabilities	
Deferred tax liabilities	<u>(185,540)</u>
	<u>\$ 634,259</u>

The Group has adjusted the initial accounting and the provisional amount since the acquisition date. Information on relevant items of balance sheets and statements of comprehensive income that were adjusted retrospectively are as follows:

	March 31, 2021
Goodwill	<u>\$ (69,396)</u>
Other intangible assets	<u>\$ 90,793</u>
Deferred tax liabilities	<u>\$ 23,227</u>
Retained earnings	<u>\$ (1,821)</u>
Other equity	<u>\$ (9)</u>

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Selling and marketing	\$ 2,893
Income tax benefit	\$ 1,072
Net profit	<u>\$ (1,821)</u>
Other comprehensive income	<u>\$ (9)</u>
Total comprehensive income	<u>\$ (1,830)</u>

c. Goodwill recognized on acquisitions

**Fitness
Equipment
Services, LLC.**

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

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

d. Net cash outflow on the acquisition of subsidiaries

**Fitness
Equipment
Services, LLC.**

Consideration paid in cash	\$ 948,251
Less: Cash and cash equivalent balances acquired	<u>(3,492)</u>
Net cash outflow on the acquisition of subsidiaries	<u>\$ 944,759</u>

e. Impact of acquisitions on the results of the Group

The financial results of the acquires since the acquisition dates, which are included in the consolidated statements of comprehensive income from February 1, 2020 to March 31, 2020, are as follows:

**Fitness
Equipment
Services, LLC.**

Revenue	<u>\$ 405,151</u>
Profit	<u>\$ 14,074</u>

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

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

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

a. Assets acquired and liabilities assumed

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

b. Net cash outflow on the acquisition of subsidiaries

	President Plastic Products MFG. Co., Ltd.
Consideration paid in cash	\$ 258,640
Less: Payable for investments (Notes 13 and 23)	(27,354)
Less: Cash balances acquired	<u>(192)</u>
Net cash outflow on the acquisition of subsidiaries	<u>\$ 231,094</u>

34. PARTIAL CASH TRANSACTIONS

For the three months ended March 31, 2021 and 2020, the Corporation entered into the following partial cash investing and financing activities:

a. From cash investing activities

	For the Three Months Ended March 31	
	2021	2020
Partial cash paid for property, plant and equipment		
Purchase of property, plant and equipment	\$ 17,292	\$ 5,425
Changes in prepayments for purchases of equipment	(5,632)	1
Changes in payables for purchase of equipment	<u>4,335</u>	<u>521</u>
Cash paid	<u>\$ 15,995</u>	<u>\$ 5,947</u>
Partial cash paid for other intangible assets		
Purchase of other intangible assets	\$ 13,782	\$ 1,482
Changes in payables for royalties	(1,228)	4,423
Changes in prepayments for purchases of equipment	<u>1,691</u>	<u>(104)</u>
Cash paid	<u>\$ 14,245</u>	<u>\$ 5,801</u>
Subsidiaries acquired		
Consideration paid in cash	\$ -	\$ 948,251
Changes in payables for investments	85,440	(286,454)
Cash balances acquired	<u>-</u>	<u>(3,492)</u>
Cash paid	<u>\$ 85,440</u>	<u>\$ 658,305</u>
Acquisition of a subsidiary that does not constitute a business		
Consideration paid in cash	\$ -	\$ -
Changes in payables for investments	<u>1,080</u>	<u>-</u>
Cash paid	<u>\$ 1,080</u>	<u>\$ -</u>

b. The cash dividends approved in the board of directors were not yet distributed as of March 31, 2021. (refer to Notes 23 and 26, respectively).

c. Changes in liabilities arising from financing activities

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2021	\$ 1,573,781	\$ 462,372	\$ 950,550	\$ 2,737	\$ 64,271
Cash flows	303,760	-	(39,949)	(102)	(5,006)
Non-cash changes					
New leases	-	-	-	-	3,486
Decrease during the period	-	-	-	-	(260)
Equity component	-	(48,701)	-	-	-
Interests	-	1,076	-	-	432
Exchange rate impact	<u>(3,138)</u>	<u>-</u>	<u>529</u>	<u>(1)</u>	<u>(2,545)</u>
Balance at March 31, 2021	<u>\$ 1,874,403</u>	<u>\$ 414,747</u>	<u>\$ 911,130</u>	<u>\$ 2,634</u>	<u>\$ 60,378</u>

(Continued)

	Short-term Borrowings	Bonds Payable	Long-term Borrowings	Guarantee Deposits Received	Lease Liabilities
Balance at January 1, 2020	\$ 1,513,300	\$ 592,874	\$ 897,718	\$ 2,671	\$ 82,361
Cash flows	(371,370)	-	168,492	(46)	(6,340)
Non-cash changes					
Acquisitions through business combinations (Note 32)	480,242	-	-	-	-
Interests	-	1,949	-	-	386
Exchange rate impact	(2,775)	-	(3,117)	24	(1,571)
Balance at March 31, 2020	<u>\$ 1,619,397</u>	<u>\$ 594,823</u>	<u>\$ 1,063,093</u>	<u>\$ 2,649</u>	<u>\$ 74,836</u> (Concluded)

35. CAPITAL MANAGEMENT

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

36. FINANCIAL INSTRUMENTS

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

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

March 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 414,747	\$ -	\$ 418,544	\$ -	\$ 418,544

December 31, 2020

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

March 31, 2020

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

The fair values of the financial liabilities included in the Level 2 categories above have been determined in accordance with a binomial-tree model for convertible bond pricing.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial liabilities held for trading				
Convertible bonds option	\$ -	\$ 2,446	\$ -	\$ 2,446
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 51,089	\$ 51,089
Financial liabilities at FVTPL				
Derivative financial liabilities held for trading				
Swap contracts	\$ -	\$ 1,071	\$ -	\$ 1,071
Foreign exchange forward contracts	-	50	-	50
	\$ -	\$ 1,121	\$ -	\$ 1,121

December 31, 2020

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

March 31, 2020

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

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

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

No gain or loss was recognized in profit or loss for the three months ended March 31, 2021 and 2020 due to no significant changes in the fair values of the financial instruments included in the Level 3 categories.

3) Valuation techniques and assumptions applied for fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign unlisted shares	The fair values of non-publicly traded equity investments are mainly determined by using the income approach and asset approach. The income approach utilizes discounted cash flows to determine the present value of the expected future economic benefits that will be derived from the investment. The asset approach measures the total value of individual assets and individual liabilities included in the valuation objectives.
Derivative financial instruments - swap contracts and foreign exchange forward contracts	Swap contracts and foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
Derivative financial instruments - put options	Binomial-tree model for convertible bond pricing: The fair values are determined using ending observable share price, risk-free interest rate and risk discount rate.

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

c. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 2,446	\$ 2,593	\$ -
Financial assets at amortized cost (Note 1)	4,300,147	4,896,816	2,237,329
Financial assets at FVTOCI - equity instruments	51,089	51,165	51,930
<u>Financial liabilities</u>			
FVTPL			
Held for trading	1,121	1,685	1,397
Amortized cost (Note 2)	6,442,155	7,068,371	4,690,509

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

a) Foreign currency risk

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

Sensitivity analysis

The Group is mainly exposed to the U.S. dollars, Renminbi, Euros and British pound.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the functional currency strengthening (weakening) 5% against the relevant currency.

	USD Impact		RMB Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2021	2020	2021	2020
Profit or loss	\$ (223,289)	\$ (70,589)	\$ 33,457	\$ 5,180
	EUR Impact		GBP Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2021	2020	2021	2020
Profit or loss	\$ (4,894)	\$ (4,701)	\$ (9,897)	\$ 6,978

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 208,990	\$ 208,923	\$ 314,827
Financial liabilities	2,245,509	2,045,107	2,152,333
Cash flow interest rate risk			
Financial assets	1,195,259	1,065,612	517,489
Financial liabilities	1,119,847	1,109,337	1,410,418

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2021 and 2020 would decrease/increase by \$47 thousand and \$558 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposit and variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopts a policy of doing business with a counterparty with good reputation.

The credit risk of the Group arises mainly from the top five customers. The accounts receivable from the above customers accounted for 67.77%, 75.29%, and 59.07% of total accounts receivable as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group had available unutilized short-term bank loan facilities of \$2,041,054 thousand, \$2,393,779 thousand, and \$921,260 thousand, respectively.

March 31, 2021

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 905,393	\$ 2,199,665	\$ 30,930	\$ 1,080	\$ 108
Variable interest rate liabilities	1.15%-4.45%	163,180	76,393	168,368	437,636	302,498
Fixed interest rate liabilities	0.68%-4.45%	381,131	675,394	646,407	489,429	-
Lease liabilities	1.56%-4.90%	1,785	3,926	13,445	39,027	5,923
		<u>\$ 1,451,489</u>	<u>\$ 2,955,378</u>	<u>\$ 859,150</u>	<u>\$ 967,172</u>	<u>\$ 308,529</u>

December 31, 2020

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 1,177,308	\$ 2,440,870	\$ 360,020	\$ -	\$ -
Variable interest rate liabilities	1.15%-4.78%	91,731	126,381	139,767	472,916	308,735
Fixed interest rate liabilities	0.68%-4.07%	100,195	420,493	936,263	532,508	-
Lease liabilities	1.56%-4.75%	2,159	3,927	16,127	44,075	2,710
		<u>\$ 1,371,393</u>	<u>\$ 2,991,671</u>	<u>\$ 1,452,177</u>	<u>\$ 1,049,499</u>	<u>\$ 311,445</u>

March 31, 2020

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 357,826	\$ 635,996	\$ 208,664	\$ -	\$ 106
Variable interest rate liabilities	1.25%-4.57%	189,447	124,932	223,470	578,913	335,493
Fixed interest rate liabilities	1.31%-4.98%	17,773	217,891	1,669,495	178,485	-
Lease liabilities	1.56%-4.75%	<u>1,823</u>	<u>3,608</u>	<u>15,297</u>	<u>32,874</u>	<u>10,290</u>
		<u>\$ 566,869</u>	<u>\$ 982,427</u>	<u>\$ 2,116,926</u>	<u>\$ 790,272</u>	<u>\$ 345,889</u>

The following table details the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

March 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	\$ -	\$ (1,134)	\$ (116)	\$ -	\$ -
Foreign exchange forward contracts	<u>-</u>	<u>(135)</u>	<u>(417)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ (1,269)</u>	<u>\$ (533)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,079)</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Swap contracts	\$ -	\$ -	\$ (1,185)	\$ -	\$ -
Foreign exchange forward contracts	<u>55</u>	<u>913</u>	<u>(628)</u>	<u>-</u>	<u>-</u>
	<u>\$ 55</u>	<u>\$ 913</u>	<u>\$ (1,813)</u>	<u>\$ -</u>	<u>\$ -</u>

4) Financing facilities

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 566,646	\$ 421,659	\$ 705,775
Amount unused	<u>1,158,375</u>	<u>1,352,000</u>	<u>798,260</u>
	<u>\$ 1,725,021</u>	<u>\$ 1,773,659</u>	<u>\$ 1,504,035</u>
Secured bank overdraft facilities:			
Amount used	\$ 2,218,887	\$ 2,102,672	\$ 1,976,715
Amount unused	<u>882,679</u>	<u>1,041,779</u>	<u>123,000</u>
	<u>\$ 3,101,566</u>	<u>\$ 3,144,451</u>	<u>\$ 2,099,715</u>

37. RELATED PARTY TRANSACTIONS

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

The details of the compensation of key management personnel for the three months ended March 31, 2021 and 2020 were as follows:

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 26,224	\$ 16,747
Post-employment benefits	<u>268</u>	<u>205</u>
	<u>\$ 26,492</u>	<u>\$ 16,952</u>

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

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment	\$ 1,742,805	\$ 1,753,849	\$ 1,779,633
Right-of-use assets	283,483	287,713	285,749
Pledge deposits - current	208,999	208,931	314,832
Inventories	<u>95,089</u>	<u>70,425</u>	<u>41,341</u>
	<u>\$ 2,330,376</u>	<u>\$ 2,320,918</u>	<u>\$ 2,421,555</u>

39. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On May 24, 2021, the board of directors approved the resolution to issued the three-year unsecured domestic convertible bonds for \$1,000,000 thousand to repay the bank loans. As of the date of approval of consolidated financial statement, it hasn't been approved by the Financial Supervisory Commission, yet.

40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 142,334	28.5350 (USD:NTD)	\$ 4,061,491
USD	16,141	6.5688 (USD:RMB)	460,584
USD	3,326	1.2598 (USD:CAD)	94,912
RMB	71,053	4.3440 (RMB:NTD)	308,656
RMB	54	0.1522 (RMB:USD)	233
EUR	2,854	33.4800 (EUR:NTD)	95,548
EUR	42	1.1733 (EUR:USD)	1,393
EUR	46	0.8534 (EUR:GBP)	1,544
GBP	5,046	39.2300 (GBP:NTD)	197,945
Nonmonetary items			
HKD	274,260	3.6700 (HKD:NTD)	1,006,536
USD	26,664	7.7752 (USD:HKD)	760,857
USD	25,673	28.5350 (USD:NTD)	732,589
RMB	196,347	1.1837 (RMB:HKD)	852,930
CAD	11,391	0.7938 (CAD:USD)	258,013
EUR	3,221	33.4800 (EUR:NTD)	107,852
<u>Financial liabilities</u>			
Monetary items			
USD	1,611	28.5350 (USD:NTD)	45,966
USD	207	1.2598 (USD:CAD)	5,907
USD	1,214	110.7295 (USD:JPY)	34,636
USD	2,267	6.5688 (USD:RMB)	64,694
RMB	210,701	4.3440 (RMB:NTD)	915,287
RMB	14,444	0.1522 (RMB:USD)	62,745
EUR	18	1.1733 (EUR:USD)	603
Nonmonetary items			
GBP	2,267	39.2300 (GBP:NTD)	88,940
JPY	48,417	0.2577 (JPY:NTD)	12,477

December 31, 2020

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

March 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 35,616	30.225 (USD:NTD)	\$ 1,076,483
USD	14,523	7.1034 (USD:RMB)	438,975
USD	194	1.4183 (USD:CAD)	5,869
RMB	31,382	4.255 (RMB:NTD)	133,530
RMB	15	0.1408 (RMB:USD)	64
EUR	2,871	33.24 (EUR:NTD)	95,417
EUR	1	1.0998 (EUR:USD)	38
EUR	6	0.8923 (EUR:GBP)	194
GBP	3,747	37.25 (GBP:NTD)	139,561
Non-monetary items			
HKD	337,408	3.898 (HKD:NTD)	1,315,217
USD	17,329	7.754 (USD:HKD)	523,767
USD	34,411	30.2250 (USD:NTD)	1,040,069
RMB	198,291	1.0916 (RMB:HKD)	843,728
CAD	8,507	0.705 (CAD:USD)	181,266
EUR	1,587	33.24 (EUR:NTD)	52,765
<u>Financial liabilities</u>			
Monetary items			
USD	399	30.225 (USD:NTD)	12,055
USD	30	0.9093 (USD:EUR)	909
USD	927	1.4183 (USD:CAD)	28,019
USD	586	108.411 (USD:JPY)	17,709
USD	1,682	7.1034 (USD:RMB)	50,858
RMB	45,866	4.255 (RMB:NTD)	195,159
RMB	9,880	0.1408 (RMB:USD)	42,041
EUR	31	33.24 (EUR:NTD)	1,038
EUR	18	1.0998 (EUR:USD)	598
Non-monetary items			
GBP	1,127	37.25 (GBP:NTD)	41,969
JPY	5,647	0.2788 (JPY:NTD)	1,575

For the three months ended March 31, 2021 and 2020, realized and unrealized net foreign exchange gains were \$3,139 thousand and \$14,074 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions.

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: Table 2

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

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
 - 9) Trading in derivative instruments: Notes 7 and 36
- b. Information on investees (excluding investees in mainland China): Table 6
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Intercompany relationships and significant intercompany transactions: Table 9
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10

42. SEGMENT INFORMATION

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

a. Segment revenues and results

	Asia	Americas	Europe	Eliminations	Total
Three months ended <u>March 31, 2021</u>					
Revenues from external customers	\$ 798,252	\$ 2,786,835	\$ 253,020	\$ -	\$ 3,838,107
Intersegment revenues	<u>2,288,828</u>	<u>810</u>	<u>8,866</u>	<u>(2,298,504)</u>	<u>-</u>
Consolidated revenues	<u>\$ 3,087,080</u>	<u>\$ 2,787,645</u>	<u>\$ 261,886</u>	<u>\$ (2,298,504)</u>	<u>\$ 3,838,107</u>
Segment income (loss)	<u>\$ 313,286</u>	<u>\$ (145,142)</u>	<u>\$ 26,405</u>	<u>\$ 138,539</u>	<u>\$ 333,088</u>
Three months ended <u>March 31, 2020</u>					
Revenues from external customers	\$ 460,486	\$ 1,070,229	\$ 117,086	\$ -	\$ 1,647,801
Intersegment revenues	<u>444,756</u>	<u>85,741</u>	<u>-</u>	<u>(530,497)</u>	<u>-</u>
Consolidated revenues	<u>\$ 905,242</u>	<u>\$ 1,155,970</u>	<u>\$ 117,086</u>	<u>\$ (530,497)</u>	<u>\$ 1,647,801</u>
Segment income (loss)	<u>\$ (18,136)</u>	<u>\$ 14,872</u>	<u>\$ (9,953)</u>	<u>\$ 14,645</u>	<u>\$ 1,428</u>

b. Segment assets and liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Segment assets</u>			
Asia	\$ 7,244,761	\$ 5,879,763	\$ 5,502,662
Americas	5,321,869	6,948,127	2,440,595
Europe	<u>443,121</u>	<u>424,098</u>	<u>351,427</u>
Total segment assets	<u>\$ 13,009,751</u>	<u>\$ 13,251,988</u>	<u>\$ 8,294,684</u>
<u>Segment liabilities</u>			
Asia	\$ 3,707,307	\$ 1,867,130	\$ 3,506,331
Americas	4,636,379	6,104,024	1,761,776
Europe	<u>408,127</u>	<u>410,972</u>	<u>322,845</u>
Total segment liabilities	<u>\$ 8,751,813</u>	<u>\$ 8,382,126</u>	<u>\$ 5,590,952</u>

TABLE 1

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Borrowing Amount (Note 6)	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits	Note
													Item	Value			
0	Dyaco International Inc.	Dyaco Japan Co., Ltd.	Other receivables from related parties	Yes	\$ 23,723 (JPY 92,509 thousand)	\$ 23,723 (JPY 92,509 thousand)	\$ 23,723 (JPY 92,509 thousand)	-	Business transaction	\$ 46,850	-	\$ -	-	\$ -	\$ 46,850 (Note 2)	\$ 1,560,380 (Note 4)	
		Dyaco Europe GmbH	Other receivables from related parties	Yes	24,781 (EUR 740 thousand)	21,853 (EUR 653 thousand)	21,853 (EUR 653 thousand)	-	Business transaction	78,647	-	-	-	-	78,647 (Note 2)	1,560,380 (Note 4)	
		Dyaco UK Ltd.	Other receivables from related parties	Yes	112,865 (GBP 2,877 thousand)	98,801 (GBP 2,519 thousand)	98,801 (GBP 2,519 thousand)	-	Business transaction	178,430	-	-	-	-	178,430 (Note 2)	1,560,380 (Note 4)	
		Spirit Direct, LLC	Other receivables from related parties	Yes	3,061 (US\$ 107 thousand)	3,061 (US\$ 107 thousand)	3,061 (US\$ 107 thousand)	-	Business transaction	16,246	-	-	-	-	16,246 (Note 2)	1,560,380 (Note 4)	
1	Spirit Manufacturing Inc.	Spirit Direct, LLC	Other receivables from related parties	Yes	2,854 (US\$ 100 thousand)	2,854 (US\$ 100 thousand)	2,854 (US\$ 100 thousand)	-	Short-term financing	-	Operating turnover	-	-	-	343,482 (Note 3)	343,482 (Note 3)	

Note 1: The maximum financing of a parent to a subsidiary in which the parent entity directly and indirectly holds over 90% voting shares is limited to 40% of the net value of the parent entity; the maximum financing to other individual corporations is limited to 20% of the net value of the parent entity.

Note 2: The amount of financing provided to companies with which the parent entity has business transactions is limited to the transaction amount.

Note 3: The maximum financing to companies in which the parent entity directly and indirectly holds 100% voting shares is limited to net value of the lender, the maximum financing allowed to other corporations is limited to 40% of the net value of the lender.

Note 4: The maximum financing allowed is limited to 40% of the net value of the parent entity.

Note 5: The maximum balance for the period and ending balances were approved by the board of directors.

Note 6: Eliminated from the consolidated financial statements.

TABLE 2

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)	Note
		Name	Relationship											
0	Dyaco International Inc.	Shelton Corporation (Jiaxing), Ltd.	Indirectly held subsidiary	\$ 390,095	\$ 115,415 (US\$ 1,000 thousand) and (RMB 20,000 thousand)	\$ 115,415 (US\$ 1,000 thousand) and (RMB 20,000 thousand)	\$ 28,535 (US\$ 1,000 thousand)	\$ -	2.96	\$ 390,095	Y	-	Y	
		Dyaco UK Ltd.	Directly held subsidiary	1,950,476	1,177 (GBP 30 thousand)	1,177 (GBP 30 thousand)	453 (GBP 12 thousand)	-	0.03	1,950,476	Y	-	-	
		Fuel-Spirit International Inc.	Directly held subsidiary	1,950,476	25,682 (US\$ 900 thousand)	25,682 (US\$ 900 thousand)	-	-	0.66	1,950,476	Y	-	-	
1	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	Ultimate parent	1,950,476	300,000	300,000	-	300,000	7.69	1,950,476	-	Y	-	

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

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

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

TABLE 3

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)
MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Thousands of Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship	Line Item	March 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Dyaco International Inc.	Gomore Inc.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	\$ 32,556 (US\$ 1,000 thousand)	10.0	\$ 32,556 (US\$ 1,000 thousand)	Note 1
	Uniigym Global Holdings Limited.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	8,585 (US\$ 300 thousand)	2.5	8,585 (US\$ 300 thousand)	Note 1
Dyaco (Shanghai) Trading Co., Ltd.	Bigger Fit Technology (Beijing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	5,048 (RMB 1,162 thousand)	2.5	5,048 (RMB 1,162 thousand)	Note 1
	Beijing Huoli Zhenghe Intelligent Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	-	4,900 (RMB 1,128 thousand)	9.0	4,900 (RMB 1,128 thousand)	Note 1

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

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

TABLE 4**DYACO INTERNATIONAL INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount (Note 2)	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% to Total (Note 1)	
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Sales	\$ 1,155,098	45	Flexible	Based on mutual agreement	Flexible	\$ 2,283,545	53	
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Sales	794,661	31	Flexible	Based on mutual agreement	Flexible	1,457,239	34	
	Shelton Corporation (Jiaying), Ltd.	Indirectly held subsidiary	Purchase	690,237	45	Flexible	Based on mutual agreement	Flexible	(914,585)	41	
Fitness Equipment Services, LLC.	Dyaco International Inc.	Ultimate parent	Purchase	1,155,098	100	Flexible	Based on mutual agreement	Flexible	(2,283,545)	100	
Spirit Manufacturing Inc.	Dyaco International Inc.	Ultimate parent	Purchase	794,661	100	Flexible	Based on mutual agreement	Flexible	(1,457,239)	91	
Shelton Corporation (Jiaying), Ltd.	Dyaco International Inc.	Ultimate parent	Sales	690,237	59	Flexible	Based on mutual agreement	Flexible	914,585	63	
Dyaco International Inc.	Dyaco Canada Inc.	Indirectly held subsidiary	Sales	185,219	7	Flexible	Based on mutual agreement	Flexible	95,934	2	
Dyaco Canada Inc.	Dyaco International Inc.	Ultimate parent	Purchase	185,219	100	Flexible	Based on mutual agreement	Flexible	(95,934)	63	

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

Note 2: Eliminated from the consolidated financial statements.

TABLE 5

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Receivables From Related Party		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance (Note)		Amount	Actions Taken		
Dyaco International Inc.	Fitness Equipment Services, LLC.	Indirectly held subsidiary	Accounts receivable	\$ 2,283,545	1.21%	\$ -	-	\$ 401,386	\$ -
	Spirit Manufacturing Inc.	Indirectly held subsidiary	Accounts receivable	1,457,239	0.86%	-	-	342,113	-
	Dyaco (Shanghai) Trading Co., Ltd.	Indirectly held subsidiary	Accounts receivable	144,490	0.67%	-	-	45,888	-
Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	Ultimate parent	Accounts receivable	914,585	1.28%	-	-	348,651	-

Note: Eliminated from the consolidated financial statements.

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Profit (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 6)
				March 31, 2021	December 31, 2020	Number of Shares (In Thousands)	%	Carrying Amount (Notes 1 and 6)		
Dyaco International Inc.	Dyaco International Holding Limited	Hong Kong	Investment	\$ 1,128,018	\$ 1,128,028	290,634,628	100	\$ 1,006,536	\$ 83,523	\$ 84,092 (Note 2)
	Dyaco Europe GmbH.	Germany	Import, export and selling	358,161	358,161	-	100	107,852	32,882	32,882
	Daan Health Management Consulting Co., Ltd.	Taiwan	Rental of medical equipment	10,010	10,010	1,000,000	100	9,339	(170)	(170)
	Dyaco Japan Co., Ltd.	Japan	Import, export and selling	28,404	28,404	1,020	100	(12,477)	(5,860)	(5,860)
	Wing Long Co., Ltd.	Taiwan	Import, export and selling	20,000	20,000	2,000,000	100	8,734	(2,971)	(2,971)
	Dyaco UK Ltd.	United Kingdom	Import, export and selling	80,574	80,574	-	100	(88,940)	(5,913)	(5,913)
	SOLE INC.	America	Investment	948,631	948,631	-	100	691,447	(229,838)	(235,730) (Note 3)
	President Plastic Products MFG Co., Ltd.	Taiwan	Rental of property	258,640	258,640	1,100,000	100	258,371	(139)	(139)
Dyaco Europe GmbH.	CARDIO fitness GmbH & Co. KG	Germany	Import, export and selling	216,813 (EUR 6,296 thousand)	216,813 (EUR 6,296 thousand)	-	100	116,592 (EUR 3,482 thousand)	37,884 (EUR 1,108 thousand)	36,703 (EUR 1,073 thousand) (Note 4)
	CARDIO fitness Verwaltungs GmbH	Germany	Investment	977 (EUR 29 thousand)	977 (EUR 29 thousand)	-	100	941 (EUR 28 thousand)	(11) (EUR -1)	(11) (EUR -1)
SOLE INC.	Fitness Equipment Services, LLC.	America	Import, export and selling	63,262 (US\$ 2,100 thousand)	63,262 (US\$ 2,100 thousand)	-	100	(91,696) (US\$ -3,213 thousand)	(229,836) (US\$ -8,103 thousand)	(229,836) (US\$ -8,103 thousand)
Dyaco International Holding Limited	Fuel Spirit International Inc.	Mauritius	Import, export and selling	379,727 (US\$ 12,400 thousand)	379,727 (US\$ 12,400 thousand)	12,400,000	100	760,857 (HK\$ 207,318 thousand)	76,501 (HK\$ 20,919 thousand)	76,501 (HK\$ 20,919 thousand)
Fuel Spirit International Inc.	Spirit Manufacturing Inc.	America	Import, export and selling	265,734 (US\$ 8,890 thousand)	265,734 (US\$ 8,890 thousand)	1,667.5	100	320,397 (US\$ 11,228 thousand)	4,165 (US\$ 147 thousand)	4,165 (US\$ 147 thousand)
	Dyaco Canada Inc.	Canada	Import, export and selling	271,752 (US\$ 9,038 thousand)	271,752 (US\$ 9,038 thousand)	1,000	100	258,013 (US\$ 9,042 thousand)	19,747 (US\$ 696 thousand)	19,684 (US\$ 694 thousand) (Note 5)
Spirit Manufacturing Inc.	Spirit Direct, LLC	America	Import, export and selling	62,118 (US\$ 2,000 thousand)	62,118 (US\$ 2,000 thousand)	-	100	(34,855) (US\$ -1,221 thousand)	627 (US\$ 22 thousand)	627 (US\$ 22 thousand)
	Dyaco Commercial & Medical North America, LLC.	America	Import, export and selling	6,092 (US\$ 200 thousand)	6,092 (US\$ 200 thousand)	-	100	2,892 (US\$ 101 thousand)	(6,029) (US\$ -213 thousand)	(6,029) (US\$ -213 thousand)

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

Note 2: Including share of profit of \$83,523 thousand and realized profits of \$569 thousand from upstream intercompany transactions.

Note 3: Including share of loss of \$229,838 thousand minus amortization of investment premium of \$5,892 thousand.

Note 4: Including share of profit of \$37,884 thousand minus amortization of investment premium of \$1,181 thousand.

Note 5: Including share of profit of \$19,747 thousand minus amortization of investment premium of \$63 thousand.

Note 6: Eliminated from the consolidated financial statements.

TABLE 7

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2021 (Note 2)	Accumulated Repatriation of Investment Income as of March 31, 2021
						Outward	Inward						
Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd.	Import, export and selling	\$ 88,780 (US\$ 3,000 thousand)	Through an investment company registered in a third region (Note 1)	\$ 88,780 (US\$ 3,000 thousand)	\$ -	\$ -	\$ 88,780 (US\$ 3,000 thousand)	\$ (603) (HK\$ -165 thousand)	100	(603) (HK\$ -165 thousand)	\$ 173,241 (HK\$ 47,205 thousand)	\$ -
	Shelton Corporation (Jiaxing), Ltd.	Manufacturing and selling	568,888 (US\$ 18,800 thousand)	Through an investment company registered in a third region (Note 1)	659,471 (US\$ 21,830 thousand)	-	-	659,471 (US\$ 21,830 thousand)	11,928 (HK\$ 3,262 thousand)	60	2,347 (HK\$ 642 thousand) (Note 3)	679,689 (HK\$ 185,201 thousand)	-
	Dyaco Health Technology (Beijing) Co., Ltd.	Healthcare management consulting	16,029 (RMB 3,500 thousand)	Others (Note 4)	-	-	-	Others (Note 4)	(302) (RMB -69 thousand)	100	(302) (RMB -69 thousand)	4,285 (RMB 986 thousand)	-
	Kerr (Shanghai) Rehabilitation Technology Development Co., Ltd.	Healthcare management consulting	12,807 (RMB 3,000 thousand)	Others (Note 5)	-	-	-	Others (Note 5)	-	40	-	5,213 (RMB 1,200 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)
\$ 748,251 (US\$ 24,830 thousand)	\$ 748,251 (US\$ 24,830 thousand)	\$ -

- Note 1: The investment company required in third region is Dyaco International Holding Limited.
- Note 2: The investees’ financial statements used as basis for calculating investment gains (losses) recognized had all been reviewed.
- Note 3: Including 60% share of profit of \$7,157 thousand minus amortization of investment premium of \$2,051 thousand and unrealized profits of \$2,759 thousand from side stream intercompany transactions.
- Note 4: Reinvested RMB3,500 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.
- Note 5: Reinvested RMB1,200 thousand own fund of Dyaco (Shanghai) Trading Co., Ltd.
- Note 6: According to Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China announced by Ministry of Economic Affairs (MOEA), the Corporation is not subject to an upper limit due to obtaining supporting document for operation headquarters of the company issued by Industrial Development Bureau, MOEA.
- Note 7: Eliminated from the consolidated financial statements.

TABLE 8

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)**

No.	Investor Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount (Note 2)	% (Note 1)	Payment Terms	Comparison with Normal Transactions	Ending Balance (Note 2)	% (Note 1)		
0	Dyaco International Inc.	Dyaco (Shanghai) Trading Co., Ltd. Shelton Corporation (Jiaxing), Ltd.	Sales Purchase	\$ 51,782 690,177	2 45	Flexible Flexible	Based on mutual agreement Based on mutual agreement	\$ 144,490 (914,585)	3 41	\$ 18,609 3,598	

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

Note 2: Eliminated from the consolidated financial statements.

TABLE 9

DYACO INTERNATIONAL INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars)**

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
2021	0	Dyaco International Inc.	Spirit Direct, LLC.	a	Accounts receivable from related parties	\$ 14,934	-	-
					Other receivables from related parties	3,061	-	-
					Investments accounted for using the equity method	290	-	-
					Sales	9,158	-	-
					Other operation revenue	2,071	-	-
			Fuel-Spirit International Inc.	a	Other receivables from related parties	2,808	-	-
					Other payables to related parties	16	-	-
					Other operation revenue	383	-	-
					Sales	5,375	-	-
					Other operation revenue	115	-	-
			Dyaco Japan Co., Ltd.	a	Accounts receivable from related parties	14,206	-	-
					Other receivables from related parties	23,723	-	-
					Investments accounted for using the equity method	2,166	-	-
					Sales	51,653	-	1
					Other operation revenue	129	-	-
			Dyaco (Shanghai) Trading Co., Ltd.	a	Accounts receivable from related parties	144,490	-	1
					Investments accounted for using the equity method	18,609	-	-
					Sales	708,938	-	18
					Other operation revenue	85,723	-	2
					Accounts receivable from related parties	1,457,239	-	11
			Spirit Manufacturing Inc.	a	Other receivables from related parties	71,908	-	1
					Investments accounted for using the equity method	123,917	-	1
					Sales	185,219	-	5
					Accounts receivable from related parties	95,934	-	1
					Investments accounted for using the equity method	34,706	-	-
			Dyaco Canada Inc.	a	Sales	23,243	-	1
					Other operation revenue	3	-	-
					Accounts receivable from related parties	43,165	-	-
					Other receivables from related parties	21,853	-	-
					Investments accounted for using the equity method	6,459	-	-
			Dyaco Europe GmbH	a	Rental revenue	6	-	-
					Accounts receivable from related parties	3,067	-	-
					Other payables to related parties	107	-	-
					Sales	146	-	-
					Other expenses	102	-	-
			Daan Health Management Consulting Co., Ltd. Wing Long Co., Ltd.	a				

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
			Dyaco UK Ltd.	a	Sales	\$ 44,624	-	1
			Shelton Corporation (Jiaxing), Ltd.	a	Accounts receivable from related parties	87,105	-	1
					Other receivables from related parties	98,801	-	1
					Investments accounted for using the equity method	9,729	-	-
					Cost of goods sold	690,177	-	18
					Accounts payable to related parties	914,585	-	7
					Other receivables from related parties	20	-	-
					Other expenses	60	-	-
					Inventories	678	-	-
			CARDIO fitness GmbH & Co. KG	a	Accounts receivable from related parties	18,517	-	-
			SOLE INC. Fitness Equipment Services, LLC.	a	Sales	8,622	-	-
					Investments accounted for using the equity method	201	-	-
					Other receivables from related parties	264	-	-
					Accounts receivable from related parties	2,283,545	-	18
					Other receivables from related parties	114,700	-	1
					Sales	1,154,418	-	30
					Other operation revenue	680	-	-
					Investments accounted for using the equity method	380,331	-	3
					Prepayments	200	-	-
			President Plastic Products MFG Co., Ltd.	a				
	1	Spirit Direct, LLC.	Dyaco International Inc.	b	Inventories	290	-	-
					Accounts payable to related parties	17,995	-	-
					Cost of goods sold	11,229	-	-
			Spirit Manufacturing Inc.	c	Other payables to related parties	2,854	-	-
					Accounts payable to related parties	596	-	-
	2	Fuel-Spirit International Inc.	Dyaco International Inc.	b	Accounts payable to related parties	2,808	-	-
					Accounts receivable from related parties	16	-	-
					Other operating costs	383	-	-
			Dyaco Canada Inc.	c	Accounts receivable from related parties	5,907	-	-
					Other operation revenue	5,872	-	-
			Spirit Manufacturing Inc.	c	Other operation revenue	22,693	-	1
					Accounts receivable from related parties	116,993	-	1
			Shelton Corporation (Jiaxing), Ltd.	c	Accounts payable to related parties	62,814	-	-
					Cost of goods sold	74,650	-	2
	3	Dyaco Japan Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold	5,474	-	-
					Other expenses	16	-	-
					Accounts payable to related parties	37,919	-	-
					Other payables to related parties	10	-	-
					Inventories	2,166	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	4	Dyaco (Shanghai) Trading Co., Ltd.	Dyaco International Inc.	b	Cost of goods sold	\$ 51,782	-	1
					Accounts payable to related parties	144,490	-	1
					Inventories	18,609	-	-
			Shelton Corporation (Jiaxing), Ltd.	c	Cost of goods sold	11,734	-	-
					Accounts payable to related parties	30,259	-	-
					Inventories	2,091	-	-
			Dyaco Health Technology (Beijing) Co., Ltd.	c	Accounts receivable from related parties	117	-	-
					Other receivables	89	-	-
	5	Spirit Manufacturing Inc.	Dyaco International Inc.	b	Cost of goods sold	794,661	-	21
					Accounts payable to related parties	1,457,239	-	11
					Other payables to related parties	71,908	-	1
					Inventories	123,917	-	1
					Other expenses	22,693	-	1
			Fuel-Spirit International Inc.	c	Accounts payable to related parties	116,993	-	1
					Sales	421	-	-
					Accounts receivable from related parties	20	-	-
			Dyaco Canada Inc.	c	Other receivables from related parties	2,854	-	-
					Accounts receivable from related parties	596	-	-
			Spirit Direct, LLC.	c	Sales	251	-	-
					Other receivables from related parties	6,549	-	-
			Fitness Equipment Services, LLC.	c				
	6	Dyaco Canada Inc.	Dyaco International Inc.	b	Cost of goods sold	185,219	-	5
					Accounts payable to related parties	95,934	-	1
					Inventories	34,706	-	-
			Spirit Manufacturing Inc.	c	Cost of goods sold	421	-	-
					Accounts payable to related parties	20	-	-
					Other payables to related parties	5,907	-	-
			Fuel-Spirit International Inc.	c	Other expenses	5,872	-	-
	7	Dyaco Europe GmbH	Dyaco International Inc.	b	Cost of goods sold	23,246	-	1
					Accounts payable to related parties	65,018	-	-
					Inventories	6,459	-	-
			CARDIO fitness GmbH & Co. KG	c	Sales	8,802	-	-
					Cost of goods sold	57	-	-
					Other operation revenue	194	-	-
					Other expenses	140	-	-
					Accounts receivable from related parties	6,272	-	-
					Accounts payable to related parties	81	-	-
	8	Daan Health Management Consulting Co., Ltd.	Dyaco International Inc.	b	Rental expenses	6	-	-

(Continued)

Year	No. (Note 1)	Company	Investee Company	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 4)
					Financial Statement Accounts	Amount (Note 5)	Payment Terms (Note 3)	
	9	CARDIO fitness GmbH & Co. KG	Dyaco International Inc.	b	Accounts payable to related parties	\$ 18,517	-	-
					Cost of goods sold	8,622	-	-
					Inventories	201	-	-
			Dyaco Europe GmbH	c	Cost of goods sold	8,802	-	-
					Sales	64	-	-
					Other expenses	194	-	-
					Other operation revenue	133	-	-
					Accounts payable to related parties	6,272	-	-
					Accounts receivable from related parties	81	-	-
	10	Wing Long Co., Ltd.	Dyaco International Inc.	b	Accounts payable to related parties	3,067	-	-
					Accounts receivable from related parties	107	-	-
					Cost of goods sold	146	-	-
					Sales	102	-	-
	11	Dyaco UK Ltd.	Dyaco International Inc.	b	Cost of goods sold	44,624	-	1
					Accounts payable to related parties	185,906	-	1
					Inventories	9,729	-	-
	12	Shelton Corporation (Jiaxing), Ltd.	Dyaco International Inc.	b	Sales	690,237	-	18
					Accounts receivable from related parties	914,585	-	7
					Other payables to related parties	20	-	-
			Fuel-Spirit International Inc.	c	Cost of goods sold	678	-	-
					Accounts receivable from related parties	62,814	-	-
					Sales	74,650	-	2
			Dyaco (Shanghai) Trading Co., Ltd.	c	Accounts receivable from related parties	30,259	-	-
					Sales	11,734	-	-
					Cost of goods sold	2,091	-	-
	13	Dyaco Health Technology (Beijing) Co., Ltd.	Dyaco (Shanghai) Trading Co., Ltd.	c	Other payables to related parties	206	-	-
	14	Fitness Equipment Services, LLC.	Spirit Manufacturing Inc.	c	Cost of goods sold	251	-	-
					Other payables to related parties	6,549	-	-
			Dyaco International Inc.	b	Accounts payable to related parties	2,283,545	-	18
					Other payables to related parties	114,700	-	1
					Inventories	380,331	-	3
					Cost of goods sold	1,155,098	-	30
	15	SOLE INC.	Dyaco International Inc.	b	Other payables to related parties	264	-	-
	16	President Plastic Products MFG Co., Ltd.	Dyaco International Inc.	b	Receipts in advance	200	-	-

(Continued)

Note 1: Companies are numbered as follows:

- a. The parent is numbered as “0.”
- b. Subsidiaries are numbered from “1” onward.

Note 2: The flow of transactions is as follows:

- a. From the parent to the subsidiary.
- b. From the subsidiary to the parent.
- c. From the subsidiary to the subsidiary.

Note 3: The prices and payment terms for related-party transactions were based on agreements.

Note 4: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 5: Eliminated from the consolidated financial statements.

(Concluded)

TABLE 10**DYACO INTERNATIONAL INC.****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lin, Ing-Gin	10,053,283	7.53
Guang-Ying Limited	9,796,727	7.34
Chuan-Feng Investment Corporation	8,113,882	6.08
Ho, I-Hsing Investment Corporation	6,865,725	5.14

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