

# IDEAL BIKE CORPORATION

## Parent Company Only Financial Statements and Independent Auditors' Report 2022 and 2021

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## §TABLE OF CONTENTS§

Item	Pages	Financial Statements Note No.
I. Cover	1	-
II. Table of Contents	2	-
III. Independent Auditors' Report	3~7	-
IV. Parent Company Only Balance Sheet	8	-
V. Parent Company Only Statement of Comprehensive Income	9~10	-
VI. Parent Company Only Statement of Changes in Equity	11	-
VII. Parent Company Only Statement of Cash Flow	12~13	-
VIII. Notes to the Parent Company Only Financial Statements		
(I) Corporate History	14	1
(II) Financial Report Approval Date and Procedures	14	2
(III) Application Of New Standards, Amendments And Interpretations	14~15	3
(IV) Summary of Significant Accounting Policies	16~35	4
(V) Judgements in Applying Significant Accounting Policies, Assumptions, and Source of Estimation Uncertainty	35~36	5
(VI) Description of Major Account Titles	35~76	6-28
(VII) Related Party Transactions	77~81	29
(VIII) Pledged and Mortgaged Assets	81	30
(IX) Significant Contingent Liabilities and Unrecognized Contractual Commitments	81~85	31
(X) Significant Losses from Disasters	-	-
(XI) Significant Contingent Events	-	-
(XII) Others	86~87	32
(XIII) Supplementary Disclosures		
1. Information on Major Transactions	87、89~91	33
2. Information on Invested Companies	87、94	33
3. Information on investments in Mainland China	87、95	33
4. Information on Major Shareholders	87、96	33
(XIV) Segment Information	-	-
IX. Statements of Important Accounts	88~112	-

## **Independent Auditors' Report**

To IDEAL BIKE CORPORATION:

### **Audit opinion**

We have audited the parent company only balance sheet of Ideal Bike Corporation as of December 31, 2022 and 2021, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only statement of cash flow for the period from January 1 to December 31, 2022 and 2021, and the notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the said parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the financial position of Ideal Bike Corporation as of December 31, 2022 and 2021, and the parent company only financial performance and parent company only cash flow for the period from January 1 to December 31, 2022 and 2021.

### **Basis of audit opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the parent company only financial statements" section in this report. We were independent of Ideal Bike Corporation in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to base our audit opinions.

### **Key audit matters**

Key audit matters refer to, based on our professional judgment, the most important matters for auditing Ideal Bike Corporation's parent company only financial statements

for 2022. Such matters were addressed during the overall audit of the parent company only financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately towards such matters.

The key audit matters for Ideal Bike Corporation's parent company only financial statements for 2022 are described as follows:

#### Recognition of sales revenue

Ideal Bike Corporation mainly sold bicycles and parts. The company recognized NTD3,191,538,000 as sales revenue in 2022. Please refer to Note 23. Considering the change to the bike market in recent years, the risk of inflated sales revenue at a significant amount from new customers might be increased and produce a significant effect on the parent company only financial statements. Thus, we found that the existence and occurrence of increase in the aforementioned sales revenue were the important matters to be audited in the current year.

Our audit procedure included (but was not limited to) evaluating the appropriateness of Ideal Bike Corporation's accounting policy in recognition of revenues, understanding and testing the effectiveness of internal control with respect to order handling and shipping procedures, and conducting spot check of relevant sales revenue certificates and other documents and making sure there were no abnormalities involved in any sales targets and any parties from whom payments were collected.

#### **Responsibility of the management and governance unit for the parent company only financial statements**

The management was responsible for preparation of the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to the preparation of the parent company only financial statements to ensure that the parent company only financial statements were free of material misstatements due to fraud or errors.

During preparation of the parent company only financial statements, the management was also responsible for evaluating Ideal Bike Corporation's ability to continue as a going concern, disclosure of relevant matters and application of the going concern basis of accounting unless the management intended to make Ideal Bike Corporation enter into liquidation or terminate its operations, or there was no other actual and feasible solutions other than liquidation or termination of its operations.

Ideal Bike Corporation's governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

### **CPA's responsibility for the audit of the Parent Company Only Financial Statements**

We audited the parent company only financial statements for the purpose of obtaining reasonable assurance about whether the parent company only financial statements were free of material misstatements due to fraud or errors and issuing an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists in the parent company only financial statements. The misstatements might be due to fraud or errors. If an individual or total amount misstated was reasonably expected to have a impact on the economic decision-making of users of the parent company only financial statements, the misstatements were deemed as material.

We used our professional judgment to be skeptical during the audit conducted based on the generally accepted auditing standards. We also performed the following works:

1. We identified and evaluated the risk of any misstatements in the parent company only financial statements due to fraud or errors, designed and implemented applicable response measures for the evaluated risks, and acquired sufficient and appropriate audit evidence to base our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstance; however, the purpose of such work was not to express opinions towards the effectiveness of Ideal Bike Corporation's internal control.
3. We evaluated the appropriateness of the accounting policies adopted by the management and the rationality of the accounting estimates and relevant disclosures made by the management.
4. We drew a conclusion about the appropriateness of application of the going concern basis of accounting by the management and whether the event or circumstance which might cause major doubts about Ideal Bike Corporation's

ability of going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the parent company only financial statements for the users to pay attention to relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Ideal Bike Corporation would no longer have the ability of going concern.

5. We evaluated the overall presentation, structure and contents of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements presented relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence with respect to the financial information of the entities comprising Ideal Bike Corporation to provide opinions towards the parent company only financial statements. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on Ideal Bike Corporation.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of internal control identified during the audit.)

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause a impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in Ideal Bike Corporation's parent company only financial statements for 2022 based on the matters communicated with the governance unit. Unless public disclosure of certain matters were prohibited by related laws or regulations or if, in very exceptional circumstances, we determined not to cover such matters in the audit report, as we could reasonably expect that the negative impact of the coverage was greater than the public interest brought thereby, we specified such matters in the audit report.

Deloitte & Touche Taiwan

CPA: Su-Li Fang

CPA: Yeh Tung-Hui

No. of approval official letter from the  
Financial Supervisory Commission:  
Jin-Guan-Zheng-Liu-Zi No.  
0940161384

No. of approval official letter from the  
Financial Supervisory Commission:  
Jin-Guan-Zheng-Shen-Zi No.  
0980032818

March 13, 2023

IDEAL BIKE CORPORATION  
Parent Company Only Balance Sheet  
December 31, 2022 and 2021

Unit: NTD thousand

Code	Asset	December 31, 2022		December 31, 2021		Code	Liability and equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>Current assets</b>						<b>Current liabilities</b>				
1100	Cash (Note 4, 6 and 28)	\$ 289,546	6	\$ 394,528	9	2100	Short-term loans (Note 17 and 28)	\$ 1,182,719	23	\$ 775,765	18
1110	Financial assets measured at fair value through profit or loss – current (Notes 4, 7, and 28)	13,881	-	21,597	1	2120	Financial liabilities measured at fair value through profit or loss – current (Notes 4, 7, and 28)	-	-	1,459	-
1170	Notes and accounts receivable, net (Notes 4, 5, 10, 23, and 28)	670,454	13	276,633	6	2130	Contractual liabilities - current (Note 3 and 23)	25,217	-	38,202	1
1180	Accounts receivable – related party, net (Notes 4, 23, 28, 29, and 31)	436,716	8	209,284	5	2170	Notes and accounts payable (Note 19 and 28)	362,239	7	389,184	9
1200	Other receivables (Note 10 and 28)	12,645	-	7,745	-	2180	Accounts payables – related party (Notes 28, 29, and 31)	43,419	1	102,824	2
1210	Other receivables – related party (Notes 28, 29, and 31)	21,880	1	27,358	1	2280	Lease liabilities - current (Note 14)	15,110	-	559	-
1220	Current income tax assets (Note 4, 5 and 25)	228	-	168	-	2219	Other payables (Note 20 and 28)	104,414	2	73,709	2
130X	Inventory (Note 4, 5 and 11)	1,198,418	23	812,774	19	2220	Other payables - related party (Note 28 and 29)	17,863	-	10,213	-
1410	Prepayment (Note 16)	70,058	1	53,352	1	2320	Long-term loans and corporate bonds maturing within one year (Notes 4, 7, 17, 18, 28, and 30)	429,645	8	575,560	14
1470	Other current assets (Note 16)	2,058	-	6,439	-	2300	Other current liabilities (Note 30)	4,543	-	2,033	-
11XX	<b>Total current assets</b>	<u>2,715,884</u>	<u>52</u>	<u>1,809,878</u>	<u>42</u>	21XX	<b>Total current liabilities</b>	<u>2,185,169</u>	<u>41</u>	<u>1,969,508</u>	<u>46</u>
	<b>Non-current assets</b>						<b>Non-current liabilities</b>				
1517	Financial assets measured at fair value through other comprehensive income non-current (Notes 4, 8, and 28)	12,638	-	97	-	2540	Long-term loans (Note 17, 28 and 30)	493,120	10	159,348	4
1535	Financial assets measured at amortized cost – non-current (Notes 4, 9, 28, and 30)	171,836	3	294,892	7	2570	Deferred income tax liabilities (Note 4 and 25)	145,124	3	115,447	3
1550	Investment under equity method (Notes 4, 12, 30, and 31)	1,886,058	36	1,655,950	39	2580	Lease liabilities - non-current (Note 14)	10,337	-	-	-
1600	Property, plant, and equipment (Notes 4, 13 and 30)	255,479	5	258,147	6	2640	Net defined benefit liabilities (Note 4 and 21)	16,031	-	18,615	-
1755	Right-of-use assets (Note 14)	25,347	1	546	-	25XX	<b>Total non-current liabilities</b>	<u>664,612</u>	<u>13</u>	<u>293,410</u>	<u>7</u>
1780	Intangible assets (Note 4 and 15)	1,737	-	1,442	-	2XXX	<b>Total liabilities</b>	<u>2,849,781</u>	<u>54</u>	<u>2,262,918</u>	<u>53</u>
1840	Deferred income tax assets (Note 4, 5 and 26)	169,293	3	229,610	6		<b>Equity (Note 4 and 22)</b>				
1900	Other non-current assets (Note 3 and 16)	12,202	-	9,913	-	3110	Share capital				
15XX	<b>Total non-current assets</b>	<u>2,534,590</u>	<u>48</u>	<u>2,450,597</u>	<u>58</u>	3200	Common stock capital	3,017,243	57	2,996,009	70
						3200	Capital reserves	132,317	3	125,427	3
							<b>Cumulative loss</b>				
						3310	Legal reserves	212,090	4	212,090	5
						3320	Special reserves	78,308	1	78,308	2
						3350	Losses to be covered	( 600,511 )	( 11 )	( 937,014 )	( 22 )
						3400	Other equities	( 438,754 )	( 8 )	( 477,263 )	( 11 )
						3XXX	<b>Total equities</b>	<u>2,400,693</u>	<u>46</u>	<u>1,997,557</u>	<u>47</u>
1XXX	<b>Total assets</b>	<u>\$ 5,250,474</u>	<u>100</u>	<u>\$ 4,260,475</u>	<u>100</u>		<b>Total liabilities and equities</b>	<u>\$ 5,250,474</u>	<u>100</u>	<u>\$ 4,260,475</u>	<u>100</u>

The attached notes are part of the Parent Company Only Financial Statements.

Chairman: Hermas Chang

CEO: Ching-Wang Chen

CFO: Julia Lai



IDEAL BIKE CORPORATION

Parent Company Only of Comprehensive Income

January 1 through December 31, 2022 and 2021

Unit: NTD thousand, except Earnings Per Share expressed in NTD1

Code		2022		2021	
		Amount	%	Amount	%
4000	Net operating revenue (Note 4, 23 and 29)	\$ 3,191,538	100	\$ 2,383,253	100
5000	Operating cost (Note 4, 11, 24 and 29)	<u>2,855,086</u>	<u>90</u>	<u>2,235,893</u>	<u>94</u>
5900	Operating gross profit	336,452	10	147,360	6
5910	(Unrealized) realized loss from sales involving subsidiaries and affiliates (Note 4)	( <u>13,988</u> )	<u>-</u>	( <u>3,827</u> )	<u>-</u>
5950	Realized operating gross profit	<u>322,464</u>	<u>10</u>	<u>143,533</u>	<u>6</u>
	Operating expense (Note 4, 24 and 29)				
6100	Marketing expense	84,593	2	73,734	3
6200	Administrative expense	88,985	3	79,215	3
6450	Expected gains on reversal of ECL	( <u>233</u> )	<u>-</u>	( <u>863</u> )	<u>-</u>
6000	Total operating expenses	<u>173,345</u>	<u>5</u>	<u>152,086</u>	<u>6</u>
6900	Operating profit (loss)	<u>149,119</u>	<u>5</u>	( <u>8,553</u> )	<u>-</u>
	Non-operating revenue and expense				
7100	Interest income (Note 24)	824	-	258	-
7010	Other incomes (Note 24 and 29)	35,310	1	18,836	1
7020	Other profits and losses (Note 24)	68,246	2	1,985	-
7050	Financial costs (Note 4 and 24)	( <u>39,851</u> )	( <u>1</u> )	( <u>24,035</u> )	( <u>1</u> )
7070	Share of profit/loss of subsidiaries and associates under equity method (Note 4 and 12)	<u>217,577</u>	<u>7</u>	<u>104,352</u>	<u>4</u>
7000	Total non-operating revenues and expenses	<u>282,106</u>	<u>9</u>	<u>101,396</u>	<u>4</u>

(Next page)

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Code		2022		2021	
		Amount	%	Amount	%
7900	Pre-tax profit	\$ 431,225	14	\$ 92,843	4
7950	Income tax expenses (Note 4, 5 and 25)	( 96,867 )	( 3 )	( 10,252 )	-
8200	Net profit for the year	<u>334,358</u>	<u>11</u>	<u>82,591</u>	<u>4</u>
	Other comprehensive income				
8310	Titles not reclassified as profit or loss:				
8311	Re-measurement of defined benefit plan	2,145	-	1,997	-
8316	Unrealized valuation profit/loss from investment in equity instruments measured at fair value through other comprehensive income	( 5,697 )	-	-	-
8360	Titles potentially reclassified as profit or loss subsequently:				
8361	Exchange differences from translation of foreign financial statements (Note 4 and 22)	37,333	1	( 40,158 )	( 2 )
8399	Income tax related to titles potentially being reclassified	<u>6,873</u>	<u>-</u>	<u>( 8,031 )</u>	<u>-</u>
8300	Other comprehensive income (after tax) for the year	<u>40,654</u>	<u>1</u>	<u>( 46,192 )</u>	<u>( 2 )</u>
8500	Total comprehensive income for the year	<u>\$ 375,012</u>	<u>12</u>	<u>\$ 36,399</u>	<u>2</u>
	Earnings per share (Note 26)				
9710	Basic EPS	<u>\$ 1.11</u>		<u>\$ 0.29</u>	
9810	Diluted EPS	<u>\$ 1.11</u>		<u>\$ 0.29</u>	

The attached notes are part of the Parent Company Only Financial Statements.

Chairman: Hermas Chang

CEO: Ching-Wang Chen

CFO: Julia Lai

IDEAL BIKE CORPORATION  
Parent Company Only Statement of Changes in Equity  
January 1 through December 31, 2022 and 2021

Unit: NTD thousand unless otherwise specified.

Code		Share capital		Retained earnings (accumulated losses)			Other equities		Total equities	
		Number of shares (thousand shares)	Common stock capital	Capital reserves	Legal reserves	Special reserves	Undistributed earnings (Losses to be covered)	Exchange differences from translation of foreign financial statements		Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income
A1	Balance as of December 31, 2021	243,279	\$2,432,787	\$ 92,940	\$ 212,090	\$ 78,308	(\$ 1,021,602)	(\$ 134,788)	(\$ 294,286)	\$ 1,365,449
C5	Changes in other capital surplus: Components of equity recognized upon issuance of convertible corporate bonds	-	-	( 4,842)	-	-	-	-	-	( 4,842)
C17	Changes in other capital surplus	-	-	129	-	-	-	-	-	129
D1	Net profit for 2021	-	-	-	-	-	82,591	-	-	82,591
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	1,997	( 48,189)	-	( 46,192)
D5	Total comprehensive income for 2021	-	-	-	-	-	84,588	( 48,189)	-	36,399
E1	Follow-on offering	50,000	500,000	10,000	-	-	-	-	-	510,000
I1	Corporate bonds converted to common stock	6,322	63,222	27,200	-	-	-	-	-	90,422
Z1	Balance as of December 31, 2021	299,601	2,996,009	125,427	212,090	78,308	( 937,014)	( 182,977)	( 294,286)	1,997,557
D1	Net profit for 2022	-	-	-	-	-	334,358	-	-	334,358
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	2,145	44,206	( 5,697)	40,654
D5	Total comprehensive income for 2022	-	-	-	-	-	336,503	44,206	( 5,697)	375,012
I1	Corporate bonds converted to common stock	2,123	21,234	6,890	-	-	-	-	-	28,124
Z1	Balance as of December 31, 2022	301,724	\$3,017,243	\$ 132,317	\$ 212,090	\$ 78,308	(\$ 600,511)	(\$ 138,771)	(\$ 299,983)	\$2,400,693

The attached notes are part of the Parent Company Only Financial Statements.

Chairman: Hermas Chang

CEO: Ching-Wang Chen

CFO: Julia Lai

IDEAL BIKE CORPORATION  
Parent Company Only Statement of Cash Flow  
January 1 through December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	Cash flow from operating activities		
A10000	Pre-tax profits	\$ 431,225	\$ 92,843
A20000	Income and expenses:		
A20100	Depreciation expense	23,836	11,852
A20200	Amortization expense	1,266	989
A20300	Expected gains on reversal of ECL	( 233 )	( 863 )
A20400	Net losses (gains) from financial assets and liabilities measured at fair value through profit or loss	9,464	( 9,025 )
A20900	Financial cost	39,851	24,035
A21200	Interest income	( 824 )	( 292 )
A21300	Dividend income	( 8,828 )	( 1,388 )
A22400	Share of profit/loss of subsidiaries and associates under equity method	( 217,577 )	( 104,352 )
A22500	Gain from disposal of property, plant, and equipment	( 33 )	-
A23800	Inventory devaluation and obsolescence loss (reversal gain)	12,276	( 4,501 )
A23900	Unrealized sales loss on inter-affiliate accounts	13,988	3,827
A29900	Loss from redemption of corporate bonds	4,209	4,575
A24100	Unrealized loss (profit) from conversion of foreign currencies	9,708	( 4,733 )
A30000	Net changes in operating assets and liabilities		
A31150	Notes and accounts payable (including related party)	( 615,752 )	44,791
A31180	Other receivables (including related parties)	1,194	210,594
A31200	Inventory	( 397,920 )	( 425,283 )
A31240	Other current assets	( 10,378 )	( 21,264 )
A32125	Contractual liabilities	( 13,120 )	15,877
A32150	Notes and accounts payable (including related party)	( 89,353 )	17,197
A32180	Other payables (including related party)	36,530	( 8,050 )
A32230	Other current liabilities	3,381	938
A32240	Net defined benefit liabilities	( 439 )	( 4,263 )
A33000	Cash inflow (outflow) from operation	( 767,529 )	( 156,496 )
A33100	Interest received	824	292
A33200	Dividend received	2,083	1,388
A33300	Interest paid	( 36,869 )	( 16,866 )
A33500	Income tax paid	( 60 )	( 12 )
AAAA	Net cash outflow from operating activities	( 801,551 )	( 171,694 )

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Code		2022	2021
	Cash flow from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(\$ 18,238)	\$ -
B00050	Disposal of financial assets measured at amortized cost	124,201	32,049
B00100	Acquisition of financial assets measured at fair value through profit or loss	( 9)	-
B00200	Disposal of financial assets measured at fair value through profit or loss	-	1,659
B01900	Disposal of long-term equity investments under equity method	10,814	-
B01800	Acquisition of long-term equity investments under equity method	-	( 364,652)
B02700	Acquisition of property, plant, and equipment	( 12,378)	( 25,038)
B02800	Disposal of property, plant, and equipment	1,718	-
B03700	Increase in guarantee deposits paid	( 2,155)	( 1,299)
B04500	Acquisition of intangible assets	( 1,561)	( 1,762)
B07100	Increase in prepayment for equipment purchase	( 134)	( 2,189)
B07600	Dividend received	<u>6,745</u>	<u>-</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>109,003</u>	<u>( 361,232)</u>
	Cash flow from financing activities		
C00100	Increase in short-term loans	3,503,601	2,120,662
C00200	Decrease in short-term loans	( 3,096,647)	( 2,030,277)
C01300	Redemption of corporate bonds	( 357,255)	( 78,740)
C01600	Borrowing of long-term loan	798,432	299,583
C01700	Repayment of long-term loans	( 248,782)	( 151,063)
C04020	Repayment of lease liabilities	( 11,264)	( 1,647)
C04600	Follow-on offering	-	510,000
C09900	Other financing activities	<u>-</u>	<u>129</u>
CCCC	Net cash inflow from financing activities	<u>588,085</u>	<u>668,647</u>
DDDD	Effect of changes in exchange rate on cash and cash equivalents	( 519)	( 1,136)
EEEE	Increase (decrease) in cash and cash equivalents	( 104,982)	134,585
E00100	Balance of cash and cash equivalents - beginning of year	<u>394,528</u>	<u>259,943</u>
E00200	Balance of cash and cash equivalents - ending of year	<u>\$ 289,546</u>	<u>\$ 394,528</u>

The attached notes are part of the Parent Company Only Financial Statements.

Chairman: Hermas Chang      CEO: Ching-Wang Chen      CFO: Julia Lai

IDEAL BIKE CORPORATION  
Notes to the Parent Company Only Financial Statements  
January 1 through December 31, 2022 and 2021  
(All amounts are in NTD thousand unless otherwise specified)

I. Company History

Ideal Bike Corporation (hereinafter referred to as the “Company”) was organized with approved establishment registration pursuant to the Company Act of the Republic of China in 1980. The Company is mainly dedicated to the manufacture, machining, assembly, and domestic sale and exportation of bicycles, indoor and outdoor training bicycles, kids’ bikes, mini scooters and their parts and accessories.

The Company has traded on Taipei Exchange as of March 28, 2001.

The parent company only financial statements are stated in the Company’s functional currency, NTD.

II Financial Report Approval Date and Procedures

The Parent Company Only Financial Statements were approved by the Board of Directors meeting dated March 13, 2023.

III. Application Of New Standards, Amendments And Interpretations

- (I) First-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC) and the statements of interpretation (SIC) (hereinafter collectively referred to as “IFRSs”) approved and released by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

No material changes to the accounting policies of the Company are expected after adopting the amended IFRSs approved and released by the FSC.

- (II) FSC-endorsed IFRSs effective from 2023

New / Amended / Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1, “Disclosure of Accounting Policies”	Sunday, January 1, 2023 (Note 1)
Amendments to IAS 8, “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: Effective for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to any changes in accounting estimates or accounting policy on or after January 1, 2023.

Note 3: The amendments require recognition of a deferred tax for all temporary differences related to leases and decommissioning obligations, and are applicable to all transactions occurring on or after January 1, 2022.

As of the publication date of these Parent Company Only Financial Statements, the Company did not expect the amendments to other standards and interpretation to materially impact its financial position or financial performance.

(III) IFRSs issued by the IASB but not yet approved and released by the FSC

New / Amended / Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undetermined
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1, "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise specified, the above-mentioned new/ amended/ revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretations.

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

As of the publication date of these Parent Company Only Financial Statements, the Company was still assessing the impact of the amendments to other standards and interpretation, and will disclose the impact after the conclusion of the assessment.

#### IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The Parent Company Only Financial Statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(II) Basis of Preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the planned assets, the Parent Company Only Financial Statements were prepared on the basis of historical cost.

Fair value measurements are classified into Level 1, 2 and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
2. Level 2 inputs: Other than quoted prices included in Level 1, the inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. presumed from the price).
3. Level 3 inputs: The inputs that are not observable for assets or liabilities.

(III) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. liabilities held mainly for the purpose of trading;



2. liabilities to be settled within 12 months after the balance sheet date, (irrelevant with whether any long-term re-financing or payment re-arrangement agreement has been completed after the balance sheet date but before the date of release of financial statements; such liabilities are still current liabilities); and
3. liabilities whose due date cannot be unconditionally extended to more than 12 months after the balance sheet date. However, the terms and conditions of the liabilities that may, at the option of the counterparty, result in settlement of the liabilities by issuance of equity instruments do not affect the classification of liabilities.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

In preparing the Parent Company Only Financial Statements, transactions using currencies other than the Company's functional currency (foreign currencies) are converted into the functional currency using the exchange rate on the date of transaction.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized in the profit or loss of the period.

Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate on the date of determining the fair value, and the exchange differences resulting therefrom are recognized in profit or loss of the period. However, when changes in the fair value are recognized in other comprehensive income, the exchange differences arising therefrom are recognized in the same.

Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the Parent Company Only Financial Statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries and associates with countries in which they operate or currencies they use different from those of the Company) are translated into NTD at the

exchange rate on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized in other comprehensive income.

(V) Inventory

Inventory includes raw materials, materials, parts and accessories, finished goods, commodities and work-in-progress goods. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items except for the inventories of the same type. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VI) Investment in subsidiaries

The Company deals with the investment in subsidiaries using the equity method.

A subsidiary refers to an entity controlled by the Company.

Under the equity method, the investment is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the Company's shares of profits/ losses and other comprehensive income in subsidiaries and the distributed profits. In addition, changes to the Company's equity in the subsidiaries are recognized based on the shareholding ratio.

Changes to the Company's equity ownership in the subsidiaries are deemed as equity transactions when they do not result in loss of control. The difference between the book value of investment and the fair value of paid or received consideration is directly recognized in equity.

When the Company's shares of losses in the subsidiaries are equal to or exceed our equity in the subsidiaries (including the subsidiary's carrying amount under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Company in the subsidiary concerned) , we continue recognition for losses based on our shareholding ratio.

When the acquisition cost exceeds the Company's shares of the net fair value of the subsidiaries' identifiable assets and liabilities comprising part of the business on the date of acquisition, such excess is recognized in goodwill which is included in the book value of such investment and may not be amortized; when the Company's shares of the net fair value of the subsidiaries' identifiable assets and liabilities comprising part of the business on the date of acquisition exceed the acquisition cost, such excess is recognized in profit of the period.

For impairment evaluation, the Company took the entire cash generating units in the financial statements into account and made a comparison between the recoverable amount and the book value thereof. If the recoverable amount of assets increases hereafter, the reversal of impairment losses is recognized in profit. However, the assets' book value after the reversal of the impairment losses shall not exceed the assets' book value, without recognition of the impairment losses, less amortization. Impairment losses attributable to goodwill shall not be reversed in the subsequent periods.

When the Company loses control of subsidiaries, the residual investment in the former subsidiaries are measured at fair value on the date of loss of control. The difference between the fair value of the residual investment and any disposal proceeds and the investment book value on the loss of control date is recognized in profit or loss of the period. In addition, the total amounts related to the subsidiaries and recognized in other comprehensive income are dealt with in the accounting system on the basis which our direct disposal of relevant assets or liabilities shall be subject to.

The unrealized profit or loss from the downstream transactions between the Company and subsidiaries is removed in the parent company only financial statements. The profit or loss generated from the upstream and side stream transactions between the Company and subsidiaries is recognized in the parent company only financial statements only when such profit or loss is irrelevant to the Company's equity in the subsidiaries.

(VII) Investment in associates

An associate refers to a company having a significant effect on the Company, but is not a subsidiary or joint venture.

The Company adopts the equity method for investment in associates.

Under the equity method, the investment in associates is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the Company's shares of profit/loss and other comprehensive income in the associates and joint ventures and the distributed profits . In addition, changes to the consolidated company's equity in the associates are recognized based on our shareholding ratio.

When the acquisition cost exceeds the Company's shares of the net fair value of the associates' identifiable assets and liabilities on the date of acquisition, such excess is recognized in goodwill which is included in the book value of such investment and may not be amortized; when the Company's shares of the net fair value of the associates' identifiable assets and liabilities on the date of acquisition exceed the acquisition cost, such excess is recognized in profit/loss of the period.

When the Company does not subscribe to new shares issued by the associates based on our shareholding ratio, resulting in changes to the shareholding ratio and consequently to the net equity value of investment, these changes are used for adjustment of the capital reserve – changes in the net equity of associates recognized under the equity method and investments under equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the consolidated company's ownership equity in the associates, the amounts related to the associate in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates' direct disposal of relevant assets or liabilities shall be in accordance with. If the said adjustment shall be debited to capital reserves, and the balance of capital reserves arising from investment under equity method is insufficient to be offset, the difference is debited to retained earnings.

When the Company's shares of losses in the associates are equal to or exceeded our equity in the associates (including the carrying amount of investment in the associate under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the

Company in the associate concerned) , we do not recognize further losses. The Company recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Company made payment on behalf of the associates.

For impairment evaluation, the Company tests the entire investment book value (including goodwill) for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any recognized impairment loss is also part of the investment book value. Any reversal of the impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

Once the investment is not classified as investment in associates, the Company stops using the equity method and measures the retaining earnings of the former associates at fair value. The differences between the fair value of the retaining earnings, proceeds from disposal and the investment book value on the date when the equity method is discontinued are recognized in profit or loss of the period. Besides, for total amounts related to the associate in other comprehensive income, the basis of accounting treatment thereof is the same as the basis which the associate's direct disposal of relevant assets or liabilities shall be in accordance with.

The profit or loss generated from the upstream, downstream and side stream transactions between the Company and the associates is recognized in the parent company only financial statements only when such profit or loss is irrelevant to the Company's equity in the associates.

(VIII) Property, plant and equipment

The property, plant, and equipment are recognized in accordance with the cost and subsequently measured based on the cost net of accumulated depreciation and impairment losses.

Each significant part of the property, plants, and equipment is separately depreciated on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year and prospectively recognizes the effect from changes in accounting estimates.

For derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss

(IX) Intangible assets

1. Acquired separately

Intangible assets with definite useful life acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Intangible assets are amortized on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of amortization at least on the end day of each year and prospectively recognizes the effect from changes in accounting estimates. Intangible assets with indefinite useful life are recognized based on the cost net of accumulated impairment losses.

2. Derecognition

For derecognition of the intangible assets, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss of the period.

(X) Impairments of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill), and contract cost related assets

In addition to referring to Note 31, the Company assess whether there are any signs indicating that any property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) may be impaired on each balance sheet date. If there is any of such signs, the recoverable amount of the assets is estimated. When the recoverable amount of individual assets can not be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are amortized on a reasonable and consistent basis to the smallest group of cash-generating units

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually or when there is any sign of impairment.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets

or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance that the impairment loss of the assets or cash-generating units is not recognized in the previous year. The reversal of the impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company became a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Any transaction cost measured at fair value through profit or loss directly attributable to the acquisition or issuance of the financial assets or financial liabilities is immediately recognized in profit or loss.

1. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Type of measurements

The financial assets held by the Company are those measured at fair value through profit or loss and at amortized cost as well as investment in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss indicate those mandatorily and designated to be measured at fair value through profit and loss. The financial assets

mandatorily and designated to be measured at fair value through profit and loss include the investment in equity instruments that the Company does not designate to be measured at fair value through other comprehensive income, and the investment in liability instruments that are not qualified to be classified as those measured at amortized cost or measured at fair value through other comprehensive income.

The financial assets measured at fair value through profit or loss are measured at fair value, and any profit or loss (including any dividends or interests generated from the financial assets) from re-measurement of the financial assets is recognized in profit or loss. For determination of the fair value, please refer to Note 28.

#### B. Financial assets measured at amortized cost

When the Company's invested financial assets met both of the following two conditions, they are classified as financial assets measured at amortized cost:

- a. The financial assets held under a business model with the purpose of holding these assets to collect contractual cash flows; and
- b. The contractual terms generates cash flows on a specific date that are solely payments of principal and interest.

After the initial recognition, the financial assets measured at amortized cost are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation is recognized in profit or loss.

Except for the following two circumstances, the interest income is calculated as the effective interest rate times the total book value of financial assets:

- a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.



b. For financial assets originally not purchased or originated credit-impaired but subsequently becoming credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets in the next reporting period after the credit impairment

Credit-impaired financial assets represent significant financial difficulties confronting the issuer or debtor, default, the circumstance that the debtor is likely to file for bankruptcy or other financial reorganization, or that the active market of financial assets disappears due to financial difficulties.

C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to measure the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the Company's right to receive dividends is determined, the dividends of investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss except that such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial and contractual assets

In addition to referring to Note 31, we assess impairment losses on the financial assets (including accounts receivable) measured at amortized cost based on the expected credit losses on each balance sheet date.

Loss allowance for accounts receivable is recognized based on the lifetime expected credit losses. We first assess whether the credit risk on other financial assets significantly increased after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on the 12-month expected credit losses; when the increase is significant, it is recognized based on the lifetime expected credit losses.

The expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted when the following circumstance occurred, without consideration of the collateral held:

- A. Any internal or external information indicate that a debtor is impossible to pay off the debts.
- B. Any payment that is overdue for more than 180 days, unless any reasonable and supportable information demonstrates that a more lagging default criterion is more appropriate.

The impairment loss on all financial assets is deducted from the book value of the financial assets through allowance accounts. However, the loss allowance of the investment in liability instruments measured at fair value through other comprehensive income is recognized in other comprehensive income and the book value is not reduced.

### (3) Derecognition of financial assets

The Company removes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

If the Company does not transfer or hold almost all the risks and returns over the ownership of the financial assets, but held the control of these assets, the Company continuously recognizes such financial assets within the scope of remaining participation in these assets and recognizes the liabilities related to the amount that may have to be paid. If holding almost all the risks and returns over the ownership of the financial assets, the Company continuously recognizes such financial assets and recognizes the collected amount as secured loans.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized in profit or loss. For derecognition of the entire investment in equity instruments measured at fair value through other comprehensive income, the difference between its book value and the total amount of the consideration received plus any cumulative gain or loss recognized in other comprehensive profit or loss is recognized in profit or loss. For derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

## 2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

The equity instruments issued by the Company are recognized at the payment net of the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction to equity. Purchase, sale, issuance or cancellation of the equity instruments owned by the Company are not recognized in profit or loss.

## 3. Financial liabilities

### (1) Subsequent measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost under the effective interest method.

A. Financial liabilities measured at fair values through profit or loss

Financial liabilities measured at fair value through profit or loss include those held for transaction and designated to be measured at fair value through profit and loss.

The financial liabilities held for sale are measured at fair value, related profit or loss is recognized in other profits and losses, and the profit or loss (including any dividends or interests paid for the financial liabilities) from re-measurement of the financial liabilities is recognized in profit or loss.

(2) Derecognition of financial liabilities

For removal of financial liabilities, the differences between the book value and the consideration paid (including any non-cash assets transferred and any liabilities assumed) are recognized in profit or loss.

4. Convertible corporate bond

The components of the compound financial instrument (convertible corporate bond) issued by the Company are classified as financial liabilities or equity when they are recognized initially based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

When recognized initially, the fair value of the debt components is estimated based on the market interest rate of similar nonconvertible instruments at that time and measured at amortized cost calculated under the effective interest method prior to the conversion or maturity date. The debt components classified into embedded non-equity derivatives is measures at fair value.

The conversion option classified as equality is equal to the remaining amount of the entire fair value of the compound instruments less the fair value of the debt components determined individually. It is recognized as equity after deduction of the income tax effect and no re-measurement is conducted subsequently. When the conversion

option is executed, related debt components and the amount related to the equity are transferred to share capital and capital reserve - issuance in excess of par value. If the conversion option of the convertible corporate bond is not executed on the maturity date, the amount recognized in the equity is transferred to capital reserve - issuance in excess of par value

The transaction cost related to issuance of convertible corporate bonds is amortized to the components of the debt (recognized in the book value of liabilities) and equity (recognized in equity) of the instrument concerned based on the amortization proportion of the total amount.

## 5. Derivatives

The derivatives in the contract of the Company include forward exchange rate in order to manage the interest rate and exchange rate risk of the Company.

Derivatives are recognized initially at fair value when the contract of derivatives is entered into and subsequently remeasured at fair value on the balance sheet date. Any profit or loss from the re-measurement is recognized in profit or loss directly. However, for derivatives that are designated as effective hedging instruments, the timing at which they are recognized in profit or loss depends on the underlying hedge arrangement. When the fair value of the derivatives is positive, they are classified as financial assets; when the fair value is negative, they are classified as financial liabilities.

If derivatives are embedded in the main contract of assets within the scope of IFRS 9, the classification of financial assets is determined depending on the contract as a whole. If derivatives are embedded in the main contract of assets not within the scope of IFRS 9 (e.g. embedded in a main contract of financial liabilities) and the embedded derivatives conformed to the definition of derivatives, their risk and feature are not in close relation with the risk and feature of the main contract, and the hybrid contract is not measured at fair value through profit and loss, the embedded derivatives are deemed stand-alone derivatives.

(XII) Recognition of revenue

After our recognition of performance obligations under a contract with clients, we allocate the transaction price to each performance obligation and recognize the allocated amount in revenue after each performance obligation is met.

If more than one contract is entered into with the same customer (or customer's related party) at almost the same time and the commodities or services we are committed to are a single performance obligation, the Company will treat the contracts as a single unit.

For the contract in which transfer of commodities or services and collection of considerations are conducted at an interval within 1 year, the transaction price is not adjusted for significant financing components.

1. Revenue from sale of goods

The revenue from the sale of goods came from the sale of various bicycles, indoor and outdoor training bicycles, kids' bikes, mini scooters and their parts and accessories. Once bicycles, indoor and outdoor training bicycles, kid's bikes, mini scooters, and their parts and accessories are delivered to the customer-designated location or shipping point (depending on the contractual terms), the customer is entitled to the products' price determination and right of use, takes the main responsibility for resale of the products, and took the risk that the products may become out-of-fashion. Therefore, the revenue and accounts receivable are recognized at that point of time.

When export of raw materials for processing, the control over the ownership of processed products is not transferred, and thus the revenue for the export of raw materials is not recognized.

(XIII) Lease

We assess whether an agreement is (or contained) a lease on the date of entering into the agreement.

For the contract containing lease and non-lease components, the merging company shares the consideration specified in the contract based on the relative individual price and dealt with these components separately.

The Company is the lessee

The lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized in expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to restore the underlying asset) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses, and then the remeasurement of the lease liabilities is adjusted. The right-of-use assets are separately presented in the parent company only balance sheet.

The right-of-use assets are depreciated on the straight-line basis over the period from the lease commencement date to the expiration of the useful life or the lease term, whichever is sooner.

The lease liabilities are initially measured based on the present value of lease payments (including fixed payments, substantial payments, variable lease payments depending on certain indexes or rates, the amount to be paid by the lessee under residual value guarantee, the exercise price for purchase options if the consolidated company can be reasonably assured that the right will be exercised, and the fine for termination of the lease if reflects during the lease period less received incentives). If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate can not be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term, the amount to be paid under residual value guarantee, the assessment relating the purchase options of underlying assets, or The changes in the index or rate determining the lease payments cause the changes in the future lease payments, we re-measure the lease liabilities and adjust the right-of-use assets accordingly. However, the residual remeasurement is recognized in profit or loss when the

book value of right-of-use assets is reduced to zero. The lease liabilities are separately presented in the parent company only balance sheet.

(XIV) Cost of borrowing

The cost of borrowing that can be directly attributable to the assets for which acquisition, building or production meet the requirements is part of the cost of such assets until almost all the required activities for them to reach the intended status of use or sale are completed.

Otherwise, all the costs of borrowing are recognized in profit or loss in the year in which the borrowing occurred.

(XIII) Government subsidies

The government subsidies shall only be recognized when it is reasonable to ensure that the Company will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively.

Government subsidies related to any gains are recognized in other revenue on a systematic basis within the period when the costs to be subsidized by the government are recognized in expenses by the Company.

If the government subsidies are used to make up the expenses or losses that have occurred, or immediately support the finance of the Company and there is no future cost, Such subsidies are recognized in profit or loss during the period when they can be received.

If the government subsidies are provided by transferring non-monetary assets to the Company for use, these subsidies are recognized and measured at fair value of the non-monetary assets.

For the government loans that the Company acquires at a interest rate lower than the market rate, the difference between the fair values of the received loan amount and the loan calculated at the market rate then is recognized in government subsidies.

(XVI) Employee benefits

1. Short-term employee benefits

Liabilities related to employee benefits are measured at non-discounted amount expected to be paid against the services to be provided by the employees.

2. Retirement benefits



Every pension fund contributed under the defined pension appropriation plan is recognized in expenses during the period when employees provide services.

Defined retirement benefit costs (including servicing costs, net interest, and remeasurement) under the defined retirement benefit plan are calculated actuarially using the projected unit credit method. Service costs (including current service costs) and net interest on net defined benefit liabilities are recognized in employee benefit expenses when they are incurred. Remeasurement (including actuarial profits or losses, changes in the effect of asset limits, and return on plan assets net of interest) is recognized in other comprehensive income and presented in accumulated losses when it occurred. It is not reclassified as profit or loss in the subsequent periods.

Net defined benefit liabilities represent the contribution deficit of the defined retirement benefit plan. Net defined benefit assets shall not exceed the present value of contribution refunded from the defined retirement benefit plan or future deductible contribution.

### 3. Other long-term employee benefits

The accounting treatment for other long-term employee benefits is the same as the one for the defined retirement benefit plan; however, any relevant remeasurement is recognized in profit or loss.

### 4. Resignation benefits

The Company does not recognize the benefits as resignation benefit liabilities until the offer of benefits can not be withdrawn or the related reorganization cost is recognized, whichever earlier.

## (XVII) Income tax

The tax expenses are the total of current income and deferred income taxes.

### 1. Current income tax

The Company determines the current revenue (loss) in accordance with the laws and regulations of the Republic of China and, with this as a basis, calculate the income tax payable (receivable).

The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized

in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

## 2. Deferred income tax

The deferred income tax are calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when we are likely to have taxable income available to offset the deductible temporary differences and loss carryforwards.

Taxable temporary differences generated from investment in subsidiaries and associates are recognized in deferred income tax liabilities except that the Company can control the timing of reversal of the taxable temporary differences, and that such differences are not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investment are recognized, to the extent that they are expected to be reversed in the foreseeable future, in deferred income tax assets only when we are likely to have taxable income adequate to realize the temporary differences.

The book value of deferred income tax assets are reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized in deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income adequate to return all or part of the assets in the future, the book value thereof is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax law legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax

on the balance sheet date arising from the method that we expect to use to recover or settle the book value of the liabilities and assets.

### 3. Current and deferred income taxes

The current and deferred income taxes are recognized in profit or loss other than those related to the titles stated as other comprehensive income or as equity directly, which are recognized in other comprehensive income separately or in equity directly.

## V. Judgements in Applying Significant Accounting Policies, Assumptions, and Source of Estimation Uncertainty

For adoption of the accounting policies, our management must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from those estimates.

The Company takes into account the development of the COVID-19 pandemic and its effect on the Taiwan economy when making significant accounting estimates for cash flows, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions. When the amendments to the estimates only affect the current period, they are recognized in the period in which they are made; when the amendments to the estimates affect the current and future periods at the same time, they are recognized in the period in which they are made and the future period.

The Judgements in Applying Significant Accounting Policies, Assumptions, and Source of Estimation Uncertainty that were adopted for the Parent Company Only Financial Statements are the same as those adopted for the 2021 consolidated financial statements.

### Main sources of uncertainties of estimates, and assumptions

#### (I) Deferred income tax

The realizability of the deferred income tax assets depends on adequate profitability and taxable temporary difference. If the actually produced profit is less than the expected value, the major deferred income tax assets may be reversed as a result, and the reverse is recognized in profit or loss for the period in which it occurs.

VI. Cash

	December 31, 2022	December 31, 2021
Cash on hand and working capital	\$ 130	\$ 132
Bank check and demand deposit	<u>289,416</u>	<u>394,396</u>
	<u>\$289,546</u>	<u>\$394,528</u>

The intervals of interest rate on bank deposits on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Bank deposit	0.001%~1.05%	0.001%~0.05%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2022	December 31, 2021
<u>Financial assets - current</u>		
Non-derivative financial assets		
– Domestic listed (OTC) stocks	<u>\$ 13,881</u>	<u>\$ 21,597</u>
<u>Financial liabilities - current</u>		
Held-for-sale		
Derivatives:		
– Conversion option (Note 18)	<u>\$ -</u>	<u>\$ 1,459</u>

VIII. Financial assets measured at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Domestic investment		
Non-listed (Non-OTC) stock		
Huan Hua Securities Finance Corporation	\$ 97	\$ 97
Foreign investment		
Non-listed (Non-OTC) stock		
PCI International Investment Inc.	<u>12,541</u>	<u>-</u>
	<u>\$ 12,638</u>	<u>\$ 97</u>

The Company invested in the common shares of Huan Hua Securities Finance Corporation and PCI International Investment Inc. according to its

medium- and long-term strategies, and expected to gain profits through such long-term investment.

Since the Company's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment to be measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
<u>Noncurrent</u>		
Domestic investment		
Time deposit with an initial maturity date due in more than 3 months (I)	<u>\$171,836</u>	<u>\$294,892</u>

(I) As of December 31, 2022 and 2021, the interval of interest rate on time deposits with an initial maturity date due in more than 3 months was 0.46%–1.05% and 0.05%–1.40%, respectively.

(II) For more information on the pledge of the financial assets measured at amortized cost, refer to Note 30.

X. Notes receivable, accounts receivable and other receivables

	December 31, 2022	December 31, 2021
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book value	\$675,177	\$334,675
Less: Loss allowance	( <u>4,723</u> )	( <u>58,042</u> )
	<u>\$670,454</u>	<u>\$276,633</u>
<u>Other receivables</u>		
Measured at amortized cost		
Total book value	\$ 12,099	\$ 12,881
Less: Loss allowance	-	( 5,136 )
Income tax refund receivable	<u>546</u>	<u>-</u>
	<u>\$ 12,645</u>	<u>\$ 7,745</u>

Accounts receivable

We provide an average credit period of 14 ~ 150 days for sale of goods and the credit standard is determined based on the characters of the industry in which the trading counterpart operates as well as its business scale and profitability. Interest does not accrue on notes and accounts receivable.

We recognize the loss allowance for accounts receivable based on the lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix with consideration of the customer's historical default record and current financial position, industrial and economic environment, and industrial prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different clients, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of accounts receivable.

When there is any evidence showing that the trading counterpart is facing serious financial difficulties and we cannot estimate a reasonable recoverable amount (for example, the trading counterpart is undergoing liquidation or any debt has been overdue for more than two years), the Company directly write off related accounts receivable, continue to claim for payment, and recognize the recovered amount therefrom in profit or loss.

Our loss allowance for accounts receivable measured using the provision matrix are as follows:

#### December 31, 2022

	Not overdue	Overdue for 1-4 months	Overdue for 5-6 months	Overdue for 7-12 months	Overdue for 1-2 years	Overdue for 2-3 years	Overdue for Over 3 years	Total
Total book value	\$ 513,672	\$ 156,149	\$ 633	\$ -	\$ -	\$ -	\$ 4,723	\$ 675,177
Loss allowance (lifetime expected credit losses)	-	-	-	-	-	-	( 4,723 )	( 4,723 )
Amortized cost	\$ 513,672	\$ 156,149	\$ 633	-	-	-	\$ -	\$ 670,454

#### December 31, 2021

	Not overdue	Overdue for 1-4 months	Overdue for 5-6 months	Overdue for 7-12 months	Overdue for 1-2 years	Overdue for 2-3 years	Overdue for Over 3 years	Total
Total book value	\$ 264,600	\$ 12,027	\$ -	\$ 6	\$ -	\$ 2,446	\$ 55,596	\$ 334,675
Loss allowance (lifetime expected credit losses)	-	-	-	-	-	( 2,446 )	( 55,596 )	( 58,042 )
Amortized cost	\$ 264,600	\$ 12,027	-	\$ 6	-	\$ -	\$ -	\$ 276,633

Changes in loss allowance for notes and accounts receivable are as follows:

	<u>2022</u>	<u>2021</u>
Balance at Beginning of Year	\$ 58,042	\$ 58,896
Less: Actual amount written off in the year	( 53,087 )	( 854 )
Less: Impairment loss reversed in the year	( 232 )	-
Balance at Ending of Year	<u>\$ 4,723</u>	<u>\$ 58,042</u>

Changes in loss allowance for other accounts receivable are as follows:

	<u>2022</u>	<u>2021</u>
Balance at Beginning of Year	\$ 5,136	\$ 5,145

Less: Actual amount written off in the year	( 5,135)	-
Less: Impairment loss reversed in the year	( <u>1</u> )	( <u>9</u> )
Balance at Ending of Year	<u>\$ -</u>	<u>\$ 5,136</u>

XI. Inventories

	December 31, 2022	December 31, 2021
Raw material	\$ 802,686	\$ 654,900
Finished products	229,858	101,487
Work in process	102,098	44,861
Semi-finished products	45,007	10,349
In-transit inventory	18,589	921
Merchandise	<u>180</u>	<u>256</u>
	<u>\$1,198,418</u>	<u>\$ 812,774</u>

The cost of sales related to inventories in 2022 and 2021 was NTD2,855,086,000 and NTD2,235,893,000, respectively. The cost of sales included inventory devaluation loss (gain from price recovery of inventory) of NTD 12,276,000 and (NTD 4,501,000).

XII. Investment under equity method

	December 31, 2022	December 31, 2021
Investment in subsidiaries	<u>\$1,696,114</u>	<u>\$1,466,832</u>
Investment in associates	<u>189,944</u>	<u>189,118</u>
	<u>\$1,886,058</u>	<u>\$1,655,950</u>

(I) Investment in subsidiaries

	December 31, 2022	December 31, 2021
Ideal Bike (SGP) Co. Pte., Ltd.	\$ 727,274	\$ 634,043
Ideal Europe SP.ZO.O	394,947	353,659
Ideal (Dong Guan) Bike Co., Ltd.	349,016	310,110
Pacific Glory Worldwide Ltd.	101,448	68,716
TOP SPORT INTERNATIONAL LTD. (Note 31)	88,126	55,635
Crown Alliance International Co., LTD.	35,303	34,631
Advanced Sports International - Asia Ltd.	<u>-</u>	<u>10,038</u>
	<u>\$1,696,114</u>	<u>\$1,466,832</u>

Name of subsidiary	Proportion of Ownership and Voting Right	
	December 31, 2022	December 31, 2021
Ideal Bike (SGP) Co. Pte., Ltd.	100%	100%
Ideal (Dong Guan) Bike Co., Ltd.	33.45%	33.45%
Ideal Europe SP.ZO.O Advanced Sports	100%	100%
International - Asia Ltd.	-	80%
Crown Alliance International Co., LTD.	100%	100%
TOP SPORT INTERNATIONAL LTD.	100%	100%
Pacific Glory Worldwide Ltd.	100%	100%

The Company held 66.55% shares of Ideal (Dong Guan) Bike Co., Ltd. through Ideal Bike (SGP) Co. Pte., Ltd., and, thus, Ideal (Dong Guan) Bike Co., Ltd. is a completed held subsidiary of the Company.

The Company's shares of profits/ losses and other comprehensive income in subsidiaries under the equity method in 2022 and 2021 were recognized based on the financial statements of each subsidiary audited by CPAs in the same period.

(II) Investment in associates

	December 31, 2022	December 31, 2021
Material associates		
Fulltech Fiber Glass Corp.	<u>\$189,944</u>	<u>\$189,118</u>

Material associates

Company name	Nature of business	Business premises	Proportion of Shareholding and Voting Right	
			December 31, 2022	December 31, 2021
Fulltech Fiber Glass Corp.	Electronic-grade fiber glass	Taiwan	2.62%	2.62%

The associates having Level 1 fair value in open market quotes are as follows:

Company name	December 31, 2022	December 31, 2021
Fulltech Fiber Glass Corp.	<u>\$130,983</u>	<u>\$195,069</u>



The Company adopts the equity method for the above-mentioned associates.

The following financial information summary is prepared based on the associates' IFRS-based parent company only financial statements. It also reflects the adjustments made after using the equity method.

Fulltech Fiber Glass Corp.

	December 31, 2022	December 31, 2021
Current assets	\$ 3,094,927	\$ 3,147,737
Non-current assets	9,971,960	10,466,496
Current liabilities	( 1,764,167)	( 3,340,411)
Non-current liabilities	( 3,908,096)	( 2,825,108)
Equity	<u>\$ 7,394,624</u>	<u>\$ 7,448,714</u>
The Company's shareholding percentage	2.62%	2.62%
The Company's equity	\$ 193,739	\$ 195,156
Other adjustments	( <u>3,795</u> )	( <u>6,038</u> )
Investment book value	<u>\$ 189,944</u>	<u>\$ 189,118</u>
	2022	2021
Operating income	<u>\$4,109,164</u>	<u>\$4,497,955</u>
Net profit for the year	\$ 31,523	\$ 601,349
Other comprehensive income	<u>168,606</u>	<u>29,115</u>
Total comprehensive income	<u>\$ 200,129</u>	<u>\$ 630,464</u>
Dividend received from Fulltech	<u>\$ 6,745</u>	<u>\$ -</u>

The Chairman of the Company is also the Chairman of Fulltech; the De facto related party, Yuan-Fu Chang, acts as a director of the Fulltech Fiber Glass Corp. The Company holds less than 20% of the shares of voting rights in Fulltech Fiber Glass Corp. However, as the Company has had a significant effect on Fulltech with such shares since 2010, the equity method is used for measurement.

The equity-accounted investee, Fulltech Fiber Glass Corp., of the Company

was measured using the equity method due to cross-holding. The investment gain/loss was calculated using the treasury stock method.

For the amount of investment in associates pledged as collateral for loans, please refer to Note 30.

XIII. Property, plant, and equipment

	December 31, 2022	December 31, 2021
Internal use	<u>\$255,479</u>	<u>\$258,147</u>

Internal use

January 1 through December 31, 2022				
	Balance at Beginning of Year	Increase in the Year	Decrease in the Year	Balance at Ending of Year
<u>Cost</u>				
Self-owned Land	\$ 110,085	\$ -	\$ -	\$ 110,085
Building	207,861	2,510	-	210,371
Machine and equipment	93,765	2,060	( 1,685 )	94,140
Transport equipment	5,464	430	-	5,894
Furniture and fixtures	18,427	252	( 528 )	18,151
Other equipment	76,827	6,250	( 707 )	82,370
	<u>512,429</u>	<u>\$ 11,502</u>	<u>( \$ 2,920 )</u>	<u>521,011</u>
<u>Accumulated depreciation</u>				
Building	91,316	\$ 4,719	\$ -	96,035
Machine and equipment	73,663	4,445	-	78,108
Transport equipment	5,202	130	-	5,332
Furniture and fixtures	16,731	609	( 528 )	16,812
Other equipment	67,370	2,582	( 707 )	69,245
	<u>254,282</u>	<u>\$ 12,485</u>	<u>( \$ 1,235 )</u>	<u>265,532</u>
Net amount at year end	<u>\$ 258,147</u>			<u>\$ 255,479</u>

January 1 through December 31, 2021				
	Balance at Beginning of Year	Increase in the Year	Decrease in the Year	Balance at Ending of Year
<u>Cost</u>				
Self-owned Land	\$ 110,085	\$ -	\$ -	\$ 110,085
Buildings and structures	202,786	5,075	-	207,861
Machine and equipment	81,231	12,534	-	93,765
Transport equipment	5,464	-	-	5,464
Furniture and fixtures	17,442	1,012	( 27 )	18,427
Other equipment	70,056	6,883	( 112 )	76,827
	<u>487,064</u>	<u>\$ 25,504</u>	<u>( \$ 139 )</u>	<u>512,429</u>

January 1 through December 31, 2021				
	Balance at Beginning of Year	Increase in the Year	Decrease in the Year	Balance at Ending of Year
<u>Accumulated depreciation</u>				
Buildings and structures	\$ 86,815	\$ 4,501	\$ -	\$ 91,316
Machine and equipment	70,557	3,106	-	73,663
Transport equipment	5,096	106	-	5,202
Furniture and fixtures	16,162	596	( 27 )	16,731
Other equipment	65,574	1,908	( 112 )	67,370
	<u>244,204</u>	<u>\$ 10,217</u>	<u>( \$ 139 )</u>	<u>254,282</u>
Net amount at year end	<u>\$ 242,860</u>			<u>\$ 258,147</u>

The depreciation expense was calculated on the straight-line basis over the following useful lives:

House and building	2 to 60 years
Machine and equipment	3 to 10 years
Transport equipment	1.5 to 6 years
Office furniture	1 to 10 years
Other equipment	1 to 35 years

For the amount of our property, plant and equipment pledged as collateral for loans, please refer to Note 30.

XIV. Lease agreement

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Book value of right-of-use assets		
Building	\$ 22,681	\$ 410
Transport equipment	<u>2,666</u>	<u>136</u>
	<u>\$ 25,347</u>	<u>\$ 546</u>
	<u>2022</u>	<u>2021</u>
Increase in right-of-use assets	<u>\$ 36,152</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets		
Building	\$ 10,383	\$ 1,232
Transport equipment	<u>968</u>	<u>403</u>
	<u>\$ 11,351</u>	<u>\$ 1,635</u>

Except recognition of depreciation, the Company did not see material sub-leasing of, or impairment on, its right-of-use assets in 2022 and 2021.

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
Current	<u>\$ 15,110</u>	<u>\$ 559</u>
Non-current	<u>\$ 10,337</u>	<u>\$ -</u>

Range of discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Building	<u>2.19~2.80%</u>	<u>2.19~2.42%</u>

	December 31, 2022	December 31, 2021
Transport equipment	2.19~3.00%	2.19%~2.60%

(III) Material lease activities and terms

We rent some buildings and transport equipment for business operation with a lease term of 1 – 3 years. There are no terms of renewal or purchase in the lease agreement with respect to expiration of the lease term.

(IV) Other lease information

	2022	2021
Short-term lease expense	<u>\$ 1,983</u>	<u>\$ 341</u>
Less: Leases expense of low-value assets	<u>\$ 326</u>	<u>\$ 351</u>
Total cash (outflow) amount for lease	<u>(\$ 13,573)</u>	<u>(\$ 2,339)</u>

The Company opt to apply the exemption of recognition to the lease of office equipment, computer equipment, and transport equipment which meet the short-term lease, and does not recognize right-of-use assets and lease liabilities with respect to such lease.

XV. Intangible assets

	January 1 through December 31, 2022			
	Balance at Beginning of Year	Increase in the Year	Decrease in the Year	Balance at Ending of Year
<u>Cost</u>				
Computer software	\$ 13,965	<u>\$ 1,561</u>	<u>\$ -</u>	\$ 15,526
<u>Accumulated amortization</u>				
Computer software	<u>12,523</u>	<u>\$ 1,266</u>	<u>\$ -</u>	<u>13,789</u>
	<u>\$ 1,442</u>			<u>\$ 1,737</u>

	January 1 through December 31, 2021			
	Balance at Beginning of Year	Increase in the Year	Decrease in the Year	Balance at Ending of Year
<u>Cost</u>				
Computer software	\$ 12,203	<u>\$ 1,762</u>	<u>\$ -</u>	\$ 13,965
<u>Accumulated amortization</u>				
Computer software	<u>11,534</u>	<u>\$ 989</u>	<u>\$ -</u>	<u>12,523</u>
	<u>\$ 669</u>			<u>\$ 1,442</u>

The amortization expense was calculated on the straight-line basis over the following useful lives:

Computer software 1 to 5 years

XVI. Other assets

	December 31, 2022	December 31, 2021
<u>Current</u>		
Inventory of supplies	\$ 1,191	\$ 1,403
Prepayments		
Prepayment for purchase	32,854	44,461
Other prepaid expenses	29,847	5,622
Prepaid insurance	6,166	1,866
Others	<u>2,058</u>	<u>6,439</u>
Total	<u>\$ 72,116</u>	<u>\$ 59,791</u>
<u>Noncurrent</u>		
Guarantee deposits paid	\$ 8,562	\$ 6,407
Prepayment for equipment purchase	<u>3,640</u>	<u>3,506</u>
	<u>\$ 12,202</u>	<u>\$ 9,913</u>

XVII. Loans

(I) Short-term loan

	December 31, 2022	December 31, 2021
<u>Secured loan (Note 30)</u>		
Bank loan	\$ 738,000	\$ 548,000
Loan for purchase of material	161,625	162,885
<u>Unsecured loan</u>		
Credit loan	258,000	10,000
Loan for purchase of material	<u>25,094</u>	<u>54,880</u>
	<u>\$ 1,182,719</u>	<u>\$ 775,765</u>
Range of interest rates	1.06%~6.29%	1.04%~2.37%

(II) Long-term loan

	December 31, 2022	December 31, 2021
<u>Secured loan (Note 30)</u>		
Bank loan	\$767,019	\$274,305
<u>Unsecured loan</u>		

Bank loan	<u>150,690</u>	<u>78,740</u>
	917,709	353,045
Less: Due within one year	<u>( 424,589 )</u>	<u>( 193,697 )</u>
Long-term loans	<u>\$493,120</u>	<u>\$159,348</u>
Range of interest rates	2.60%~4.66%	2.00%~2.50%

	Period	December 31, 2022	December 31, 2021
Secured NTD loans	January 2022 to January 2025	\$ 267,273	\$ -
Secured NTD loans	November 2022 to November 2024	200,000	-
Unsecured NTD loans	October 2022 to June 2025	103,445	-
Secured NTD loans	October 2021 to June 2023	-	100,000
Secured NTD loans	October 2022 to October 2025	80,000	-
Secured NTD loans	October 2020 to October 2025	70,780	99,305
Secured NTD loans	September 2022 to September 2024	70,400	-
Unsecured NTD loans	June 2021 to June 2024	47,244	78,740
Secured NTD loans	October 2022 to October 2024	45,233	-
Secured NTD loans	November 2021 to November 2024	33,334	50,000
Secured NTD loans	October 2020 to October 2022	-	25,000
Less: Due within one year		<u>( 424,589 )</u>	<u>( 193,697 )</u>
Total long-term loans		<u>\$ 493,120</u>	<u>\$ 159,348</u>

XVIII. Corporate bond payable

	December 31, 2022	December 31, 2021
4th domestic secured convertible corporate bond (I)	\$ -	\$278,338
5th domestic unsecured convertible corporate bond (II)	<u>5,056</u>	<u>103,525</u>
	5,056	381,863
Less: Due within one year	<u>( 5,056 )</u>	<u>( 381,863 )</u>
	<u>\$ -</u>	<u>\$ -</u>

(I) 4th domestic secured convertible corporate bond

Subject to the approval of the Financial Supervisory Commission under Letter Jin-Guan-Zheng-Fa-Zi No. 1050051194 on December 22, 2016, we offered and issued the 4th domestic secured convertible corporate bonds

amounting to NTD 300,000,000 with a coupon rate of 0% and a period of 5 years from January 17, 2017 to January 17, 2022.

The convertible corporate bonds include liabilities and equities, and the latter are stated in equity and presented as capital reserve - stock option. The initially recognized effective interest rate with respect to the liabilities is 1.2862%.

Issuance considerations (subtracting the transaction cost of NTD 18,570,000)	\$281,430
Interest based on effective rate of 1.2862%	17,395
Corporate bond payable converted to common stock	( 20,487 )
Liability components on December 31, 2021	278,338
Interest based on effective rate of 1.2862%	149
Redemption of corporate bonds	( 278,487 )
Liability components on December 31, 2022	<u>\$ -</u>

(II) 5th domestic unsecured convertible corporate bond

With the approval of the Financial Supervisory Commission under Letter Jin-Guan-Zheng-Fa-Zi No. 1070314271 on May 15, 2018, we offered and issued the 5th domestic secured convertible corporate bonds amounting to NTD 400,000,000 with a coupon rate of 0% and a period of 5 years from June 8, 2018 to June 8, 2023.

Early redemption of the convertible bonds

From the date (September 9, 2018) following expiration of three months upon offering of the convertible corporate bonds until 40 days prior to expiration of the duration (April 29, 2023), if the closing price of the Company's common shares exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may send the "Notice of Call" to be matured in 30 days (the time limit shall commence from the Company's service date, and the record date of the call shall be the date when the time limit expires, and the conversion suspension period specified in Article 9 shall not fall in the time limit) to the bond holders (those referred to in the roster of bond holders on the fifth business day prior to the service date of the Notice of Call, while the holders who acquire the corporate bonds through purchase or due to other causes subsequently, if any, shall be notified by public notice) via registered mail within 30 business days thereafter. Meanwhile, the Company shall ask Taipei Exchange in writing to post a public



announcement, and shall call all the corporate bonds at the face value in cash. The Company shall call the corporate bonds in cash within five (5) business days upon the record date.

From the date (September 9, 2018) following expiration of three months upon offering of the convertible corporate bonds until 40 days prior to expiration of the duration (April 29, 2023), if the balance of outstanding convertible bonds of the Company are lower than its original issue size by 10% or more, the Company may send the “Notice of Call” to be matured in 30 days (the time limit shall commence from the Company’s service date, and the record date of the call shall be the date when the time limit expires, and the conversion suspension period specified in Article 9 shall not fall in the time limit) to the bond holders (those referred to in the roster of bond holders on the fifth business day prior to the service date of the Notice of Call, while the holders who acquire the corporate bonds through purchase or due to other causes subsequently, if any, shall be notified by public notice) via registered mail at any time. Meanwhile, the Company shall ask Taipei Exchange in writing to post a public announcement, and shall call all the corporate bonds at the face value in cash. The Company shall call the corporate bonds in cash within five (5) business days upon the record date.

If any creditors do not give a written reply (effective immediately upon service or upon the date on the postmark if sent by mail) to the stock affairs department of the Company prior to the record date indicated on the “Notice of Call”, the Company shall call the corporate bonds at the face value in cash within five (5) business days upon the record date.

#### Creditor held put option

The bondholders may exercise the put option on the record dates thereof, namely, June 8, 2021, and June 8, 2022, upon expiration of three and four years, respectively, after issuance of the bonds. The Company may send the “Notice of Put Option” to the bond holders (those referred to in the roster of bond holders on the fifth business day prior to the service date of the Notice of Put Option, while the holders who acquire the convertible corporate bonds through purchase or due to other causes subsequently, if any, shall be notified by public notice) via registered mail 30 business days prior to the record date. The Company shall ask Taipei Exchange in writing to post a public

announcement disclosing holders request for exercise of put options of the convertible corporate bonds. The bondholders may give a written notice to the stock affairs department of the Company within 30 days after the announcement (effective immediately upon service or upon the date on the postmark if sent by mail) and ask the Company to redeem the convertible corporate bonds they hold at the face value plus an interest compensation [104.5678% of the face value for the expiration of three years (a real yield of 1.5%) or 106.9753% of the face value for the expiration of four years (a real yield of 1.7%)]. The Company shall respond to the exercise of put option by redeeming the convertible corporate bonds in cash within five (5) business days upon the record date. If the above-mentioned date is a nonbusiness day of the stock exchange market in Taipei City, the date will be extended to the next business day.

#### Conversion period

Unless (1) the period for suspension of transfer registration of common stock required by laws, (2) the period from 15 business days prior to the date for suspension of transfer registration of allocated dividends requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase to the record date for allocation of rights, and (3) from the record date for capital decrease to the day immediately prior to the trading date of stocks swapped upon capital decrease, the bondholders may inform Taiwan Depository & Clearing Corporation (TDCC) (hereinafter referred to as the “Depository Corporation”) via the securities firm to ask the Company’s stock affairs department to convert the convertible corporate bonds into the Company’s common shares pursuant to the Regulations at any time from the day following expiration of three months after the convertible corporate bonds are issued (September 9, 2018) to the expiration date (June 8, 2023), and may act in accordance with Article 10, 11 and 15 of the Regulations.

#### Conversion price and its adjustment

The conversion price of the convertible corporate bonds was determined, with May 31, 2018 as the temporary record date of conversion price. The price is NTD 11.3 per share. In case the number of the Company’s issued common stocks increases after issuance of the convertible corporate bonds,

the conversion price shall be adjusted based on the formula specified in the issuance terms. The conversion price was adjusted to NTD 13.70 as of December 31, 2022.

Rights and obligations after conversion

According to the conversion regulations, the rights and obligations of the bondholder with respect to the common shares after the effective conversion as requested are the same as those of the issued common stocks of the Company.

Provided as Guarantees

The convertible corporate bonds are unsecured. However, if the Company additionally issues other secured corporate bonds with warrants or convertibility after issuance of such corporate bonds, these shall be arranged with the creditor's rights of the same level or the real rights for security of the same sequence.

The convertible corporate bonds include liabilities and equities, and the latter are stated in equity and presented as capital reserve - stock option. The initially recognized effective interest rate with respect to the liabilities is 1.970892%.

Issuance considerations (less the transaction cost of NTD 37,508,000)	\$362,492
Interest based on the effective rate of 1.970892%	21,057
Redemption of corporate bonds	( 72,447)
Corporate bond payable converted to common stock	( 207,577)
Liability components on December 31, 2021	103,525
Interest based on the effective rate of 1.970892%	1,017
Redemption of corporate bonds	( 99,486)
Liability components on December 31, 2022	<u>\$ 5,056</u>

XIX. Notes and accounts payable

	December 31, 2022	December 31, 2021
Accounts payable	<u>\$362,239</u>	<u>\$389,184</u>

The Company establishes the financial risk management policies to ensure that all payables can be paid back within the pre-agreed term of credit.

XX. Other liabilities

	December 31, 2022	December 31, 2021
<u>Current</u>		
Other payables		
Bonus payable	\$ 37,982	\$ 32,853
Salary payable	15,011	14,392
Insurance payable	9,593	6,688
Processing fee payable	6,340	3,689
Service fee payable	5,707	4,951
Equipment payable	408	1,284
Others	<u>29,373</u>	<u>9,852</u>
	<u>\$104,414</u>	<u>\$73,709</u>
Other liabilities		
Receipts under custody.	\$ 4,117	\$ 1,975
Temporary receipts	<u>426</u>	<u>58</u>
	<u>\$ 4,543</u>	<u>\$ 2,033</u>

XXI. Retirement benefit plans

(I) Defined contribution plan

The pension system specified in the "Labor Pension Act" and adopted by the Company is the defined pension contribution plan managed by the government. A pension equal to 6% of employee's monthly wage shall be

contributed to the personal labor pension account at the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system adopted by the Company according to the “Labor Standards Act” is a defined retirement benefit plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. We appropriate 2% of the total monthly wage of an employee as the pension and remit the amount to the labor pension reserve funds account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, we will make up for the shortage in one appropriation before the end of the following March. The account is managed by the Bureau of Labor Funds, Ministry of Labor and we do not have the right to influence the investment management strategies.

The amounts of the defined benefit plan based on the actuarial report are listed as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	\$ 34,810	\$ 35,434
Fair value of plan assets	( 18,779 )	( 16,819 )
Net defined benefit liabilities	<u>\$ 16,031</u>	<u>\$ 18,615</u>

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance as of December 31, 2021	<u>\$ 38,143</u>	<u>( \$ 13,268 )</u>	<u>\$ 24,875</u>
Cost of defined benefit			
Current service cost	212	-	212
Interest expense	229	-	229
Interest income	-	( 92 )	( 92 )
Recognized in profit or loss	<u>441</u>	<u>( 92 )</u>	<u>349</u>
Re-measurement			

Return on planned assets	-	( 129)	( 129)
Actuarial gain – experience adjustment	( 1,404)	-	( 1,404)
Actuarial gain – financial assumption adjustment	( 464)	-	( 464)
Recognition in other comprehensive income	( 1,868)	( 129)	( 1,997)
Contribution by employer	-	( 3,330)	( 3,330)
Payment of benefits	( 1,282)	-	( 1,282)
Balance as of December 31, 2021	<u>35,434</u>	( <u>16,819</u> )	<u>18,615</u>
Cost of defined benefit			
Current service cost	108	-	108
Interest expense	266	-	266
Interest income	-	( 139)	( 139)
Recognized in profit or loss	<u>374</u>	( <u>139</u> )	<u>235</u>
Re-measurement			
Return on planned assets	-	( 1,147)	( 1,147)
Actuarial gain – experience adjustment	459	-	459
Actuarial gain – financial assumption adjustment	( 1,457)	-	( 1,457)
Recognition in other comprehensive income	( 998)	( 1,147)	( 2,145)
Contribution by employer	-	( 674)	( 674)
Balance as of December 31, 2022	<u>\$ 34,810</u>	( <u>\$ 18,779</u> )	<u>\$ 16,031</u>

Amounts related to the defined benefit plan recognized in profit or loss are summarized by function as follows:

	<u>2022</u>	<u>2021</u>
Operating cost	\$ 151	\$ 217
Marketing expense	56	80
Administrative expense	<u>28</u>	<u>52</u>
	<u>\$ 235</u>	<u>\$ 349</u>

The Company is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company’s plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds and corporate bonds leads to increase the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation would be increased by an increase in the plan participants’ salary.

The Company’s present value of the defined benefit obligation was calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.35%	0.75%
Rate of expected salary increase	1.00%	1.00%

If there was any reasonably possible changes to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	(\$ 575)	(\$ 750)
Decrease by 0.25%	\$ 593	\$ 780
Rate of expected salary		

increase		
Increase by 1.00%	<u>\$ 2,478</u>	<u>\$ 3,269</u>
Decrease by 1.00%	<u>(\$ 2,221)</u>	<u>(\$ 2,856)</u>

Since the actuarial assumptions might be correlated to each other and it was unlikely that the changes were only in a single assumption, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2022	December 31, 2021
Expected contribution within 1 year	<u>\$ 674</u>	<u>\$ 3,329</u>
Average maturity of defined benefit obligations	11.3 years	13.2 years
XXII. <u>Equity</u>		
(I) Capital stock		
1. Common stock		
	December 31, 2022	December 31, 2021
Number of authorized shares (thousand shares)	<u>350,000</u>	<u>350,000</u>
Authorized capital	<u>\$3,500,000</u>	<u>\$3,500,000</u>
Number of issued shares with adequate capital received (thousand shares)	<u>301,724</u>	<u>299,601</u>
Issued capital	<u>\$3,017,243</u>	<u>\$2,996,009</u>

A share of issued common stock had a par value of NTD10 and was entitled to one voting right and dividends.

In 2022 and 2021, the Company's convertible corporate bonds that had been converted into common stocks amounted to 2,123,000 shares and 6,322,000 shares, respectively.

To enhance the overall operating plan and competitiveness, the Company held a Board of Directors meeting on March 16, 2018 and adopted the private placement specified in Article 43-6 of the Securities and Exchange Act by issuing 40,000,000 common stocks at the price of NTD 7.6 per stock. The total amount of the private placement was NTD



304,000,000 and the record date of capital increase was October 17, 2018.

The Company's board of directors approved a private placement on December 24, 2019 by issuing 80,000,000 common stocks at the price of NTD 5 per stock. The total amount of the private placement was NTD 400,000,000 and the record date of capital increase was December 26, 2019.

The rights and obligations of the aforesaid common stocks issued for private placement were the same as the issued common stocks of the Company. They should not be transferred freely within 3 years after the delivery, except as otherwise specified in laws and regulations for special circumstances. The board of directors was authorized to finish the public offering procedure ex post facto with the competent authority and apply for trading on the exchange or OTC market.

In addition, as of April 26, 2021, the share subscription proceeds of NTD510,000,000 were fully collected by the Company, with the capital increase record date set on April 26, 2021.

(II) Capital reserves

	December 31, 2022	December 31, 2021
<u>Available for makeup of loss, distribution of cash dividends or transfer into capital (1)</u>		
Corporate bond conversion premium	\$114,519	\$92,414
Common stock premium	10,000	10,000
Donated assets received	69	69
Employee stock options	<u>4,483</u>	<u>4,483</u>
	<u>129,071</u>	<u>106,966</u>
<u>Only available for makeup of loss</u>		
Changes in net worth of equity of affiliates recognized under equity method (2)	2,562	2,562
Others (return of unclaimed dividends)	<u>129</u>	<u>129</u>
	<u>2,691</u>	<u>2,691</u>
<u>Not available for any purposes</u>		

Stock option	<u>555</u>	<u>15,770</u>
	<u>\$132,317</u>	<u>\$125,427</u>

1. These capital reserves may be used to make up losses or to distribute cash dividends or be transferred into the capital if the Company does not incur a loss. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.
2. These capital reserves are the adjustments for the Company to recognize subsidiaries' capital reserves under the equity method.

(III) Retained earnings and dividend policy

According to the Company's earnings distribution policy specified on its Articles of Incorporation, if the Company has a profit at the year's final accounting, it shall first pay taxes and make up for any cumulative losses in accordance with laws, and then make a 10% contribution of the balance to the legal reserves, and also make provision/reversal of special reserves pursuant to the laws. The residual balance shall be added to the accumulated undistributed earnings, and the board of directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for approval of allocation of shareholder dividends and bonus. For the distribution policy of employee and director/supervisor remuneration specified in the Company's Articles of Incorporation, please refer to (7) Remuneration to employees, directors and supervisors in Note 24.

According to the Articles of Incorporation of the Company, the dividend policy is adopted by the Company in consideration of the current and future development plans, investment environment, financing needs and domestic and international competition as well as the shareholders' interests and other factors. The Company's shareholders' dividends are allocated in the form of cash or stock dividends. The cash dividend shall be more than 20% of the total shareholders' dividends.

Legal reserves shall be prepared to the amount at which the balance of the legal reserves reaches to the total paid-in capital. Legal reserves may be used to make up loss. Where the Company does not sustain loss, the part of the legal reserves that exceeds 25% of total paid-in capital may be appropriated as capital or distributed by cash.

(IV)	Special reserves		
		<u>2022</u>	<u>2021</u>
	Balance at Ending of Year	<u>\$78,308</u>	<u>\$78,308</u>
(V)	Other equities		
	1. Exchange differences from translation of foreign financial statements		
		<u>2022</u>	<u>2021</u>
	Balance at Beginning of Year	(\$182,977)	(\$134,788)
	Amounts incurred in the year		
	Exchange differences from foreign operations	<u>44,206</u>	( <u>48,189</u> )
	Balance at Ending of Year	<u>(\$138,771)</u>	<u>(\$182,977)</u>

2. Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income

	<u>2022</u>	<u>2021</u>
Balance at Beginning of Year	(\$294,286)	(\$294,286)
Amounts incurred in the year		
Unrealized gains and losses		
Equity instrument	( <u>5,697</u> )	-
Balance at Ending of Year	( <u>\$299,983</u> )	( <u>\$294,286</u> )

XXIII. Income

(I) Customer contract income

	<u>2022</u>	<u>2021</u>
Revenue from sale of products	\$3,169,771	\$2,362,513
Revenue from commission	<u>21,767</u>	<u>20,740</u>
	<u>\$3,191,538</u>	<u>\$2,383,253</u>

(II) Balance of contract amount

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Accounts receivable (including those due from related parties) (Notes 10 and 29)	<u>\$1,107,170</u>	<u>\$ 485,917</u>	<u>\$ 527,457</u>
Contractual liabilities			
Sale of products	<u>\$ 25,217</u>	<u>\$ 38,202</u>	<u>\$ 21,863</u>

(III) Customer contract income breakdown

	<u>2022</u>	<u>2021</u>
<u>Major market by region</u>		
Europe	\$1,510,995	\$1,222,794
Asia	971,984	587,562
America	668,720	527,285
Oceania	38,500	45,508
Others	<u>1,339</u>	<u>104</u>
	<u>\$3,191,538</u>	<u>\$2,383,253</u>
<u>Main product</u>		
Bicycle and parts	\$3,169,771	\$2,362,513
Others	<u>21,767</u>	<u>20,740</u>
	<u>\$3,191,538</u>	<u>\$2,383,253</u>

XXIV. Net profit (loss) of continuing operations

(I) Interest income

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 824</u>	<u>\$ 258</u>

(II) Other revenue

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 8,828	\$ 1,388
Rent income	694	110
Government subsidy income	153	8
Others	<u>25,635</u>	<u>17,330</u>
	<u>\$35,310</u>	<u>\$18,836</u>

(III) Other gains (losses)

	<u>2022</u>	<u>2021</u>
Total gain (loss) from conversion of foreign currencies	\$83,903	(\$ 1,706)
Gain from disposal of property, plant, and equipment	33	-
VII. Gain (loss) from financial instruments measured at fair value through profit or loss	( 9,464 )	9,025
Other losses	<u>( 6,226 )</u>	<u>( 5,334 )</u>
	<u>\$68,246</u>	<u>\$ 1,985</u>

(IV) Financial cost

	<u>2022</u>	<u>2021</u>
Bank loan interest	\$38,629	\$17,208
Amortization of convertible corporate bonds	1,165	6,791
Interest on lease liabilities	<u>57</u>	<u>36</u>
	<u>\$39,851</u>	<u>\$24,035</u>

(V) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Summary of depreciation expenses by function		
Operating cost	\$ 16,478	\$ 4,586
Operating expense	<u>7,358</u>	<u>7,266</u>
	<u>\$23,836</u>	<u>\$11,852</u>

Summary of amortization expenses for intangible assets by function		
Operating cost	\$ -	\$ -

	Operating expense	<u>1,266</u>	<u>989</u>
		<u>\$ 1,266</u>	<u>\$ 989</u>
(VI)	Employee benefit expense		
		<u>2022</u>	<u>2021</u>
	Retirement benefits (Note 21)		
	Defined contribution plan	\$ 8,079	\$ 6,459
	Defined benefit plan	<u>235</u>	<u>349</u>
		8,314	6,808
	Other employee benefits	<u>230,159</u>	<u>186,659</u>
	Total employee benefit expenses	<u>\$238,473</u>	<u>\$193,467</u>
	Summarized by function		
	Operating cost	\$134,105	\$105,662
	Operating expense	<u>104,368</u>	<u>87,805</u>
		<u>\$238,473</u>	<u>\$193,467</u>

(VII) Remuneration to employees, directors and supervisors

According to the Articles of Incorporation, the Company shall appropriate 2% to 10% of the profit on the annual final account, if any, as the remuneration to the employees and up to 5% of the profit as the remuneration to the directors and supervisors. However, when the Company still has losses accumulated in the previous year, an amount equal to the losses shall be first reserved from the profit before the profit can be appropriated in accordance with the said percentages. Since there are losses in 2022 and 2021, no estimates were made for the remuneration to the employees or directors and supervisors.

The information about remuneration to the employees and directors/supervisors in 2022 and 2021 approved by the Board of Directors may be viewed at the "MOPS" of TWSE.

(VIII) Foreign exchange gain (loss)

	<u>2022</u>	<u>2021</u>
Total profit from translation of foreign currencies	\$130,615	\$ 52,402
Total loss from translation of foreign currencies	<u>( 46,712)</u>	<u>( 54,108)</u>
Net gain (loss)	<u>\$83,903</u>	<u>(\$ 1,706)</u>

XXV. Income tax of continuing operations

(I) Income tax recognized in profit or loss

Major components of the income tax expenses recognized:

	<u>2022</u>	<u>2021</u>
Current income tax		
Tax incurred in the year	\$ -	\$ -
Deferred income tax		
Tax incurred in the year	<u>96,867</u>	<u>10,252</u>
Income tax expense recognized in profit or loss	<u>\$ 96,867</u>	<u>\$ 10,252</u>

Reconciliation of accounting income and income tax (profit) is as follows:

	<u>2022</u>	<u>2021</u>
Net profit before tax of continuing operations	<u>\$431,225</u>	<u>\$92,843</u>
Income tax derived by applying net profit before tax to the statutory tax rate	\$ 86,245	\$ 18,569
Expense and loss not deductible from tax	( 1,744 )	227
Unrecognized deductible temporary difference	<u>12,366</u>	( <u>8,544</u> )
Income tax expense recognized in profit or loss	<u>\$ 96,867</u>	<u>\$ 10,252</u>

(II) Income tax recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred income tax</u>		
Tax incurred in the year		
– Translation from foreign operations	<u>\$ 6,873</u>	( <u>\$ 8,031</u> )
Income tax loss recognized in other comprehensive income	<u>\$ 6,873</u>	( <u>\$ 8,031</u> )

(III) Current income tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax assets		
Income tax refund receivable	<u>\$ 228</u>	<u>\$ 168</u>

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

	Balance at Beginning of Year	Recognized in profit or loss	Recognized in Other comprehensive income	Balance at Ending of Year
<u>Deferred income tax</u>				
<u>assets</u>				
Temporary difference				
Unrealized exchange loss	( \$ 1,041 )	\$ 1,942	\$ -	\$ 901
Unrealized inventory devaluation loss	1,387	2,455	-	3,842
Unpaid pension	4,792	( 88 )	-	4,704
Unrealized gross profit	2,236	2,798	-	5,034
Expected deferred excessive credit impairment loss	74,255	( 12,312 )	-	61,943
Investment loss under equity method	19,603	( 19,603 )	-	-
Exchange differences from foreign operations	( 3,877 )	-	3,877	-
Financial assets impairment loss measured at fair value through other comprehensive income	67,708	-	-	67,708
Loss carryforwards	<u>64,547</u>	<u>( 39,386 )</u>	<u>-</u>	<u>25,161</u>
	<u>\$ 229,610</u>	<u>( \$ 64,194 )</u>	<u>\$ 3,877</u>	<u>\$ 169,293</u>
<u>Deferred income tax</u>				
<u>liabilities</u>				
Temporary difference				
Foreign investment profit under equity method	( \$ 67,878 )	( \$ 33,021 )	\$ -	( \$ 100,899 )
Unrealized valuation loss of corporate bonds	( 3,796 )	348	-	( 3,448 )
Land incremental tax	( 21,605 )	-	-	( 21,605 )
Exchange differences from foreign operations	<u>( 22,168 )</u>	<u>-</u>	<u>2,996</u>	<u>( 19,172 )</u>
	<u>( \$ 115,447 )</u>	<u>( \$ 32,673 )</u>	<u>\$ 2,996</u>	<u>( \$ 145,124 )</u>



2021

	Balance at Beginning of Year	Recognized in profit or loss	Recognized in Other comprehensive income	Balance at Ending of Year
<u>Deferred income tax</u>				
<u>assets</u>				
Temporary difference				
Unrealized exchange loss	\$ 1,832	(\$ 2,873)	\$ -	(\$ 1,041)
Unrealized inventory devaluation loss	2,287	( 900)	-	1,387
Unpaid pension	5,388	( 596)	-	4,792
Unrealized gross profit	1,471	765	-	2,236
Expected deferred excessive credit impairment loss	72,761	1,494	-	74,255
Investment loss under equity method	23,846	( 4,243)	-	19,603
Exchange differences from foreign operations	2,854	-	( 6,731)	( 3,877)
Financial assets impairment loss measured at fair value through other comprehensive income	67,708	-	-	67,708
Loss carryforwards	<u>57,853</u>	<u>6,694</u>	<u>-</u>	<u>64,547</u>
	<u>\$ 236,000</u>	<u>\$ 341</u>	<u>( \$ 6,731)</u>	<u>\$ 229,610</u>
<u>Deferred income tax</u>				
<u>liabilities</u>				
Temporary difference				
Foreign investment profit under equity method	(\$ 58,235)	(\$ 9,643)	\$ -	(\$ 67,878)
Unrealized valuation loss of corporate bonds	( 2,846)	( 950)	-	( 3,796)
Land incremental tax	( 21,605)	-	-	( 21,605)
Exchange differences from foreign operations	( <u>20,868</u> )	<u>-</u>	( <u>1,300</u> )	( <u>22,168</u> )
	<u>( \$ 103,554)</u>	<u>( \$ 10,593)</u>	<u>( \$ 1,300)</u>	<u>( \$ 115,447)</u>

(IV) Amount of deductible temporary difference of the deferred income tax assets unrecognized in balance sheet

	December 31, 2022	December 31, 2021
Deductible temporary difference	<u>\$1,004,693</u>	<u>\$ 896,987</u>

(V) Information on loss carryforwards

The information on the loss carryforwards of the Company up to December 31, 2022 is as follows:

<u>Balance to be credited</u>	<u>Last year of credit</u>
\$ 88,798	2030
<u>37,009</u>	2031
<u>\$125,807</u>	

(VI) Authorization of income tax

The Company's profit-seeking business income tax filings have been approved by the tax authority up until 2018.

XXVI. Earnings per share

	<u>2022</u>	<u>2021</u>
Basic EPS	<u>\$ 1.11</u>	<u>\$ 0.29</u>
Diluted EPS	<u>\$ 1.11</u>	<u>\$ 0.29</u>

The net profit and the weighted average number of common stocks used for calculating earnings per share are as follows:

Net profit for the year

	<u>2022</u>	<u>2021</u>
Net profit used for calculation of earnings per share	<u>\$334,358</u>	<u>\$ 82,591</u>

Number of shares (thousand shares)

	<u>2022</u>	<u>2021</u>
Weighted average number of common stocks used for calculating basic EPS	301,458	281,803
Effect of potential diluted common stocks:		
Convertible corporate bond	<u>29</u>	<u>3,739</u>
Weighted average number of common stocks used for calculating diluted EPS	<u>301,487</u>	<u>285,542</u>

XXVII. Capital risk management

The Company conducts capital management to ensure the Company can keep operating and growing while maximizing shareholders' return by optimizing the liability and equity balances.

For the capital structure and management strategy, the Company takes into account the scale and growing potential of the industry to which the Company belongs, the defined product development blueprint, and the market share. With these as a basis, the Company makes overall plans regarding required capacity, corresponding capital expenses, and assets needed for long-term development of the Company. Finally, we estimate potential gross profit of our products, operating profit rate, and cash flow based on the competitive strength of the Company, and determine the appropriate capital structure in consideration of the fluctuation in business cycle, life cycle of products, and other risk factors.

The management of the Company reviews the capital structure on a regular basis and measures the cost and risk of different capital instruments. In general, the Company adopts deliberately designed risk management strategies.

XXVIII. Financial instruments

(I) Fair value information – financial instruments not measured at fair value

	December 31, 2022		December 31, 2021	
	Book value	Fair Value	Book value	Fair Value
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
– Convertible corporate bond	\$ 5,056	\$ 9,010	\$ 381,863	\$ 396,815

(II) Fair value information – financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>measured at fair value through profit or loss</u>				
Domestic listed (OTC) stocks	\$ 13,881	\$ -	\$ -	\$ 13,881
<u>Financial assets</u>				
<u>measured at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic non-listed (non-OTC) stocks	\$ -	\$ -	\$ 97	\$ 97

- Foreign non-listed (non-OTC) stocks	-	-	12,541	12,541
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,638</u>	<u>\$ 12,638</u>
 <u>December 31, 2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u> <u>measured at fair</u> <u>value through profit</u> <u>or loss</u>				
Domestic listed (OTC) stocks	<u>\$ 21,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,597</u>
<u>Financial assets</u> <u>measured at fair</u> <u>value through other</u> <u>comprehensive</u> <u>income</u>				
Investment in equity instruments - Domestic non-listed (non-OTC) stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 97</u>
<u>Financial liabilities</u> <u>measured at fair</u> <u>value through profit</u> <u>or loss</u>				
Derivatives:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,459</u>	<u>\$ 1,459</u>

There was no transfer of fair value measurements between Level 1 and Level 2 in 2022 and 2021.

2. Adjustments to the financial instruments measured at Level 3 fair value

Equity instrument of financial assets	Financial assets measured at fair value through profit or loss	
	<u>2022</u>	<u>2021</u>
Balance at Beginning of Year	\$ 97	\$ 1,756
Increase in the year	18,238	-
Recognition in other comprehensive income	( 5,697 )	-
Disposal	<u>-</u>	<u>( 1,659 )</u>
Balance at Ending of Year	<u>\$ 12,638</u>	<u>\$ 97</u>
	Financial liabilities measured at fair value through profit or loss	
Derivatives – convertible bonds	<u>2022</u>	<u>2021</u>

Derivatives – convertible bonds	Financial liabilities measured at fair value through profit or loss	
	2022	2021
Balance at Beginning of Year	\$ 1,459	\$ 7,932
Recognition in profit or loss (other profits and losses)	( 1,459)	( 6,473)
Balance at Ending of Year	\$ -	\$ 1,459

3. Evaluation technology and inputs measured at Level 3 fair value

Derivatives - The fair value of the call and put options of convertible corporate bonds is estimated using the binary tree-based model for convertible bond valuation. The significant unobservable input used is the stock price volatility. The fair value of the derivatives becomes higher when the stock price volatility increases.

(III) Type of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Measurement at fair value through profit or loss Designated to be measured at fair value through profit or loss	\$ 13,881	\$ 21,597
Financial assets measured at amortized cost (Note 1)	1,611,639	1,216,847
Financial assets measured at fair value through other comprehensive income - non-current Investment in equity instruments	12,638	97
<u>Financial liabilities</u>		
Measurement at fair value through profit or loss Held-for-sale	-	1,459
Measurement at amortized cost (Note 2)	2,633,419	2,086,603

Note 1: The balance included the financial assets measured at amortized cost, such as cash, notes and accounts receivable (including related parties), other receivables (including related parties), and guarantee deposits paid.

Note 2: The balance included the financial liabilities measured at amortized cost, such as short-term loans, notes and accounts payable (including those due to related parties), other payables (including those due to related parties), corporate bonds payable, and long-term loans (including those maturing within 1 year).

(IV) Financial risk management purpose and policy

(1) The Company's financial risk management aims to manage the market risk, credit risk and liquidity risk related to management and business operating activities. To reduce financial risk, the Company is dedicated to identify, assess and avoid market uncertainties to minimize potential adverse effect of the market fluctuation on the financial performance of the Company.

The important financial activities of the Company are audited and approved by the management according to related regulations and the internal control system. The Company strictly follows relevant financial operation procedures during planning and implementation of financial plans.

1. Market risk

The major financial risks that the operating activities imposed on the Company are the exchange rate fluctuation risk (s. (1) below), interest rate fluctuation risk (s. (2) below), and other price risks (s. (3) below).

(1) Exchange rate risk

The Company is engaged in sales and purchase transactions in foreign currency, borrowing, and net investment in foreign operations. These activities expose the Company to the exchange rate fluctuation risk. The Company uses forward exchange contracts to manage the exchange rate risk within the policies. Since the net investment in foreign operations is a strategic investment, the Company does not take hedging measures for this investment.

Sensitivity analysis

The Company is affected primarily by fluctuation in the exchange rate of USD and JPY.

The sensitivity analysis on the consolidated company's exchange rate risk is primarily focused on the calculation not valuated with the functional currency at the end of the financial reporting period. The positive number in the following table means the increased amount of the pre-tax net profit when NTD (functional currency) depreciates by 1% against each related currency; when NTD depreciates by 1% against each related currency, the effect on the pre-tax net profit is represented with a

negative number of the same amount. This rate of change is the sensitivity ratio used by the Company when reporting the exchange rate risk to the management.

	Effect of USD		Effect of JPY	
	2022	2021	2022	2021
Pre-tax profit	\$ 8,633	\$ 6,537	\$ 1,221	\$ 338

## (2) Interest rate risk

The interest rate risk exposure occurs because the Company borrowed funds at fixed and floating rates at the same time. The Company maintains an adequate portfolio of fixed and floating interest rates to manage the interest rate risk. The book values of the financial assets and liabilities of the Company exposed to the interest rate risk on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
With fair value interest rate risk		
– Financial liability	\$ 341,080	\$ 382,422
With cash flow interest rate risk		
– Financial asset	461,252	689,288
– Financial liability	1,789,851	1,128,810

### Sensitivity analysis

The sensitivity analysis on the interest rate risk is primarily focused on the calculation based on the fluctuation of the floating rate with respect to the cash flow of the financial assets and liabilities at the end of the financial reporting period.

If the interest rate increases/decreases by 50 basis points, the net profit before tax of the Company in 2022 and 2021 would decrease/increase by NTD6,643,000 and NTD2,198,000 respectively.

## (3) Other price risks

The Company sustained equity price risk exposure due to investment in publicly quoted equity securities. This investment is not held for trading but a strategic investment. The Company does not trade this investment spontaneously.



### Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 1%, the profit before tax in 2022 and 2021 would increase/decrease by NTD139,000 and NTD201,000, respectively, due to increase/decrease of the fair value of the financial assets (liabilities) measured at fair value through profit or loss. If the equity price increased/decreased by 1%, other comprehensive incomes before tax in 2022 and 2021 would increase/decrease by NTD126,000 and NTD1,000, respectively, due to increase/decrease of the fair value of the financial assets measured at fair value through other comprehensive income.

## 2. Credit risk

As stated in Note 31, the credit risk refers to the risk of financial loss to the Company because the trading counterpart delays in the fulfillment of the contractual obligations.. The credit risk of the Company mainly comes from the accounts receivable incurred from the operating activities, bank deposits, and other financial instruments. The operation-related credit risk and financial credit risk are managed separately.

### Operation-related credit risk

The Company has established the management procedure of operation-related credit risk to maintain the quality of accounts receivable.

The considerations of risk assessment with respect to individual customers include many factors that may affect their solvency, such as their financial status, the rating of the credit rating institutions, the internal credit rating of the Company, historic trading records, and current economic conditions. The Company also applies some credit enhancement instruments (e.g. advance sale receipts and additional collaterals) in a timely manner to reduce customers' credit risk.

Receivables are to be collected from many customers. They belong to different industries and are located in different geographic areas. The

Company continuously assesses the financial status of the customers from which receivables shall be recovered and, if necessary, enters into credit insurance contracts.

Up to December 31, 2022 and 2021, the balance of receivables of the Top 10 customers constituted 73% and 50%, respectively, of the total account receivables (including those due from related parties). The credit concentration risk of other receivables was insignificant.

#### Financial credit risk

The credit risk of bank deposits and other financial instruments is measured and monitored by the finance department of the Company. The Company's trade counterpart and performing party are all reputable banks and financial institutions with no significant performance concerns; therefore, there is no significant credit risk.

### 3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support business operation and reduce the effect of the fluctuating cash flow. The management of the Company monitors the use of banking facility and ensures compliance with the terms of the loan contract.

Bank loans are one of the important sources of liquidity. For the banking facility that the Company has not used, refer to relevant descriptions in (2) below.

#### (1) Liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of the non-derivative financial liabilities is compiled based on the earliest repayment date the Company would be required to repay and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the Company may be requested to repay immediately is listed in the earliest period on the table without consideration of the possibility of the bank to exercise this right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

For the cash flow of the interest paid at floating rate, the non-discounted interest amount is derived from the anticipated borrowing rate of interest on the balance sheet date.

## December 31, 2022

	Repaid immediately or within less than 6 months	Over 6 months and within 1 year	Over 1 years and within 2 years	Over 2 years and within 5 years	Over 5 years	Total
Non-interest-bearing liabilities	\$ 527,935	\$ -	\$ -	\$ -	\$ -	\$ 527,935
Lease liabilities	9,052	6,452	9,995	460	-	25,959
Floating interest rate instruments	127,868	1,313,313	245,441	98,173	-	1,784,795
Fixed interest rate instruments	88,537	82,690	149,506	-	-	320,733
	<u>\$ 753,392</u>	<u>\$1,402,455</u>	<u>\$ 404,942</u>	<u>\$ 98,633</u>	<u>\$ -</u>	<u>\$2,659,422</u>

More information on the maturity analysis of said financial lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liabilities	\$ 15,504	\$ 10,455	\$ -	\$ -	\$ -	\$ -
Floating interest rate instruments	\$1,441,181	\$ 343,614	\$ -	\$ -	\$ -	\$ -
Fixed interest rate instruments	\$ 171,227	\$ 149,506	\$ -	\$ -	\$ -	\$ -

## December 31, 2021

	Repaid immediately or within less than 6 months	Over 6 months and within 1 year	Over 1 years and within 2 years	Over 2 years and within 5 years	Over 5 years	Total
Non-interest-bearing liabilities	\$ 575,930	\$ -	\$ -	\$ -	\$ -	\$ 575,930
Lease liabilities	537	25	-	-	-	562
Floating interest rate instruments	204,625	764,837	73,143	86,205	-	1,128,810
Fixed interest rate instruments	385,000	-	-	-	-	385,000
	<u>\$1,166,092</u>	<u>\$ 764,862</u>	<u>\$ 73,143</u>	<u>\$ 86,205</u>	<u>\$ -</u>	<u>\$2,090,302</u>

More information on the maturity analysis of said financial lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liabilities	\$ 562	\$ -	\$ -	\$ -	\$ -	\$ -
Floating interest rate instruments	\$ 969,462	\$ 159,348	\$ -	\$ -	\$ -	\$ -

## (2) Banking facility

	December 31, 2022	December 31, 2021
Secured bank loan limit		
- Employed capital	\$1,666,644	\$ 985,190
- Unemployed capital	<u>731,055</u>	<u>182,875</u>
	<u>\$2,397,699</u>	<u>\$1,168,065</u>
Unsecured bank loan limit		
- Employed capital	\$ 433,784	\$ 143,620
- Unemployed	<u>56,326</u>	<u>85,120</u>

	capital	<u>\$ 490,110</u>	<u>\$ 228,740</u>
XXIX.	<u>Related party transactions</u>		

In addition to those disclosed in other notes, transactions between the Company and other related parties are described as follows.

(I) Names of related parties and their relationship with the Company

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Ideal Bike (SGP) Co. Pte., Ltd.	Subsidiary
Ideal (Dong Guan) Bike Co., Ltd.	Subsidiary
TOP SPORT INTERNATIONAL LTD.	Subsidiary
Ideal Europe SP.ZO.O	Subsidiary
Crown Alliance International Co., LTD.	Subsidiary
Pacific Glory Worldwide Ltd.	Subsidiary
Advanced Sports International - Asia Ltd.	Subsidiary in which the Company has indirect shareholding (fully liquidated in July 2023)
ECONOTRADE LIMITED	Subsidiary in which the Company has indirect shareholding
Econotrade Limited Taiwan Branch (B.V.I)	Subsidiary in which the Company has indirect shareholding
Ling Xian Sports Equipment (Dong Guan) Limited	Subsidiary in which the Company has indirect shareholding
ADVANCED SPORTS , INC	Associate
Fulltech Fiber Glass Corp.	Associate

(II) Operating revenue

<u>Title</u>	<u>Type of Related Party</u>	<u>2022</u>	<u>2021</u>
Sales revenue	Subsidiary		
	Ideal (Dong Guan) Bike Co., Ltd.	\$ 233,037	\$ 280,861
	IDEAL EUROPE SP. ZO.O	130,593	219,429
	Others	181	144
		<u>\$ 363,811</u>	<u>\$ 500,434</u>

The price of the products that the Company sells to the aforesaid related parties is determined with reference to the sales price of the end customer. Since the products are sold to major distributors in different regions, there is no distributors available for comparison in the same situation. The credit period that the Company grants to the aforesaid related parties for the transactions with them is longer. The payment term is usually 3 months and the applicable term for the related parties is 6 months.

(III)	Purchase		
	<u>Type of Related Party</u>	<u>2022</u>	<u>2021</u>
	Subsidiary		
	Ideal (Dong Guan) Bike Co., Ltd.	\$332,118	\$197,765
	IDEAL EUROPE SP. ZO.O	12,230	-
	Others	<u>-</u>	<u>6,990</u>
		<u>\$344,348</u>	<u>\$204,755</u>

The raw materials that the Company purchases from related parties are needed for the manufacture process. The trading price is similar to usual trades and the payment term is 3 months as usual.

(IV)	Accounts receivable from related parties			
	<u>Title</u>	<u>Type of Related Party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Accounts receivable	Subsidiary		
	-			
	Related party – net	IDEAL EUROPE SP. ZO.O	\$ 324,172	\$ 157,528
		Ideal (Dong Guan) Bike Co., Ltd.	112,544	51,755
		Others	-	1
		Associate		
		Advanced Sports Inc.	324,805	324,805
		Less: Loss allowance	<u>( 324,805 )</u>	<u>( 324,805 )</u>
			<u>\$ 436,716</u>	<u>\$ 209,284</u>

Changes in loss allowance for accounts receivable from related parties are as follows:

		<u>2022</u>	<u>2021</u>
	Balance, Beginning of Year and End of Year	<u>\$324,805</u>	<u>\$324,805</u>

No guarantee was requested for the outstanding accounts receivable from related parties. Up to December 31, 2022, the part of the accounts receivable from subsidiaries that were overdue for a certain period had been completely transferred from the accounts receivable due from related parties to other receivables due from related parties.

No guarantee was requested for the outstanding accounts receivable from related parties.

(V) Other receivables from related parties

Title	Type of Related Party	December 31, 2022	December 31, 2021
Other receivables - Related party - net	Subsidiary		
	ECONOTRADE LIMITED	\$ 11,444	\$ 3,156
	Ideal (Dong Guan) Bike Co., Ltd.	4,601	1,048
	IDEAL EUROPE SP. ZO.O	3,780	19,531
	Econotrade Limited Taiwan Branch (B.V.I)	1,647	3,613
	Others	408	10
Other receivables - Related party - net	Associate		
	Advanced Sports Inc.	149,590	149,590
	Less: Loss allowance	( <u>149,590</u> )	( <u>149,590</u> )
		<u>\$ 21,880</u>	<u>\$ 27,358</u>

Changes in allowance for other receivables due from related parties are as follows:

	2022	2021
Balance, Beginning of Year and End of Year	<u>\$149,590</u>	<u>\$149,590</u>

(VI) Payables to related party

Title	Type of Related Party	December 31, 2022	December 31, 2021
Accounts payable - Related party	Subsidiary		
	Ideal (Dong Guan) Bike Co., Ltd.	\$ 30,201	\$ 102,139
	IDEAL EUROPE SP. ZO.O	<u>13,218</u>	<u>685</u>
		<u>\$ 43,419</u>	<u>\$ 102,824</u>
Other payables - Related party	Subsidiary		
	Pacific Glory Worldwide Ltd.	\$ 9,176	\$ 7,028
	Ideal (Dong Guan) Bike Co., Ltd.	7,140	1,709
	IDEAL EUROPE SP. ZO.O	99	55
	TOP SPORT INTERNATIONAL LTD.	-	1,421
	Others	<u>12</u>	<u>-</u>
		<u>\$ 16,967</u>	<u>\$ 10,213</u>

The outstanding balance of the accounts payable to related parties was not guaranteed and to be paid by cash.

(VII) Other related party transactions

Title	Type of Related Party	2022	2021
Revenue from commission	Subsidiary		
	ECONOTRADE LIMITED	\$ 13,590	\$ 10,050
	Econotrade Limited Taiwan Branch (B.V.I)	4,023	5,712
	Ideal (Dong Guan) Bike Co., Ltd.	2,460	1,537
	IDEAL EUROPE SP. ZO.O	<u>1,694</u>	<u>3,441</u>
		<u>\$ 21,767</u>	<u>\$ 20,740</u>
Rent income	Subsidiary		
	Econotrade Limited Taiwan Branch (B.V.I)	<u>\$ 34</u>	<u>\$ 34</u>
Title	Type of Related Party	2022	2021
Other revenue	Subsidiary		
	Econotrade Limited Taiwan Branch (B.V.I)	\$ 18,000	\$ 11,429
	ECONOTRADE LIMITED	805	991
	Ideal (Dong Guan) Bike Co., Ltd.	398	444
	IDEAL EUROPE SP. ZO.O	167	393
	Pacific Glory Worldwide Ltd.	<u>11</u>	<u>106</u>
		<u>\$ 19,381</u>	<u>\$ 13,363</u>
Payments for others	Subsidiary		
	Ideal (Dong Guan) Bike Co., Ltd.	<u>\$ 1,214</u>	<u>\$ 1,143</u>
Receipts under custody.	Subsidiary		
	Ideal (Dong Guan) Bike Co., Ltd.	\$ 2,056	\$ 249
	TOP SPORT INTERNATIONAL LTD.	<u>-</u>	<u>10</u>
		<u>\$ 2,056</u>	<u>\$ 259</u>

The trading price between the Company and related parties is similar to usual trades. The payment term is usually 3 months and the applicable term for the related parties is 6 months.



The Company rents offices out to subsidiaries and records the rent under the title of non-operating income and profit - other revenue. The rent of the offices is determined by usable floor area and received on a monthly basis.

(VIII) Bonus and remuneration to key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 31,645	\$ 28,089
Retirement benefits	<u>869</u>	<u>793</u>
	<u>\$ 32,514</u>	<u>\$ 28,882</u>

The remuneration to the key management was decided by the Remuneration Committee subject to personal performance and market trend.

XXX. Pledged and mortgaged assets

The following assets were provided as collateral for loans, guarantee money for tariff duties for import of (raw) materials:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment - net amount	\$199,953	\$203,240
Pledged time deposit (stated as financial assets measured at amortized cost - non-current)	171,836	294,892
Long-term equity investments under the equity method	<u>186,388</u>	<u>110,092</u>
	<u>\$558,177</u>	<u>\$608,224</u>

XXXI. Significant contingent liabilities and unrecognized contractual commitments

In addition to those described in other notes, the Company's significant commitments and contingencies on the balance sheet date are as follows:

(I) Contingency

- The amounts of the unused letter of credit issued by the Company for purchase of raw materials are as follows

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
JPY	<u>\$196,602</u>	<u>\$330,083</u>
USD	<u>\$ 161</u>	<u>\$ 686</u>

- The major customer and invested company, Advanced Sport Enterprises Inc. (ASE), of the Company applied to a US court for reorganization (Chapter 11 bankruptcy protection) on November 16, 2018 (American

time). At the same time, ASE also applied to the USA court for reorganization of the ASE Group's subsidiaries, including Advanced Sports, Inc. (ASI).

The US bankruptcy court approved the auction result of the ASE Group's assets on February 6, 2018 (American time). According to the approval, The total auction amount of these assets was about USD 23 million (including USD 7.5 million which Pacific Glory Worldwide Ltd., an overseas subsidiary established jointly by the Company and Fulltech, offered to acquire the trademark rights and related assets of Fuji, SE and other famous brands). According to the information on secured creditors that the ASE Group submitted to the US bankruptcy court, the merged company and subsidiaries were the secured creditors in the third priority with respect to the creditor's right to the payment for goods receivable from ASI (a total of about USD 24.26 million). The merged company was the creditor in the last priority with respect to the creditor's right to the ASE equity in which the merged company invested and the ASI equity in which the merged company invested through subsidiaries. As for the secured creditor's right to the aforesaid receivable payment for goods, the merged company commissioned lawyers in the USA to apply to the US bankruptcy court in order to protect the rights and interests of the merged company. The creditor's right to equity shall be attributable to the creditor in the last priority according to the United States Bankruptcy Code.

Up to March 13, 2023, the board of directors of the Company approved the financial report date and took an estimate of USD 31.20 million as the ASE and ASI equity value in consideration of the pending ASE reorganization proceeding. Since the chance of payment is very low as advised by the lawyers, the Company recognized all the equities as loss in 2018 (separately stated in the unrealized valuation profit/loss measured at fair value through other comprehensive income and share of profit/loss of associates under equity method). The creditor's right to accounts receivable amounted to about USD 24.26 million which the reorganized company designated as secured creditor's right with the US court. The consolidated company would apply to declare its secured

creditor's right to the US court pursuant to the United States Bankruptcy Code. Though the amount that could be recovered under the secured creditor's right was subject to the final decision of the US court, it was completely recognized in impairment loss in 2018 (stated as expected loss from credit impairment) with reference to the advice of the lawyers and based on the principle of conservation and stability.

The Company acquired the license agreement covering 4 bicycle brands of ASI at the end of 2017. However, to ensure the reorganization case could proceed effectively, the US court terminated that agreement pursuant to the United States Bankruptcy Code on December 21, 2018. According to the decision of the US court, the Company might request ASI to compensate for the damage of USD 4.80 million arising from termination of the agreement. Hence, the Company transferred this USD 4.80 million into other receivables. However, based on the principle of conservation and stability, the Company recognized it in loss in 2018 (stated as expected loss from credit impairment) and would declare the creditor's right to the US court pursuant to the United States Bankruptcy Code to protect the rights and interests of the Company.

The Company received a letter from the lawyers in the USA on April 9, 2019, stating that the US bankruptcy court issued a notice of court session to the Company with respect to the case filed by the Unsecured Creditors Committee of the ASE Group. The Unsecured Creditors Committee found the preferential secured creditor's right of the Company against the ASE Group defective and allegedly applied to the US bankruptcy court for revocation of this right. Without giving any proof, the Unsecured Creditors Committee inferred the substantial control of the Company over the ASE Group and alleged that it might apply for revocation of every transaction between the Company and ASE Group within 1 year dating from the date (11/16/2018) on which the ASE Group filed the application for corporate reorganization pursuant to the United States Bankruptcy Code, and, thus, the Company should returned the payment for goods (about USD 31 million) to the ASE Group.

The preferential secured creditor's right that the Company might claim against the ASE Group was based on and proved by related

contracts entered into between the Company and ASE Group. There was no such defect as alleged by the Unsecured Creditors Committee. The shares that the Company held in the ASE Group and the transactions with it were legal, all the transaction information were completely disclosed in the financial statements, and the Company did not have substantial control over the ASE Group as the Unsecured Creditors Committee alleged.

The Unsecured Creditors Committee filed the action for revocation and return of payment for goods against the Company only based on conjectures and what it alleged were false accusations. The Company hired lawyers in the USA to file objections pursuant to the legal proceedings of the USA to protect the rights and interests of the Company. After many legal offenses and defenses, both parties achieved an agreement of reconciliation in consideration of the procedural economy.

The liquidation plan of the ASE and other reorganization companies was approved by the US bankruptcy court on October 25, 2019 (American time). After the approval, the Unsecured Creditors Committee of the ASE and other reorganization companies revoked the aforesaid action claiming return of the payment for goods amounting to USD 31 million against the Company. The Company would participate in the creditor's rights distribution procedure of the ASE and other reorganization companies with the declared amount of creditor's right. According to the liquidation plan of the ASE and other reorganization companies, the first distribution procedure of creditor's rights was conducted on December 15, 2019, with the residual cash of the ASE and other reorganization companies. Subsequent distribution procedures of creditor's rights were conducted within one year after December 15, 2019, with the residual cash of the ASE and other reorganization companies and the money recovered under their creditor's rights. The Company participated in the distribution procedure of creditor's rights according to the decision of the US bankruptcy court. The actual amount recovered based on the distribution of the creditor's rights would be dependent upon the final actually distributed amount.

The liquidation plan of the ASE and other reorganization companies was approved by the US bankruptcy court on October 25, 2019 (American time). The Company received USD 1,102,000 on May 22, 2020 as the first distribution under the creditor's right according to the liquidation plan. Subsequent distribution procedures of creditor's rights will be conducted after the ASE and other reorganization companies recover the money under their creditor's rights according to the liquidation plan.

XXXII. Information on foreign currency assets and liabilities with significant effect

The following information is summarized and stated based on the foreign currencies other than the Company's functional currency. The disclosed exchange rate represents the rate of such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant effect are as follows:

December 31, 2022

Unit: In thousands of foreign currency

	Foreign Currency	Exchange Rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 31,558	30.71	\$ 969,146
JPY	565,726	0.2324	131,475
EUR	6,718	32.72	219,813
<u>Non-monetary items</u>			
Subsidiary under equity method			
USD	30,979	30.71	951,382
CNY	79,431	4.4094	350,241
PLN	56,612	6.9767	394,947
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	3,448	30.71	105,888
JPY	40,181	0.2324	9,338
EUR	486	32.72	15,902

December 31, 2021

Unit: In thousands of foreign currency

	Foreign Currency	Exchange Rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 32,655	27.68	\$ 903,890
JPY	370,072	0.2405	89,002
EUR	4,952	31.32	155,159
<u>Non-monetary items</u>			
Subsidiary under equity method			
USD	29,012	27.68	803,062
CNY	71,429	4.3415	310,110
PLN	51,874	6.8177	353,660
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	9,040	27.68	250,227
JPY	229,406	0.2405	55,172
EUR	157	31.32	4,917

The realized and unrealized foreign currency exchange gains (losses) of the Company in 2022 and 2021 were NTD 83,903,000 and NTD (1,706,000), respectively. However, it was infeasible to disclose the exchange loss and gain of each significant foreign currency because of numerous functional currencies in foreign currency transactions.

XXXIII. Supplementary disclosures

Information about (I) major transactions and (II) investees:

1. Loaning of funds to others: Table 1
2. Making of endorsements/guarantees for others: Table 2
3. Securities Held at the End of Period (Excluding the Holding of Shares in Subsidiaries, Associates, and Joint Ventures): Table 3.
4. Aggregate purchases or sales of the same securities reaching NTD 300 million or more than 20% of paid-in capital: None.
5. Acquisition of real estate reaching NTD 300 million or more than 20% of paid-in capital: None.
6. Disposal of real estate reaching NTD 300 million or more than 20% of paid-in capital: None.
7. Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of paid-in capital: None.
8. Accounts receivable from related parties reaching NTD100 million or more than 20% of paid-in capital: Table 4.
9. Engaged in derivative transactions: None
10. Information on investees: Table 5.

(III) Information on investments in Mainland China:

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit/loss and recognized investment profit/loss, investment book value at the end of the period, profit or loss received from investments, and limit on the amount of investment in Mainland China: Table 6.
2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment conditions, and unrealized profit/loss: Table 7

(IV) Information on major shareholders: The name, number of shares held, and shareholding ratio of the shareholders with an equity ratio of 5% or more:

Table 8



IDEAL BIKE CORPORATION

Loans to Others

2022

Table 1

Unit: NTD thousand unless otherwise specified

No. (Note 1)	Lending company	Borrowing company	Current account	Whether a related party	Maximum balance in current period	Balance at ending of period	Drawdown	Range of interest rates	Nature of loaning of funds (Note 2)	Business transaction amount (Note 5)	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral		Limit of loans to particular borrower (Note 3)	Limit of total loaning of funds (Note 4)	Remarks
													Name	Value			
0	IDEAL BIKE CORPORATION	Ideal Europe SP ZO.O	Other receivables	Yes	\$ 152,804	\$ 152,804	\$ 152,804	-	1	\$ 130,760	-	\$ -	-	\$ -	\$ 840,242	\$ 960,277	-
0	IDEAL BIKE CORPORATION	Ideal Europe SP ZO.O	Other receivables	Yes	92,145	92,130	-	5.25%	2	-	Working capital	-	-	-	840,242	960,277	-

Note 1: Number column description:

(1) 0 is reserved for issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: Nature of loaning of funds description:

(1) A business associate

(2) Needs for short-term financing

Note 3: The limit of loans to a particular borrower shall not exceed 35% of the Company's net value.

Note 4: The limit of total loaning of funds shall not exceed 40% of the Company's net value.

Note 5: Business transaction amount means the amount of the transactions between the lending and borrowing companies in the most recent year.

IDEAL BIKE CORPORATION  
Endorsement/Guarantees for Others  
2022

Table 2

Unit: NTD thousand unless otherwise specified

No. (Note 1)	Endorsing/guaranteeing company	Endorsed/guaranteed company		Limits on individual endorsements/guarantees (Note 3)	Current maximum guarantee/guarantee balance	Current endorsement/guarantee balance - ending	Drawdown	Endorsement/guarantee amount secured with property	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements (%)	Maximum endorsement/guarantee limit (Note 3)	Endorsement s/guarantees made by the parent company for its subsidiaries	Endorsement s/guarantees made by the subsidiaries for its parent company	Endorsement s/guarantees made for the operations in Mainland China	Remarks
		Company name	Relationship (Note 2)											
0	IDEAL BIKE CORPORATION	Ideal Europe SP ZO.O	3	\$ 1,200,346	\$ 64,430	\$ 61,420	\$ 60,284	\$ -	2.56	\$ 2,400,693	Yes	No	No	
		Ideal (Dong Guan) Bike Co., Ltd.	3	1,200,346	96,645	92,130	-	-	3.84	2,400,693	Yes	No	Yes	

Note 1: Number column description:

(1) 0 is reserved for issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into seven categories as follows. It is only necessary to mark the type:

(1) A business associated company.

(2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.

(3) The company holds the majority shareholdings of voting rights of the Company directly and indirectly.

(4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.

(5) The company needing mutual guarantee pursuant to an agreement in the same industry or between joint proprietors for undertaking engineering projects.

(6) The company received endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.

(7) Escrow and joint and several guarantee of the contracts in the same industry that involve transaction of pre-sale houses according to the Consumer Protection Act

Note 3: The total endorsement/guarantee amount of the Company is limited to 100% of the current net value of the Company. The endorsement/guarantee amount for individual companies is limited to 50% of the current net value of the Company.

IDEAL BIKE CORPORATION  
Securities Held at the End of Period  
December 31, 2022

Table 3

Unit: NTD thousand unless otherwise specified

Holding company	Type of securities	Name of securities	Relationship with the issuer of securities	Account title	At the end of the period				Remarks
					Number of stocks	Book value	Shareholding	Fair Value	
IDEAL BIKE CORPORATION	Stock	Capital Securities Corporation	None	Financial assets measured at fair value through profit or loss - current	1,262,059	\$ 13,694	0.06%	\$ 13,694	
	Stock	Unitech Printed Circuit Board Corp.	None	Financial assets measured at fair value through profit or loss - current	10,858	187	-	187	
	Stock	PCI International Investment Inc.	None	Financial assets measured at fair value through other comprehensive income - non-current	6,188	12,541	13.75%	12,541	
	Stock	Huan Hua Securities Finance Corporation	None	Financial assets measured at fair value through other comprehensive income - non-current	87,308	97	0.47%	97	
	Stock	Advanced Sports Enterprise Inc.	Key management	Financial assets measured at fair value through other comprehensive income - non-current	9,814,691	-	17%	-	Note
	Stock	TRIO BKIE A/S	None	Financial assets measured at fair value through other comprehensive income - non-current	12,000	-	1.92%	-	
	Stock	Karbon Kineetics Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	107,527	-	0.22%	-	
	Stock	Camma Cycling Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	500,000	-	10%	-	
	Stock	Innotq GmbH	None	Financial assets measured at fair value through other comprehensive income - non-current	8,621	-	18%	-	

Note: Please refer to Note 31.

IDEAL BIKE CORPORATION

Accounts receivable from related parties reaching NTD100 million or more than 20% of paid-in capital

December 31, 2022

Table 4

Unit: NTD thousand unless otherwise specified

Company stating in receivables	Name of counterpart	Relationship	Balance of accounts receivable from related parties	Turnover rate	Overdue accounts receivable from related parties		Subsequent recovered amount of accounts receivable from related parties	Appropriated allowance for loss
					Amount	Treatment		
IDEAL BIKE CORPORATION	Ideal Europe SP ZO.O	Subsidiary of the Company	\$327,952	0.52	\$ -	(Note 1)	\$ -	\$ -
	Ideal (Dong Guan) Bike Co., Ltd.	Subsidiary of the Company	117,145	2.74	-	(Note 1)	76,575	-
	Advanced Sport, Inc.	Associate	474,395	-	474,395	(Note 2)	-	474,395
Ideal (Dong Guan) Bike Co., Ltd.	ECONOTRADE LIMITED	Subsidiary of the Company	224,229	1.98	-	(Note 3)	224,229	-
ECONOTRADE LIMITED	Advanced Sport, Inc.	Associate	392,740	-	392,740	(Note 2)	-	392,740

Note 1: Overdue accounts receivable from related parties have been transferred to other receivables.

Note 2: Since Advanced Sport Inc. applied for reorganization, expected credit loss is provided for related receivables on the book. Refer to Note 31.

Note 3: This amount was entirely written off during preparation of the consolidated financial statements.

IDEAL BIKE CORPORATION  
Name and Territory of Investees and Other Relevant Information  
2022

Table 5

Unit: NTD/USD thousand unless otherwise specified

Name of investor	Name of investee	Territory	Main business operations	Original investment amount		Held at the end of period			Current profit (loss) of Investee	Profit (loss) from investments recognized in the current period	Remarks
				End of current period	End of last year	Number of stocks	Ratio	Book value			
IDEAL BIKE CORPORATION	Ideal Bike (SGP) Co. Pte., Ltd.	Singapore	Holding company	\$ 300,495	\$ 300,495	13,711,426	100%	\$ 727,274	\$ 83,769	\$ 83,769	
	TOP SPORT INTERNATIONAL LTD.	Cayman	Trading of bicycle parts	763,899	763,899	39,000	100%	88,126	29,533	29,533	
	Ideal Europe SP ZO.O	Poland	Manufacture and trading of bicycle parts	736,293	736,293	50,000	100%	394,947	37,400	37,400	
	Crown Alliance International Co., Ltd.	Seychelles	Holding company	105,544	105,544	3,400,000	100%	35,303	( 1,825 )	( 1,825 )	
	Fulltech Fiber Glass Corp.	Taiwan	Electronic-grade fiber glass	126,185	126,185	11,580,438	2.62%	189,944	31,523	826	
	Advanced Sports International-Asia Ltd.	Seychelles	Trading of bicycles and accessories	-	15,839	-	-	-	972	776	
	Pacific Glory Worldwide Ltd.	Seychelles	Trading of bicycles	51,399	51,399	15,100,000	100%	101,448	24,993	24,993	
TOP SPORT INTERNATIONAL LTD.	ECONOTRADE LIMITED	British Virgin Islands	Trading	USD 500	USD 500	500	100%	USD 3,004	USD 1,214	USD 1,214	
ECONOTRADE LIMITED	Advanced Sports, Inc.	United States of America	Trading of bicycles and accessories	USD 20,000	USD 20,000	100	50%	-	-	-	Note
	Econotrade Limited Taiwan Branch (B.V.I)	Taiwan	Trading of bicycles and accessories	USD 160	USD 160	500,000	100%	USD 1,285	USD 123	USD 123	
Pacific Glory Worldwide Ltd.	Advanced Sports International-Asia Ltd.	Seychelles	Trading of bicycles and accessories	USD -	USD 479	-	-	USD -	USD 34	USD 7	

Note: Please refer to Note 31.

IDEAL BIKE CORPORATION  
Information on Investments in Mainland China  
2022

Table 6

Unit: NTD thousand unless otherwise specified

Name of investee in Mainland China	Main business operations	Paid-in capital	Method of investment	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of Investee	The Company's shareholding of direct or indirect investment	Profit or loss from investments recognized in current period (Note 2)	Investment book value at the end of the period	Profit received from investments as of the end of current Period	Remarks
					O/R	Return							
Ideal (Dong Guan) Bike Co., Ltd.	Production and sale of bicycles and parts	USD 21,000	Note 3	\$ 306,885 (USD9,993,000)	\$ -	\$ -	\$ 306,885 (USD9,995,000)	\$ 125,874	100%	\$ 42,105 (Note 2)	\$ 349,016	\$ 29,973 (USD976,000)	
Ling Xian Sports Equipment (Dong Guan) Limited	Wholesale and import/export of bicycles, sports devices and parts	USD 3,400	Note 1	104,414 (USD3,400,000)	-	-	104,414 (USD3,400,000)	1,258	100%	1,258	-	-	

Accumulated amount of investments from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA (Note 4)
\$411,299 (USD 13,393,000)	\$411,299 (USD 13,393,000) Total approved amount: in USD1,000	\$1,440,415

Note 1: Investment is classified into following three categories. It is only necessary to mark the type:

- (I) Engaged in direct investment in Mainland China.
- (II) Invested in Mainland China through a company in a third area (please specify the investment company in the third area).
- (III) Others

Note 2: It was calculated based on the CPA audited financial statements in the same period.

Note 3: The total investment amount was NTD 306,885,000 (USD 9,993,000), wherein NTD 67,316,000 (USD 2,192,000) was used for indirect investment in Mainland China through a third area under commission, and the rest NTD 239,569,000 (USD 7,801,000) was used for investment in Mainland China through an invested company in a third area.

Note 4: The limit amount was calculated pursuant to the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" amended by the Investment Commission, MOEA, on August 29, 2008.

Note 5: The calculation was based on the exchange rate on December 31, 2022.

IDEAL BIKE CORPORATION

Any of the Following Significant Transactions with Investees in Mainland China, Either Directly or Indirectly through a Third Area, and Their Prices, Payment Conditions, and Unrealized Profit/Loss

2022

Table 7

Unit: NTD thousand unless otherwise specified

Name of investee in Mainland China	Trading type	Purchaser/sale (Note)		Price	Trading conditions		Notes/Accounts Receivable (Payable)		Unrealized gains and losses	Remarks
		Amount	Percentage		Payment terms	Ordinary terms	Amount	Percentage		
Ideal (Dong Guan) Bike Co., Ltd.	Sale	\$ 233,037	7.30%	Note	O/A 60 days	O/A 90 days	\$ 112,544	10.17%	(\$ 7,947)	—
	Purchase	332,118	11.08%	Calculated pursuant to contractual agreement	O/A 39 days	O/A 90 days	30,201	7.44%	-	—

Note: The price of the products sold to related parties is determined with reference to the sales price of the end customer. Since the products are sold to major distributors in different regions, there is no distributors available for comparison in the same situation.

IDEAL BIKE CORPORATION  
Information on Major Shareholders  
December 31, 2022

Table 8

Names of major shareholders	Share	
	Number of shares held	Shareholding
Unitech Printed Circuit Board Corp.	34,000,000	11.26%
Fulltech Fiber Glass Corp.	33,188,067	10.99%
Tse-Min YuN	24,000,000	7.95%
Guo Ling Investment Co., Ltd.	21,333,643	7.07%

Note 1: The information on major shareholders is acquired from the data of the Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and special stocks of the Company that have been registered and delivered in dematerialized form (including treasury stocks) on the last business day at the end of the current quarter. The capital stock stated in the consolidated financial statements of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

Note 2: In case any shareholder transferred his stocks to a trustee, the information on such shareholder was disclosed based on the account of the principal subject to the trust account opened by the trustee. As for shareholders who are an insider with 10% or more stake and declare their shareholdings pursuant to the Securities and Exchange Act, the number of shares held includes the shares of the shareholders and the shares that they transferred to a trustee and for which they have the right to determine the application. For more information on the declaration of insider shares, refer to the MOPS.



## §STATEMENTS OF MAJOR ACCOUNTING ITEMS§

<u>ITEM</u>	<u>NO. / INDEX</u>
Statements of asset, liability and equity items	
Statement of cash	Statement 1
Statement of Notes and Accounts Receivable	Statement 2
Statement of other receivables	Note 16
Statement of Financial Assets Measured at Fair Value through Profit or Loss – Current	Statement 4
Statement of Inventories	Statement 3
Statement of prepayments	Note 16
Statement of other current assets	Note 16
Statement of financial assets measured at fair value through other comprehensive income - non-current	Statement 5
Statements of financial assets measured at amortized cost - non-current	Note 9
Statement of changes in investment under equity method	Statement 6
Statement of changes in property, plant and equipment	Note 13
Statement of changes in accumulated depreciation of property, plant and equipment	Note 13
Statement of changes in right-of-use assets and their accumulated depreciation	Statement 7
Statement of changes intangible assets	Note 15
Statement of deferred income tax assets	Note 27
Statement of other non-current assets - non-current	Note 16
Statement of short-term loans	Note 17
Statement of short-term notes payable	Note 17
Statement of notes and accounts payable	Statement 8
Statement of Long-term loans	Statement 9
Statement of Lease Liabilities	Statement 10
Statement of corporate bonds payable	Note 18
Statement of other payables	Note 20
Statement of deferred income tax liabilities	Note 25
Statement of other current liabilities	Note 20
Statements of profit or loss items	
Statement of operating revenue	Statement 11
Statement of operating cost	Statement 12
Statement of operating expenses	Statement 13
Statement of other profits and expenses - net	Note 24
Statement of financial cost	Note 24
Statement of current employee benefits, depreciation, depletion, and amortization expenses by function	Statement 14

IDEAL BIKE CORPORATION

Statement of cash

December 31, 2022

Statement 1

Unit:  
NTD thousand, unless otherwise  
specified

Item	Summary	Amount
Cash		
Petty cash and cash on hand		\$ 130
Bank deposit		
Demand deposit		156,769
Foreign currency demand deposit	Including USD 3,813,000, @30.71; JPY 31,333,000, @0.2324; and EUR 252,000, @32.72	132,647
Time deposit	Maturing successively before March 2024	<u>171,836</u>
		461,382
L: Pledged time deposit	Stated as financial assets measured at amortized cost - non-current	( <u>171,836</u> )
		<u>\$ 289,546</u>

IDEAL BIKE CORPORATION  
Statement of Notes and Accounts Receivable  
December 31, 2022

Statement 2

Unit: NTD thousand

<u>Name of Customer</u>	<u>Amount</u>
Non-related party	
Customer A	\$221,896
Customer B	185,106
Customer C	92,957
Customer D	73,704
Customer E	35,589
Others (Note)	<u>61,202</u>
	<u>\$670,454</u>

Note: The balance of all the customers did not exceed 5% of the balance of this item.

IDEAL BIKE CORPORATION  
Statement of Inventories  
December 31, 2022

Statement 3

Unit: NTD thousand

Item	Amount	
	Cost	Net realizable value
Raw materials	\$ 816,965	\$ 826,738
Finished good	230,279	255,665
Work in process	106,070	130,151
Semi-finished goods	45,487	50,972
Materials and supplies in transit	18,589	18,589
Inventory of goods	239	240
Less: Allowance for inventory devaluation and obsolescence loss	( <u>19,211</u> )	<u>-</u>
	<u>\$1,198,418</u>	<u>\$1,282,355</u>

IDEAL BIKE CORPORATION  
Statement of Financial Assets Measured at Fair Value through Profit or Loss - Current  
December 31, 2022

Statement 4

Unit: NTD thousand unless otherwise specified.

Name of Financial Instrument	Summary	Unit	Acquisition Cost	Fair value		Remarks
				Unit Price	Total	
Domestic investment						
Listed (OTC) stock	Capital Securities Corporation	1,262,059	\$ 17,082	11.06	\$ 13,694	
	Unitech Printed Circuit Board Corp.	10,858	<u>132</u>	17.22	<u>187</u>	
Total			<u>\$ 17,214</u>		<u>\$ 13,881</u>	

IDEAL BIKE CORPORATION

Statement of financial assets measured at fair value through other comprehensive income - non-current

December 31, 2022

Statement 5

Unit: NTD thousand unless otherwise specified.

Name	Balance at Beginning of Year		Increase in the Year		Equity instruments measurement at fair value through profit or loss. Unrealized valuation gain (loss)	Balance at Ending of Year	
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount		Number of shares (thousand shares)	Amount
Financial assets measured at fair value through other comprehensive income - non-current							
Huan Hua Securities Finance Corporation	87	\$ 97	-	\$ -	\$ -	87	\$ 97
PCI International Investment Inc.	-	-	6	18,238	5,697	6	12,541
		<u>\$ 97</u>		<u>\$ 18,238</u>	<u>\$ 5,697</u>		<u>\$ 12,638</u>

IDEAL BIKE CORPORATION  
Statement of changes in investment under equity method  
January 1 through December 31, 2022

Statement 6

Unit: NTD thousand unless otherwise specified.

Name	Balance at Beginning of Year		Increase in the Year		Decrease in the Year		Investment (Loss) Gain	Cumulative Translation Adjustment	Unrealized gross profit from sales	Balance at Ending of Year			Net worth of Equity
	Number of stocks	Amount	Number of stocks	Amount	Number of stocks	Amount				Number of stocks	(%)	Amount	
Investment under Equity Method													
Ideal Bike (SGP) Co. Pte., Ltd.	13,711,426	\$ 634,043	-	\$ -	-	\$ -	\$ 83,769	\$ 9,462	\$ -	13,711,426	100	\$ 727,274	\$ 727,274
Ideal (Dong Guan) Bike Co., Ltd.	-	310,110	-	-	-	-	42,105	4,748	( 7,947 )	-	33.45	349,016	356,963
TOP SPORT INTERNATIONAL LTD.	39,000	55,635	-	-	-	-	29,533	2,958	-	39,000	100	88,126	88,126
Ideal Europe SP ZO.O	50,000	353,659	-	-	-	-	37,400	9,929	( 6,041 )	50,000	100	394,947	400,988
Crown Alliance International Co., LTD.	3,400,000	34,631	-	-	-	-	( 1,825 )	2,497	-	3,400,000	100	35,303	35,303
Advanced Sports International - Asia Ltd.	480,000	10,038	-	-	( 480,000 )	( 10,814 )	776	-	-	-	-	-	-
Pacific Glory Worldwide Ltd.	15,100,000	68,716	-	-	-	-	24,993	7,739	-	15,100,000	100	101,448	101,448
Fulltech Fiber Glass Corp.(Note 2)	11,243,178	189,118	337,260	-	-	-	826	-	-	11,580,438	2.62	189,944	189,944
		<u>\$ 1,655,950</u>		<u>\$ -</u>		<u>( \$ 10,814 )</u>	<u>\$ 217,577</u>	<u>\$ 37,333</u>	<u>( \$ 13,988 )</u>			<u>\$ 1,886,058</u>	<u>\$ 1,900,046</u>

Note 1: Investment loss/gain and net worth of equity were calculated based on the CPA audited financial statements of the investee in the same period.

Note 2: The Company pledged 4,500,000 shares of Fulltech Fiber Glass Corp.to King's Town Bank and another 2,000,000 shares of the same to Entie Commercial Bank.

IDEAL BIKE CORPORATION

Statement of changes in right-of-use assets and their accumulated depreciation

January 1 through December 31, 2022

Statement 7

Unit: NTD thousand unless otherwise specified.

Name	House and building	Transport equipment	Total
<b>Cost</b>			
Balance as of January 1, 2022	\$ 2,464	\$ 792	\$ 3,256
Addition	32,654	3,498	36,152
Disposal	( <u>2,464</u> )	( <u>792</u> )	( <u>3,256</u> )
Balance as of December 31, 2022	<u>32,654</u>	<u>3,498</u>	<u>36,152</u>
<b>Accumulated depreciation</b>			
Balance as of January 1, 2022	2,054	656	2,710
Depreciation	10,383	968	11,351
Disposal	( <u>2,464</u> )	( <u>792</u> )	( <u>3,256</u> )
Balance as of December 31, 2022	<u>9,973</u>	<u>832</u>	<u>10,805</u>
Net amount as of December 31, 2022	<u>\$ 22,681</u>	<u>\$ 2,666</u>	<u>\$ 25,347</u>



IDEAL BIKE CORPORATION  
Statement of notes and accounts payable  
December 31, 2022

Statement 8

Unit: NTD thousand

<u>Name of Supplier</u>	<u>Amount</u>
Non-related party	
Supplier A	\$24,810
Others (Note)	<u>337,429</u>
	<u>\$362,239</u>

Note: The balance of each individual supplier did not exceed 5% of the balance of this item.

IDEAL BIKE CORPORATION  
Statement of Long-term loans  
December 31, 2022

Statement 9

Unit: NTD thousand

Name	Period and Repayment Method	Annual Interest Rate (%)	Due within One year	Due after One Year	Total	Mortgage or Guarantee
Unsecured loan from King's Town Bank	The grace period was 6 months starting from the day of first drawdown (NTD 78,739,704,000 on June/10/2021). NTD 10,000,000 of the principal was repaid every quarter after expiration of the grace period and the rest principal was paid off when the loan period ended (June/9/2025).	2.625	\$ 31,496	\$ 15,748	\$ 47,244	None; credit loan only.
Secured loan from King's Town Bank	Non-revolving; may be drawn in installments, within four months after approval of the loan; each drawdown must be repaid within 3 years, and must be made before the expiration date of the loan. Interest is paid monthly. The grace period is 6 months, counting forward from the initial drawdown date. After the grace period, repayment of principal equal to 10% of the contract price must be paid quarterly, and the remaining principal is paid upon the expiration of the repayment period.	3.125	117,273	150,000	267,273	4,681,000 shares of Fulltech
Unsecured loan from King's Town Bank	Interest is paid monthly, including during the grace period, which is within 6 months after the initial drawdown date. After the grace period, repayment of principal equal to 10% of the contract price must be repaid quarterly.	2.625	41,378	62,067	103,445	None; credit loan only.
Secured loan from Shanghai Commercial & Savings Bank	Principal was repaid in eight 3-month installments counting from January 8, 2021 – on which NTD50 million was drawn – with the first installment on January 8, 2021.	2.925	16,666	16,668	33,334	80% guaranteed by Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
Secured loan from Shanghai Commercial & Savings Bank	Interest paid monthly and principal paid in 12 equal installments.	2.970	26,667	53,333	80,000	80% guaranteed by Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
Secured loan from First Bank	Repaid in 48 equal monthly installments counting from the initial drawdown date on January 8, 2021 on which NTD100 million was drawn, with a grace period of 12 months.	2.600	24,981	45,799	70,780	80% guaranteed by Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
Secured loan against leases from JihSun	Interest accrued on the date of the initial drawdown of NTD 40 million; the grace period was 180 days.	4.660	39,528	30,872	70,400	80% guaranteed by Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
Secured loan against leases from Industrial and Commercial Bank	Repaid in 13 installments, counting from the date of initial drawdown of NTD 50 million.	4.650	26,600	18,633	45,233	80% guaranteed by Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
Secured loan against leases from Taiwan Cooperative Financial Holding Co. Ltd.	Repaid in 24 installments, starting from the date of initial drawdown in December 2022.	4.500	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>	Warranty against defects
			<u>\$ 424,589</u>	<u>\$ 493,120</u>	<u>\$ 917,709</u>	

IDEAL BIKE CORPORATION

Statement of Lease Liabilities

December 31, 2022

Statement 10

Unit: NTD thousand unless otherwise specified.

Name	Lease Term	Discount Rate	Amount
Buildings and structures	April 2021 to October 2024	2.19%~2.80%	\$ 22,765
Transport equipment	May 2021 to December 2025	2.19%~3.00%	<u>2,682</u>
Total			25,447
Less: Lease liabilities - current			( <u>15,110</u> )
Lease liabilities - non-current			<u>\$ 10,337</u>

IDEAL BIKE CORPORATION  
Statement of operating revenue  
January 1 through December 31, 2022

Statement 11

Unit: NTD thousand unless otherwise specified.

Item	Quantity (thou. pcs/thou. sets)	Amount
Bicycle	9	\$2,130,824
Parts and semi-finished goods	41	1,038,708
Revenue from commission	-	21,767
Merchandise	-	<u>239</u>
Net operating income		<u>\$3,191,538</u>

IDEAL BIKE CORPORATION

Statement of operating cost

January 1 through December 31, 2022

Statement 12

Unit: NTD thousand

Item	Amount
Merchandise	
Stock-taking at beginning of year	\$ 285
Plus: Purchase of material in the year	211
Less: stock-taking at ending of year	( 239 )
	<u>257</u>
Direct raw material	
Stock-taking at beginning of year	661,339
Work in process at beginning of year	921
Plus: Purchase of material in the year	2,996,621
Others	53,670
Less: stock-taking at ending of year	( 816,965 )
Work in process at ending of year	( 18,589 )
	<u>2,876,997</u>
Semi-finished products	
Stock-taking at beginning of year	10,808
Plus: Purchase of material in the year	627
Less: stock-taking at ending of year	( 45,487 )
Others	( 511,475 )
	<u>( 545,527 )</u>
Direct labor	70,581
Manufacturing expense	<u>157,781</u>
Manufacturing cost	2,560,089
Plus: Work in process at beginning of year	44,863
Others	524,712
Less: Work in process at ending of year	( 106,070 )
Cost of finished goods	3,023,594
Plus: Finished goods at beginning of year	101,493
Purchase of bicycles	6
Less: Finished goods at ending of year	( 230,279 )
Others	( 68,868 )
Other operating costs	
Less: Unrealized inventory devaluation loss	<u>12,276</u>
Plus: Others	<u>16,864</u>
Total operating costs	<u>\$2,855,086</u>

IDEAL BIKE CORPORATION  
Statement of operating expenses  
January 1 through December 31, 2022

Statement 13

Unit: NTD thousand

<u>Item</u>	<u>Sales Expense</u>	<u>Administrative expense</u>
Payroll expense	\$ 48,029	\$ 36,889
Export expense	7,954	-
Insurance premium	7,681	3,567
Miscellaneous expense	3,882	15,139
Labor expense	1,486	13,514
Depreciation expense	852	6,506
Others (Note)	<u>14,709</u>	<u>13,370</u>
Total	<u>\$ 84,593</u>	<u>\$ 88,985</u>

Note: The amounts of each individual item did not exceed 5% of the balance of this item.

IDEAL BIKE CORPORATION

Statement of Current Employee Benefits, Depreciation and Amortization Expenses by Function

January 1 through December 31, 2022 and 2021

Statement 14

Unit: NTD thousand

	2022			2021		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Employee benefit expense						
Payroll expense	\$ 104,314	\$ 82,046	\$ 186,360	\$ 82,953	\$ 69,628	\$ 152,581
Remuneration to directors	-	2,872	2,872	-	2,439	2,439
Labor and health insurance expense	12,748	7,830	20,578	10,393	6,278	16,671
Pension expense	4,445	3,869	8,314	3,575	3,233	6,808
Other employee benefit expenses	12,598	7,751	20,349	8,741	6,227	14,968
Total	<u>\$ 134,105</u>	<u>\$ 104,368</u>	<u>\$ 238,473</u>	<u>\$ 105,662</u>	<u>\$ 87,805</u>	<u>\$ 193,467</u>
Depreciation expense	<u>\$ 16,478</u>	<u>\$ 7,358</u>	<u>\$ 23,836</u>	<u>\$ 4,586</u>	<u>\$ 7,266</u>	<u>\$ 11,852</u>
Amortization expense	<u>\$ -</u>	<u>\$ 1,266</u>	<u>\$ 1,266</u>	<u>\$ -</u>	<u>\$ 989</u>	<u>\$ 989</u>

Notes:

1. The number of employees in the year and in the previous year was 351 and 315, respectively, and the number of directors who were not employees was 5 and 5, respectively.
2. Companies that are listed for trading on Taiwan Securities Exchange or trade shares through Taipei Exchange shall additionally disclose following information:
  - (1) An average employee benefit expense of NTD 681,000 in the year. An average employee benefit expense of NTD 616,000 in the previous year.
  - (2) An average employee payroll expense of NTD 539,000 in the year and an average employee payroll expense of NTD 492,000 in the previous year.
  - (3) Adjustment and change of 9.6% in the average employee payroll expense
  - (4) There were no supervisors on December 31, 2021 because the Company had already established the Audit Committee on July 20, 2021. The remuneration to supervisors in 2021 was NT\$244 thousand.
  - (5) Remuneration policy – directors, managerial officers, and employees:
    - A. According to the resolution at the Board of Directors meeting, directors may receive an attendance fee every time they attend the Board of Directors meeting and a monthly traveling fee. Independent directors may receive an attendance fee every time they attend the Board of Directors meeting and a fixed pay every month. In addition, remuneration to directors is distributed pursuant to the Articles of Incorporation. No other variable compensation is paid. The remuneration to directors is determined in proper consideration of the Company's operating goals, financial status, and the duties of the directors. It is linked to operating performance and profitability. The remuneration is reviewed by the

Remuneration Committee and submitted to the Board of Directors for resolution.

- B. Remuneration to managerial officers and employees is classified into fixed and variable compensations. The fixed compensation is paid according to the “Remuneration Management Regulations” of the Company and based on the duties assigned to the position and the professional competence. The variable compensation includes the year-end bonus and the remuneration to employees. It is paid depending on the operating status of the Company and the performance of the employee.
- C. The Company pays the year-end bonus in consideration of the operating performance and appropriates a proportion of the annual earnings as remuneration to employees. The amount appropriated is linked to the operating performance and profitability of the Company. It is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution.