

Stock Code : 1736



喬山健康科技股份有限公司
Johnson Health Tech. Co., Ltd.

Handbook for the 2021 Regular Shareholders Meeting

Date & Time : June 25, 2021 (Friday) 09:00 AM

Venue : No. 999, Sec. 2, Dongda Rd., Daya Dist., Taichung City 428314, Taiwan (R.O.C.)
(Johnson Health Tech Co., Ltd. B1 Recreation Room)

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Johnson Health Tech Co., Ltd.

Procedure for the 2021 Regular Shareholders Meeting

- I. Call Meeting to Order
- II. Chair's Statement
- III. Report Items
- IV. Matters for Ratification
- V. Matters for Discussion
- VI. Provisional Motion
- VII. Adjournment

Johnson Health Tech Co., Ltd.
2021 Regular Shareholders Meeting Agenda

Date & Time : June 25, 2021 (Friday) at 09:00 a.m.

Venue : No. 999, Dongda Rd., Sec. 2, Daya District, Taichung City, Taiwan (B1 Audiovisual Room of Johnson Health Tech Co., Ltd.)

- I. Call Meeting to Order (Report the total share number representing attendance)
- II Chair's Statement
- III Report Items
 - (1) 2020 Annual Business Report.
 - (2) 2020 Audit Committee's Review Report.
 - (3) Report on the Distribution of Compensation for Employees and Directors in 2020.
 - (4) Report on the Distribution of Cash Dividend from Earnings in 2020.
 - (5) Report on this Company's Share Repurchase.
 - (6) Report on the Explanation of the Necessity and Reasonableness for the Stipulation of the Aggregate Amount of Whole Endorsements and Guarantees Reaching over 50% of this Company's Net Worth in the Endorsements and Guarantees Regulations.
 - (7) Amend Part of the Articles of this Company's "Regulations Governing Share Repurchase for Transfer to Employees".
 - (8) Amend Part of the Articles of this Company's "Rules of Procedure for Board of Directors Meetings".
- IV. Matters for Ratification
 - (1) 2020 Annual Business Report and Financial Statements.
 - (2) 2020 Earnings Distribution Case.
- V. Matters for Discussion
 - (1) Amend Part of the Articles of this Company's "Rules on Operational Procedure of Loaning of Funds to Others".
 - (2) Amend Part of the Articles of this Company's "Rules of Procedure for General Shareholders Meetings".
- VI. Provisional Motion
- VII. Adjournment

Report Items

I. 2020 Annual Business Report.

Explanatory Notes: Please refer to Pages 9~11 – Attachment 1 of this Handbook for 2020 Annual Business Report.

II. 2020 Audit Committee's Review Report.

Explanatory Notes: Please refer to Page 12 – Attachment 2 of this Handbook for 2020 Audit Committee's Review Report.

III. Report on Compensation Distribution for Employees and Directors in 2020

Explanatory Notes: (1) The compensation for this Company's employees and directors has been passed by the resolution of the Board of Directors' meeting on March 26, 2021, which will be all distributed in cash.
(2) The compensation for this Company's employees in 2020 is NT\$11,000,000.
(3) The compensation for this Company's directors in 2020 is NT\$7,200,000.

IV. Report on the Distribution of Cash Dividend from Earnings in 2020.

Explanatory Notes: (1) In accordance with Article 30-1 of the Articles of Incorporation, the Board of Directors is authorized to resolve whether whole or part of the bonus for the shareholders shall be distributed in cash and a report thereof shall be submitted during the shareholders meeting.
(2) The dividend for the shareholders in the amount of NT\$338,899,251 will be allocated in the form of cash dividend at NT\$1.12 distributed per share. The cash dividend shall be distributed in up to NT\$1 with below NT\$1 rounded up; for those total fractional amount of less than NT\$1, the amount below the decimal point shall be adjusted in the sequence of the amount and the shareholders' account number till the total distributed cash dividend amount is matched.
(3) This case has been passed by the Board of Directors, which authorizes the President to set up such related matters as the base date of dividend distribution and the date of distribution, etc. If the number of the outstanding ordinary shares of this Company should vary subsequently and hence the rate of dividend distribution changes, the Board of Directors shall fully authorize the President to make the adjustment.

V. Report on Status of Shares Repurchased by this Company.

Explanatory Notes: Report on this Company's Execution of Treasury Stock in 2020:

The purpose of repurchase is for transferring to employees. There are a total of 531,000 shares repurchased during the period of actual repurchase from March 23, 2020 to May 22, 2020.

This Company has transferred 103,000 shares to its employees on August 28, 2020.

VI. Report on the Explanation of the Necessity and Reasonableness for the Stipulation of the Aggregate Amount of Whole Endorsements and Guarantees Reaching over 50% of this Company's Net Worth in the Endorsements and Guarantees Regulations.

Explanatory Notes: In accordance with Subparagraph 3, Paragraph 1, Article 12 of the "Regulations Governing Loaning of Funds and Making of

Endorsements/Guarantees by Public Companies”, if the aggregate amount of endorsements/guarantees that is set as the ceiling for the public company and its subsidiaries as a whole reaches 50% or more of the net worth of the public company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.

Because the endorsements and guarantees are made by this Company and our subsidiary companies for the need of business expansion of our reinvested subsidiary companies, we establish the operational procedure of endorsements and guarantees pursuant to the regulations of the competent authority and we handle the same subject to the established operational procedure. In order to correspond to the entire business development needs of this Company and our subsidiaries, we intend to stipulate that the aggregate amount of endorsements/guarantees that is set as the ceiling for this Company and our subsidiaries as a whole shall not reach 250% or more of the net worth, as shown in the financial statements.

VII. Amend Part of the Articles of this Company’s “Regulations Governing Share Repurchase for Transfer to Employees”.

Explanatory Notes: (1) In order to be consistent with the statutory regulations and meet the operational needs, we amend part of the articles in our “Regulations Governing Share Repurchase for Transfer to Employees” (The 2nd Repurchase) and “Regulations Governing Share Repurchase for Transfer to Employees” (The 3rd Repurchase).
(2) For the cross reference table of articles of the “Regulations Governing Share Repurchase for Transfer to Employees”, please refer to Page 32 – Attachment 6 of this Handbook.

VIII. Amend Part of the Articles of this Company’s “Rules of Procedure for Board of Directors Meetings”

Explanatory Notes: (1) In order to be consistent with the statutory regulations and meet the operational needs, we amend part of the articles in our “Rules of Procedure for Board of Directors Meetings”.
(2) For the cross reference table of articles of the “Rules of Procedure for the Board of Directors Meetings”, please refer to Pages 33~34 – Attachment 7 of this Handbook.

Matters for Ratification

Case 1 (Proposed by the Board of Directors)

Cause of Case: The 2020 Annual Business Report & Financial Statements.

Explanatory Notes: (1) The preparation of this Company's 2020 parent company only financial statements and consolidated financial statements (balance sheet, consolidated income statement, equity variation list and cash flow chart) have been completed, which had been submitted, along with the business report, with the Audit Committee for review, after audited and certified by CPA Chen, Ming-Hung and CPA Huang, Yu-Ting of Ernst & Young Global Limited and a written audit report has been prepared and filed. In accordance with Article 228 of the Company Act, it is submitted with the shareholders meeting for ratification.

(2) For the business report, CPAs' audit report and 2020 parent company only financial statements and consolidated financial statements, etc., please see Pages 9~11 & Pages 13~30 – Attachment 1, Attachment 3 & Attachment 4 of this Handbook.

(3) Please ratify the case.

Resolution:

Case 2 (Proposed by the Board of Directors)

Cause of Case: Case of the 2020 Earnings Distribution

Explanatory Notes: (1) For this Company's 2020 earnings distribution statement, please refer to Page 31 – Attachment 5 of this Handbook.

(2) Please ratify the case.

Resolution:

Matters for Discussion

Case 1 (Proposed by the Board of Directors)

Cause of Case: Amending Part of the Articles of this Company's "Rules on Operational Procedure of Loaning of Funds to Others".

Explanatory Notes: (1) Intend to amend part of the articles of this Company's "Rules on Operational Procedure of Loaning of Funds to Others" in order to be consistent with the statutory regulations and meet the operational need of the company.

(2) For the cross reference table of the "Rules on Operational Procedure of Loaning of Funds to Others", please refer to Pages 35~36 – Attachment 8 of this Handbook.

(3) Please discuss the case.

Resolution:

Case 2 (Proposed by the Board of Directors)

Cause of Case: Amending Part of the Articles of this Company's "Rules of Procedure for General Shareholders Meetings".

Explanatory Notes: (1) Intend to amend part of the articles of this Company's "Rules of Procedure for General Shareholders Meetings".

(2) For the cross reference table of the "Rules of Procedure for General Shareholders Meetings", please refer to Pages 37~41 – Attachment 9 of this Handbook.

(3) Please discuss the case.

Resolution:

Provisional Motion

Meeting Adjourned

ATTACHMENT

Johnson Health Tech Co., Ltd.
2020 Annual Business Report

1. 2020 Business Results

I. Operations Profile

Johnson Health Tech's 2020 consolidated revenue reached NTD 28.4 bn., hitting a new record high, which increased by 11.8% from last year. The net profit after tax in 2020 amounted to NTD 0.75 bn., with the earnings per share of NTD 2.24.

In 2020, as the COVID-19 pandemic continued to ravage the world, citizens around the world were facing the most draconian medical conditions in the modern history, a crisis which wreaked an unprecedented impact on global economy, industry, and people's livelihood. During this hardship, Johnson Health Tech adjusted its business strategy, to not only search for breakthroughs in the business market, but also act proactively to take advantage of the profitable opportunities driven by the pandemic by means of strengthening the retail sale, increasing online shopping, and expanding as well as meeting the demand production of household products. Despite the crisis faced by the overall health industry, Johnson Health Tech still achieved business growth against the trend, hitting a new record high in revenue.

Moreover, in response to the new trend of digital technology instruction in the health industry, Johnson Health Tech launched a digital fitness product as a touchstone for the company's cross-generational new products. The Johnson Group wished to not only seek new progresses in hardware products, but also to facilitate expansion and take a lead in the software fitness market.

(2) Financial Performance

Johnson Health Tech's 2020 consolidated revenue reached NTD 28.4 bn., which increased by 11.8% from last year's NTD 25.4 bn. The net profit after tax in 2020 amounted to NTD 0.75 bn., with the earnings per share of NTD 2.24.

The 2020 profit margin was 47%, decreasing by 2% from the previous year. The operating income dropped to 3%, while the previous year's was 5%. The 2020 net profit after-tax was 2.6%, declining by 2.5% from the immediately preceding period's 5.1%.

The Consolidated Financial Statements (Unit: NTD in thousand)

Item \ Year	2020	2019	Increase/ Decrease Rate
Operating Revenue	28,366,756	25,372,561	11.8%
Operating costs	14,969,269	12,825,694	16.7%
Operating margin	13,397,487	12,546,867	6.8%
Operating expenses	12,467,398	11,053,703	12.8%
Operating Profit (Loss)	930,089	1,493,164	-37.7%
Non-operating income and expenses	45,243	124,038	-63.5%
Profit before tax (Loss)	975,332	1,617,202	-39.7%
Total income tax expense (Gains)	227,978	323,181	-29.5%
Net income of continuing operation of the period (net loss)	747,354	1,294,021	-42.2%
Net income (net loss) attributed to the owners of the parent	679,293	1,292,531	-47.4%
Net income (net loss) attributed to the non-controlling interests	68,061	1,490	4467.9%
Total comprehensive income attributable to stockholders of the parent	665,386	929,749	-28.4%
Total comprehensive income attributable to non-controlling interests	46,152	1,490	2997.4%
Basic earnings per share (NTD)	2.24	4.26	-47.4%

(3)Future Research and Development Strategies:

Main points for new product research and development:

Commercial products: Matrix 2020 the promotion of the aerobic product: continued supply of the high quality and innovative commercial products.

Household products:

- (1) promoting Matrix retail high-end household products
- (2) developing e-commerce/digital contents/app software subscription products, altering the shopping & sporting patterns of the traditional fitness equipment.

II. Overview of 2021 business plan, future development and the impacts of the external competitive environment, regulatory environment, and overall business environment

i. 2021 Business plan summary

(1) Sale Division

a. Business Market:

1. Matrix: promotion of new aerobic products
2. Expansion of key international clients, or of significant national businesses
3. Building rental resources

b. Household Market:

1. Strengthening product's competitive edges, or e-commerce/content products
2. advancing digital content business, strengthening digital marketing
3. Expanding retail sales channel

c. Massage chair market:

1. Increasing Japan's market share
2. Increasing global market share
3. Escalating Fuji Corporation's profitability

(2) Product development strategy

1. Establishing external strategic partners
2. Reinforcing products and the R&D Division

(3) manufacturing

1. Strengthening each production base's competition advantages
2. Escalating massage chair's homemade ratio
3. Increasing key component unit development and production

(4) Management

1. Reducing operating costs
2. Accelerating cash turnover rate
3. Establishing rental partners and equity capital
4. Strengthening the operating team

ii. Impact of the external competitive environment, regulatory environment, and overall business environment

The spread of COVID-19 had forced many countries to adopt numerous varying disinfection measures, such as border control, shutdown, isolation, and maintaining social distance. These measures have greatly changed people's lives, behavior patterns, and mental states. At this point, sports and exercise become the most effective elements to enhance people's mental and physical health. According to statistics, during the pandemic, only 60% of the populations maintain an original exercise frequency. There are more than 25% of the citizens showing that they would increase their exercise frequency. From this angle, we may see that the consumers' attitudes toward the new model of fitness technology are closely related to their desire to going to the gym. The ambition to keeping up with the newest technology will determine the success of the company's future development.

As a part of the competitive environment, the fitness equipment market can be divided into the

household products and the commercial products. The commercial market is currently occupied by a few larger-scale international companies, including Life, Technogym, Premcor, etc. They take up the majority market share. Currently, for the household products, numerous small- to medium-sized manufacturers have joined the market. The situation has made the market of household fitness equipment become disperse and highly competitive. To deal with this situation, Johnson Health Tech has planned and will launch the entirely new and integrated software hardware equipment, which will make a breakthrough by changing the consumption patterns while maintaining its lead in the household market. Besides, due to the COVID-19 pandemic, the fitness and sports industry has initiated the following new shopping dimensions.

1. Social media: Modern people's shopping patterns have largely changed owing to their high dependency on social media nowadays. The traditional physical consumption has gradually altered into online shopping and e-commerce communication. If we can take advantage of Facebook or Instagram, etc., we'll be able to combine different communities and offer them more real time and diverse services. Such small investment on social media advertisement can really ramp up our products' competitiveness significantly.

2. Sports technology navigates the kinematic pattern of the new era: the ravage of the virus has cultivated the alternative fitness sports called "home economy." This economy becomes the turning point of the sports industry amid the crisis of the pandemic. Our approach includes using "online digital/video fitness instruction," which sends out teaching videos through Internet or cable TV. "Virtual Fitness Industry": Incorporating the wearable motion-sensitive device and virtual scenario, thus creating the combined virtual-real individual experience. The pandemic has opened up a new era for the fitness industry.

For the regulatory environment, our indoor fitness equipment have met international inspection standards, including EU's EN957, US's ASTM F1250, Japan's JIS T1214, AS4092, etc. Among these, EU's EN957 is the most comprehensive and rigorous standard, which contains specific regulations for the safety of the fitness facility. However, all these regulations have the similar meeting criteria. Consequently, EU has released a set of standard called the EN957 series standard, which contains three criteria classification: machine type, functional type (such as H for Household, S for Special or Commercial), and precision type (A class-high precision and extra enduring ability; B class-medium precision and extra enduring ability; C class-low precision and non-functional display device or braking force). This classification stipulates a detailed method for product compliance. The relevant equipment include all kinds of main products such as strength training equipment, running machine, rowing machine, and treadmill, and so on. The company's products have all adhere to the standard of EN957 Ordinance, which can guarantee consumers' safety.

The company will uphold its business mission: "To build the best enterprise for people's welling being and health." We'll endeavor to improve our business. We sincerely appreciate the warm care of our stockholders, and hope that you'll continue to support and guide the Johnson Group. Thank you!

President: Peter Lo

Manager: Jason Lo

Chief Accounting Officer: Jacky Lee

【Attachment 2】

Johnson Health Tech Co., Ltd.
Audit Committee's Review Report

The Board of Directors of this Company has prepared the 2020 Annual Business Report, Financial Statements & Earnings Distribution Statement, etc., among which the Financial Statements have been audited and certified by CPA Chen, Ming-Hung and CPA Huang, Yu-Ting of Ernst of Young Global Limited and an audit report has been prepared by them in this regard. The aforesaid Business Report, Financial Statements & Earnings Distribution Statement have been audited and determined to be correct and accurate by this Audit Committee. According to Article 14-4, the Securities and Exchange Act & Article 219, the Company Act, we hereby submit this report for your review.

For the 2021 Regular Shareholders Meeting of this Company

Johnson Health Tech Co., Ltd.

Convener of Audit Committee: Yih-Horng, Lin

Dated this 11th Day of May 2021

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Johnson Health Tech. Co., Ltd. and subsidiaries (the “Group”) as at 31 December 2020 and 2019, the related consolidated statements of comprehensive income, statements of changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively referred to as “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020 and 2019, and their consolidated financial performance and cash flows for the years ended 31 December 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of accounts receivable

As at 31 December 2020, gross accounts receivable and allowance for bad debts by the Group amounted to NTD7,198,249 thousand and NTD202,001 thousand, respectively. Net accounts receivable represented 22% of total consolidated assets which was material to the Group. Since the amount of allowance for receivables is measured by the lifetime expected credit loss, the measurement process includes grouping the receivables and judging the use of the related assumptions in the analysis, including the appropriate accounting aging and the loss rate of each aging interval. As the measurement of expected credit losses involved judgment, analysis and estimation, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to: assessing the effectiveness of internal controls around accounts receivable management, including performing simple tests by sampling and understanding management’s assessment for

expected credit losses of accounts receivable; dividing the expected loss rate of risk group and each group; selecting samples to perform the accounts receivable confirmation, analyzing trends of changes in account receivable of prior and subsequent periods and turnover rates; and reviewing the collection in subsequent period to assess their recoverability; performing assessment of the reasonableness of impairment for individual long term accounts receivable.

We also assessed the adequacy of the disclosures related to accounts receivable in Notes 5 and 6.

Inventory valuation

As at 31 December 2020, the net inventories amounted to NTD7,945,820 thousand, accounting for 25% of the total consolidated assets. As products are vulnerable to fluctuating market demands and fast technological changes which may cause obsolete and slow-moving inventory losses, the determination of the provisions for obsolete inventories involved a high level of management judgment. As such, we determined this to be a key audit matter.

Our audit procedures included, but were not limited to: assessing the effectiveness of inventory internal control established by management, including performing simple test by sampling and understanding management's assessment for inventory valuation; evaluating the adequacy of accounting policy around obsolete and slow-moving inventories; obtaining inventory aging intervals to test whether the aging reports were reasonable; selecting important storage locations to observe inventory counts; in addition, we obtained inventory movement report, sampled related certificates of purchases and sales to verify the unit cost and access the net realizable value of inventories valuation.

We also assessed the adequacy of the disclosures related to inventories in Notes 5 and 6.

Goodwill impairment

As at 31 December 2020, the goodwill was carried at NTD2,177,215 thousand which represented 7% of total consolidated assets. The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units has been determined based on the value in use because their fair value cannot be reliably measured. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Group, the determination of value in use was complex, and high level of management judgment was involved when making assumptions about cash flow forecasts.

Our audit procedures included, but were not limited to: evaluating the management's assessment of value in use; involving internal expert to assist us in evaluating the reasonableness of key assumptions used by management such as growth rates, discount rates, and gross margin; involving internal expert to assist us in evaluating the reasonableness of key components of discount rates such as cost of capital, company-specific risk premium and market risk premium by comparing them to other companies of similar size with the cash-generating units; interviewing with management and assessing the reasonableness of assumptions used in their model such as gross margin, growth rates, and the expected future market and economic conditions; challenging management's budgeting process by comparing the actual financials to date versus previously forecasted financials and management's forecasting process by comparing the assumptions to historic performance of the Company.

We also assessed the adequacy of the disclosures related to goodwill assessment in Notes 5 and 6.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended 31 December 2020 and 2019.

Chen, Ming Hong

Huang, Yu Ting

Ernst & Young, Taiwan

26 March 2021

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	31 December 2020 Amount	31 December 2019 Amount
Current Assets			
Cash and cash equivalents	4,6(1)	\$3,292,801	\$3,280,481
Financial assets at fair value through profit or loss, current	4,6(2)	15,709	5,216
Contract asset, current	4,6(18)&(19)	16,832	75,211
Notes receivable, net	4,6(19)	65,266	53,896
Trade receivables, net	4,6(3)&(19)	6,996,248	7,411,001
Other accounts receivable, net	4,8	364,569	403,635
Inventories, net	4,6(4)	7,945,820	6,544,891
Prepayments	4	823,053	521,680
Other current assets		54,047	65,392
Total Current Assets		<u>19,574,345</u>	<u>18,361,403</u>
Non-current assets			
Investments in equity instruments measured at fair value through other comprehensive income	4,12	12,423	-
Property, Plant and Equipment	4,6(5)&8	3,997,692	3,261,000
Right-of-use assets	4,6(20)	2,031,985	2,133,724
Investment property	4	46,779	-
Intangible assets	4,6(6)&(7)	2,855,047	1,234,304
Deferred tax assets	4,6(24)	1,445,275	1,471,574
Other non-current assets	6(8)	1,223,543	473,306
Total non-current assets		<u>11,612,744</u>	<u>8,573,908</u>
Total Assets		<u><u>\$31,187,089</u></u>	<u><u>\$26,935,311</u></u>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
31 December 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	31 December 2020 Amount	31 December 2019 Amount
Current Liabilities			
Short-term borrowings	4,6(9)	\$6,011,150	\$5,207,681
Commercial paper payable	4,6(11)	349,721	149,917
Financial liabilities at fair value through profit or loss, current	4,6(12)	1,657	17,129
Contract liabilities, current	4,6(18)	803,407	303,032
Notes payable		447,465	416,929
Accounts payable		4,324,359	3,335,362
Other payables	6(13)	2,701,405	2,393,089
Current tax liabilities	4,6(24)	436,573	358,841
Lease liabilities, current	4,6(20)	431,107	388,677
Current portion of long-term loans	4,6(14)	89,367	231,459
Other current liabilities		180,289	348,532
Total Current Liabilities		<u>15,776,500</u>	<u>13,150,648</u>
Non-current liabilities			
Bonds payable	4,6(10)	2,000,000	2,000,000
Long-term loans	4,6(14)	1,237,150	669,032
Provisions, non-current	4,6(13)	233,661	181,763
Deferred tax liabilities	4,6(24)	179,387	212,538
Lease liabilities, non-current	4,6(20)	1,183,418	1,324,614
Net defined benefit obligation, non-current	5,6(15)	84,691	86,662
Other non-current liabilities	4	210,557	172,828
Total non-current liabilities		<u>5,128,864</u>	<u>4,647,437</u>
Total Liabilities		<u>20,905,364</u>	<u>17,798,085</u>
Equity			
Capital			
Common stock	4,6(16)	3,036,166	3,036,166
Additional paid-in capital	4,6(16)	55,630	54,924
Retained earnings	4,6(16)		
Legal reserve		1,441,895	1,312,641
Special reserve		1,370,838	1,016,542
Unappropriated earnings		4,900,499	5,128,174
Subtotal		<u>7,713,232</u>	<u>7,457,357</u>
Other components of equity		(1,385,492)	(1,370,839)
Treasury stock	4,6(16)	(73,872)	(47,832)
Equity attributable to owners of the parent		9,345,664	9,129,776
Non-controlling interests	6(17)	936,061	7,450
Total equity		<u>10,281,725</u>	<u>9,137,226</u>
Total liabilities and equity		<u>\$31,187,089</u>	<u>\$26,935,311</u>

(The accompanying notes form an integral part of the consolidated financial statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended December 31	
		2020	2019
		Amount	Amount
Operating revenues	4,6(18)&7	\$28,366,756	\$25,372,561
Operating costs	4,6(4)&(21)	(14,969,269)	(12,825,694)
Gross Profit		13,397,487	12,546,867
Operating Expenses			
Selling and distribution	6(21)	(6,186,531)	(5,064,635)
General and administrative	6(21)	(5,443,733)	(5,239,368)
Research and development	6(21)	(785,536)	(650,646)
Expected credit (loss)gain	5,6(19)	(51,598)	(99,054)
Total Operating Expenses		(12,467,398)	(11,053,703)
Operating Income		930,089	1,493,164
Non-operating income and expenses			
Intersect income	4,6(22)	180,441	277,977
Other income	4,6(22)	346,209	94,667
Other gains and losses	6(22)	(318,179)	(90,584)
Finance costs	6(22)	(163,228)	(158,022)
Total non-operating income and expenses		45,243	124,038
Income from continuing operations before income tax		975,332	1,617,202
Income tax expense	4,5,6(25)	(227,978)	(323,181)
Net income		747,354	1,294,021
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans	4,6(23)	932	(10,606)
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4	4,214	-
Income tax relating to items that may not be reclassified subsequently	4,6(23)	(1,690)	2,121
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	4,6(23)	(43,342)	(442,871)
Income tax relating to items that may be reclassified subsequently	4,6(23)	4,070	88,574
Total other comprehensive loss , net of tax		(35,816)	(362,782)
Total comprehensive income		\$711,538	\$931,239
Net income attributable to:			
Stockholders of the parent		\$679,293	\$1,292,531
Non-controlling interests		68,061	1,490
		\$747,354	\$1,294,021
Comprehensive income attributable to:			
Stockholder of the parent		\$665,386	\$929,749
Non-controlling interests		46,152	1,490
		\$711,538	\$931,239
Earnings per share (NTD)	4,6(26)		
Earnings per share-basic		\$2.24	\$4.26
Earnings per share-diluted		\$2.24	\$4.26

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Description	Common Stock	Additional Paid-in Capital	Retained Earnings			Other equity interest		Treasury stock	Total	Non-Controlling Interests	Total Equity
			Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
Balance as at 1 January 2019	\$3,040,166	\$54,996	\$1,273,663	\$987,409	\$4,133,966	\$(1,016,542)	\$ -	\$(48,948)	\$8,424,710	\$5,891	\$8,430,601
Distribution of 2018 retained earnings											
Legal reserve			38,978		(38,978)		-		-		-
Special reserve				29,133	(29,133)		-		-		-
Cash dividends					(197,351)				(197,351)		(197,351)
Net income in 2019					1,292,531				1,292,531	1,490	1,294,021
Other comprehensive loss, net of tax in 2019					(8,485)	(354,297)			(362,782)		(362,782)
Total comprehensive income	-	-	-	-	1,284,046	(354,297)	-	-	929,749	1,490	931,239
Treasury stock buyback								(47,832)	(47,832)		(47,832)
Cancellation of treasury stock	(4,000)	(72)			(17,683)			21,755	-		-
Share-based payment awards		9,975							9,975		9,975
Exercise employee stock option to purchase treasury stock		(9,975)			(6,693)			27,193	10,525		10,525
Increase in non-controlling interests									-	69	69
Balance as at 31 December 2019	<u>\$3,036,166</u>	<u>\$54,924</u>	<u>\$1,312,641</u>	<u>\$1,016,542</u>	<u>\$5,128,174</u>	<u>\$(1,370,839)</u>	<u>\$ -</u>	<u>\$(47,832)</u>	<u>\$9,129,776</u>	<u>\$7,450</u>	<u>\$9,137,226</u>
Balance as at 1 January 2020	\$3,036,166	\$54,924	\$1,312,641	\$1,016,542	\$5,128,174	\$(1,370,839)	\$ -	\$(47,832)	\$9,129,776	\$7,450	\$9,137,226
Distribution of 2019 retained earnings											
Legal reserve			129,254		(129,254)		-		-		-
Special reserve				354,296	(354,296)		-		-		-
Cash dividends					(424,164)				(424,164)		(424,164)
Additions through business combinations									-	882,459	882,459
Net income in 2020					679,293				679,293	68,061	747,354
Other comprehensive loss, net of tax in 2020					746	(16,279)	1,626		(13,907)	(21,909)	(35,816)
Total comprehensive income	-	-	-	-	680,039	(16,279)	1,626	-	665,386	46,152	711,538
Treasury stock buyback								(32,306)	(32,306)		(32,306)
Share-based payment awards		706							706		706
Exercise employee stock option to purchase treasury stock								6,266	6,266		6,266
Balance as at 31 December 2020	<u>\$3,036,166</u>	<u>\$55,630</u>	<u>\$1,441,895</u>	<u>\$1,370,838</u>	<u>\$4,900,499</u>	<u>\$(1,387,118)</u>	<u>\$1,626</u>	<u>\$(73,872)</u>	<u>\$9,345,664</u>	<u>\$936,061</u>	<u>\$10,281,725</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31			For the years ended December 31	
	2020	2019		2020	2019
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before income tax	\$975,332	\$1,617,202	Acquisition of subsidiaries (Deduct the cash obtained)	\$(1,781,626)	\$ -
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			Disposal of investment property	570	-
Depreciation	912,549	856,661	Acquisition of property, plant and equipment	(781,490)	(647,502)
Amortisation	71,458	19,873	Disposal of property, plant and equipment	10,069	196,985
Expected credit losses	51,598	99,054	Acquisition of intangible assets	(58,438)	(62,836)
Net (gain) loss of financial assets/liabilities at fair value through profit or loss	(25,965)	1,475	Disposal of intangible assets	5,365	775
Finance costs	163,228	158,022	Cash inflow from business combination	22,068	-
Interest income	(180,441)	(277,977)	Net cash used in investing activities	(2,583,482)	(512,578)
Share-based payment awards	706	9,975			
Loss (Gain) on disposal of property, plant and equipment	7,944	(30,470)	Cash flows from financing activities:		
Loss (Gain) on disposal of intangible assets	84	(133)	Increase in short-term loans	17,012,751	8,236,448
Changes in operating assets and liabilities:			Decrease in short-term loans	(16,442,202)	(8,165,831)
Decrease (Increase) in contract asset	58,379	(36,289)	Increase in commercial paper payable	198,716	148,580
Decrease in notes receivable	36,499	35,627	Issued corporate bonds	-	2,000,000
Decrease (Increase) in trade receivables	802,270	(59,082)	Increase in long-term loans	1,268,346	232,071
Decrease in other receivables	39,066	23,066	Decrease in long-term loans	(783,480)	(1,659,918)
Increase in inventories, net	(666,891)	(1,033,778)	Cash dividends	(424,164)	(197,351)
Increase in prepayments	(283,927)	(23,440)	Repayment of lease capital	(567,928)	(472,681)
Decrease in other current assets	21,788	67,595	Increase in treasury stock	(32,306)	(47,832)
Decrease (Increase) in other non-current assets	52,682	(128,117)	Exercise of employee stock option	6,266	10,525
Increase in contract liabilities	355,550	21,604	Increase in other non-current assets	(653,853)	-
(Decrease) Increase in notes payable	(126,664)	30,036	Net cash generated (used in) from financing activities	(417,854)	84,011
Increase (Decrease) in accounts payable	803,701	(145,112)			
Increase (Decrease) in other payables	134,848	(74,575)	Effect of changes in exchange rate on cash and cash equivalents	71,866	(486,669)
Increase in provision	51,898	3,259	Net increase (decrease) in cash and cash equivalents	12,320	27,995
(Decrease) Increase in other current liabilities	(188,431)	42,144	Cash and cash equivalents at beginning of period	3,280,481	3,252,486
Decrease in accrued pension liabilities	(1,225)	(1,030)	Cash and cash equivalents at end of period	\$3,292,801	\$3,280,481
Increase in other non-current liabilities	27,277	74,375			
Cash generated from operations	3,093,313	1,249,965			
Interest received	180,441	277,977			
Interest paid	(109,195)	(150,900)			
Income tax paid	(222,769)	(433,811)			
Net cash generated from operating activities	2,941,790	943,231			

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

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Johnson Health Tech. Co., Ltd. (the “Company”) as of 31 December 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2020 and 2019, and their parent company only financial performance and cash flows for the years ended December 31 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company and in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of accounts receivable (including subsidiaries’ accounts receivable through equity method investment)

Accounts receivables of the Company and its subsidiaries through equity method are material for the financial statements. Since the allowance for receivables is measured by the lifetime expected credit loss, the measurement process includes grouping the receivables and determining the use of the related assumptions in the analysis, including the appropriate accounting aging interval and the loss rate of each aging interval.

As the measurement of expected credit losses involved judgment, analysis and estimation, we therefore considered this a key audit matter.

Our audit procedures included, but not limited to: assessing the effectiveness of internal controls around accounts receivable management, including performing simple tests by sampling and understanding management's assessment for expected credit losses of accounts receivable; dividing the expected loss rate of risk group and each group; selecting samples to perform the accounts receivable confirmation, analyzing trends of changes in account receivable of prior and subsequent periods and turnover rates; reviewing the collection in subsequent period to assess their recoverability; performing assessment of the reasonableness of impairment for individual long term accounts receivable.

We also assessed the adequacy of disclosures related to accounts receivable in Notes 5 and 6.

Inventory valuation (including investment accounted for using the equity method – the subsidiaries' inventory)

Inventories of the Company are material for financial report. The determination of the provisions for obsolete inventories involve a high level of management judgment, and were subject to uncertainty due to product diversity. As such, we determined this to be a key audit matter.

Our audit procedures included, but were not limited to: assessing the effectiveness of inventory internal control established by management, including performing simple test by sampling and understanding management's assessment for inventory valuation; evaluating the adequacy of accounting policy around obsolete and slow-moving inventories; obtaining inventory aging intervals to test whether the aging reports were reasonable; selecting important storage locations to observe inventory counts; in addition, we obtained inventory movement report, sampled related certificates of purchases and sales to verify the unit cost and access the net realizable value of inventories valuation.

We also assessed the adequacy of the disclosures related to inventory valuation in Notes 5 and 6.

Goodwill impairment

The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units has been determined based on the value in use because their fair value cannot be reliably measured. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Company and subsidiaries, the determination of value in use was complex, and high level of management judgment was involved when making assumptions about cash flow forecasts.

Our audit procedures included, but were not limited to: evaluating the management's assessment of value in use; involving internal expert to assist us in evaluating the reasonableness of key assumptions used by management such as growth rates, discount rates, and gross margin; involving internal expert to assist us in evaluating the reasonableness of key components of discount rates such as cost of capital, company-specific risk premium and market risk premium by comparing them to other companies of similar size with the cash-generating units; interviewing with management and assessing the reasonableness of assumptions used in their model such as gross margin, growth rates, and the expected future market and economic conditions; challenging management's budgeting process by comparing the actual financials to date versus previously forecasted financials and management's forecasting process by comparing the assumptions to historic performance of the Company.

We also assessed the adequacy of the disclosures related to goodwill assessment in Notes 5 and 6.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the parent company only Financial Statements

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

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

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

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chen, Ming Hong

Huang, Yu Ting

Ernst & Young, Taiwan

26 March 2021

Notice to Readers

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of	
		31 December 2020	31 December 2019
		Amount	Amount
Current assets			
Cash and cash equivalents	4,6(1)	\$758,174	\$722,363
Financial assets at fair value through profit or loss, current	4,6(2)&12	15,569	5,216
Contract asset, current	4,6(15)	11,295	13,826
Notes receivable, net	4,6(16)	3,841	7,066
Trade receivables, net	4,6(3)&(16)	644,631	584,485
Trade receivables-related parties, net	4,6(3)&(16)&7	4,260,762	4,845,086
Other accounts receivable, net	4,8	47,341	16,471
Other accounts receivable-related parties, net	4,7	1,064,890	1,039,780
Inventories, net	4,6(4)	986,291	1,245,829
Prepayments		110,873	43,821
Other current assets		8,198	8,987
Total current assets		7,911,865	8,532,930
Non-current assets			
Investments accounted for under the equity method	4,6(5)	14,705,356	12,507,840
Property, plant and equipment	4,6(6)&8	1,051,111	935,588
Right-of-use assets	4,6(17)	47,371	62,975
Intangible assets	4	7,543	6,130
Deferred tax assets	4,6(21)	326,938	333,196
Other non-current assets		50,185	53,898
Total non-current assets		16,188,504	13,899,627
Total assets		\$24,100,369	\$22,432,557

(continued)

Liabilities and Equity	Notes	As of	
		31 December 2020	31 December 2019
		Amount	Amount
Current liabilities			
Short-term borrowings	6(7)	\$5,372,000	\$4,586,276
Commercial paper payable	6(9)	349,721	149,917
Financial liabilities at fair value through profit or loss, current	4,6(10)&12	1,657	17,129
Contract liabilities, current	4,6(15)	494,850	314,398
Notes payable		113,613	216,852
Accounts payable		538,254	1,083,942
Accounts payable-related parties	7	3,232,937	2,649,752
Other payables	6(11)	437,758	428,655
Other payables-related parties	7	328,636	572,503
Current tax liabilities	4,6(21)	299,180	241,349
Lease liabilities, current	4,6(17)	27,946	28,215
Current portion of long-term loans	6(12)	82,950	150,000
Other current liabilities		9,038	10,022
Total current liabilities		11,288,540	10,449,010
Non-current liabilities			
Bonds payable	6(8)	2,000,000	2,000,000
Long-term loans	6(12)	1,218,777	642,590
Provisions, non-current	4,6(11)	34,080	29,999
Deferred tax liabilities	4,6(21)	50,211	47,428
Lease liabilities, non-current	4,6(17)	20,411	35,281
Net defined benefit obligation, non-current	4,6(13)	84,691	86,662
Credit balance in investment accounted for using equity method	4,6(5)	57,995	11,811
Total non-current liabilities		3,466,165	2,853,771
Total liabilities		14,754,705	13,302,781
Equity	4,6(14)		
Capital			
Common stock		3,036,166	3,036,166
Additional paid-in capital		55,630	54,924
Retained earnings			
Legal reserve		1,441,895	1,312,641
Special reserve		1,370,838	1,016,542
Unappropriated earnings		4,900,499	5,128,174
Subtotal		7,713,232	7,457,357
Other components of equity			
Exchange differences on translation of foreign operations		(1,385,492)	(1,370,839)
Treasury stock		(73,872)	(47,832)
Total equity		9,345,664	9,129,776
Total liabilities and equity		\$24,100,369	\$22,432,557

(The accompanying notes are an integral part of the parent company only financial statements)

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2020	2019
		Amount	Amount
Operating revenues	4,6(15)&7	\$10,800,470	\$12,521,295
Operating costs	6(4)&(18)	(8,500,333)	(9,148,772)
Gross profit		2,300,137	3,372,523
Unrealized intercompany profit		237,459	20,401
Gross profit-net		2,537,596	3,392,924
Operating expenses			
Selling and distribution	6(18)	(1,124,629)	(1,043,489)
General and administrative	6(18)	(302,633)	(327,051)
Research and development	6(18)	(566,059)	(496,391)
Expected credit loss	6(16)	-	(63)
Total operating expenses		(1,993,321)	(1,866,994)
Operating income		544,275	1,525,930
Non-operating income and expenses			
Interest income	4,6(19)	50,694	57,366
Other income	4,6(19)	138,236	75,141
Other gains and losses	6(19)	2,814	(84,876)
Finance costs	6(19)	(103,762)	(106,060)
Share of profit or loss of subsidiaries, associates and joint ventures	4,6(5)	123,072	122,307
Total non-operating income and expenses		211,054	63,878
Income from continuing operations before income tax		755,329	1,589,808
Income tax expense	4,6(21)	(76,036)	(297,277)
Net income		679,293	1,292,531
Other comprehensive income (loss)	6(20)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		932	(10,606)
Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method		1,626	-
Income tax relating to items that may not be reclassified subsequently		(186)	2,121
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(20,349)	(442,871)
Income tax relating to items that may be reclassified subsequently		4,070	88,574
Total other comprehensive loss, net of tax		(13,907)	(362,782)
Total comprehensive income		\$665,386	\$929,749
Earnings per share(NTD)	6(22)		
Earnings per share-basic		\$2.24	\$4.26
Earnings per share-diluted		\$2.24	\$4.26

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese JOHNSON HEALTH TECH CO., LTD. PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY For the years ended 31 December 2020 and 2019 (Expressed in Thousands of New Taiwan Dollars)									
	Retained Earnings				Other components of equity				
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total
Balance as of 1 January 2019	\$3,040,166	\$54,996	\$1,273,663	\$987,409	\$4,133,966	\$(1,016,542)	\$ -	\$(48,948)	\$8,424,710
Distribution of 2018 retained earnings									
Legal reserve			38,978		(38,978)				-
Special reserve				29,133	(29,133)				-
Cash dividends					(197,351)				(197,351)
Net income in 2019					1,292,531				1,292,531
Other comprehensive loss, net of tax in 2019					(8,485)	(354,297)			(362,782)
Total comprehensive income (loss)	-	-	-	-	1,284,046	(354,297)	-	-	929,749
Treasury stock buyback								(47,832)	(47,832)
Cancellation of treasury stock	(4,000)	(72)			(17,683)			21,755	-
Share-based payment awards		9,975							9,975
Exercise employee stock option to purchase treasury stock		(9,975)			(6,693)			27,193	10,525
Balance as of 31 December 2019	\$3,036,166	\$54,924	\$1,312,641	\$1,016,542	\$5,128,174	\$(1,370,839)	\$ -	\$(47,832)	\$9,129,776
Balance as of 1 January 2020	\$3,036,166	\$54,924	\$1,312,641	\$1,016,542	\$5,128,174	\$(1,370,839)	\$ -	\$(47,832)	\$9,129,776
Distribution of 2019 retained earnings									
Legal reserve			129,254		(129,254)				-
Special reserve				354,296	(354,296)				-
Cash dividends					(424,164)				(424,164)
Net income in 2020					679,293				679,293
Other comprehensive loss, net of tax in 2020					746	(16,279)	1,626		(13,907)
Total comprehensive income	-	-	-	-	680,039	(16,279)	1,626	-	665,386
Treasury stock buyback								(32,306)	(32,306)
Share-based payment awards		706							706
Exercise employee stock option to purchase treasury stock								6,266	6,266
Balance as of 31 December 2020	\$3,036,166	\$55,630	\$1,441,895	\$1,370,838	\$4,900,499	\$(1,387,118)	\$1,626	\$(73,872)	\$9,345,664
(The accompanying notes are an integral part of the financial statements)									

JOHNSON HEALTH TECH CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December			For the years ended 31 December	
	2020	2019		2020	2019
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$755,329	\$1,589,808	Acquisition of investments accounted for under the equity method	\$(3,483,010)	\$(630,956)
Adjustments to reconcile net income(loss) to net cash provided			Disposal of property, plant and equipment	1,673,486	207,090
by operating activities:			Acquisition of property, plant and equipment	(125,304)	(47,975)
Income and expense:			Disposal of property, plant and equipment	98	957
Depreciation	85,043	74,616	Acquisition of intangible assets	(7,705)	(1,088)
Amortisation	6,292	8,767	Disposal of intangible assets	-	804
Expected credit losses	-	63	Net cash used in investing activities	(1,942,435)	(471,168)
Net (gain) loss of financial assets/liabilities at fair value through profit or loss	(25,825)	2,137			
Finance costs	103,762	106,060	Cash flows from financing activities:		
Interest income	(50,694)	(50,350)	Increase in short-term loans	14,863,549	6,478,764
Share-based payment awards	706	9,975	Decrease in short-term loans	(14,077,825)	(5,865,253)
Share of gain of subsidiaries, associates and joint ventures	(123,072)	(122,307)	Increase in commercial paper payable	198,716	149,917
Gain on disposal of property, plant and equipment	(23)	(818)	Issued corporate bonds	-	2,000,000
Gain on disposal of intangible assets	-	(161)	Increase in long-term loans	1,184,137	126,690
Gain of unrealized intercompany profit	(237,459)	(20,401)	Decrease in long-term loans	(675,000)	(1,425,000)
Changes in operating assets and liabilities:			Cash dividends	(424,164)	(197,351)
Decrease in contract asset	2,531	995	Repayment of lease capital	(33,783)	(22,210)
Decrease in notes receivable, net	3,225	9,898	Exercise of employee stock option	6,266	10,525
Increase in trade receivables, net	(60,146)	(19,352)	Increase in treasury stock	(32,306)	(47,832)
Decrease(Increase) in trade receivables- related parties, net	584,324	(542,841)	Net cash generated from financing activities	1,009,590	1,208,250
(Increase)Decrease in other receivable, net	(30,870)	5,473			
Increase in other receivable- related parties, net	(25,110)	(491,231)	Net increase in cash and cash equivalents	35,811	102,971
Decrease(Increase) in inventories, net	259,538	(195,860)	Cash and cash equivalents at beginning of period	722,363	619,392
(Increase)Decrease in prepayments	(67,052)	31,792	Cash and cash equivalents at end of period	\$758,174	\$722,363
Decrease in other current assets	789	374			
Increase in other non-current assets	(37,376)	(59,142)			
Increase(Decrease) in contract liabilities	180,452	(101,154)			
(Decrease)Increase in notes payable	(103,239)	30,959			
(Decrease)Increase in accounts payable	(545,688)	42,816			
Increase(Decrease) in accounts payable-related parties	583,185	(524,646)			
Increase(Decrease) in other payables	11,903	(6,469)			
Decrease in other payables-related parties	(243,867)	(171,005)			
Increase in provisions	4,081	2,734			
Decrease in other current liabilities	(984)	(1,035)			
Decrease in accrued pension liabilities	(1,039)	(1,030)			
Cash generated from(uses in) operations	1,028,716	(391,335)			
Interest received	50,694	50,350			
Interest paid	(105,474)	(100,901)			
Income tax paid	(5,280)	(192,225)			
Net cash generated from(used in) operating activities	968,656	(634,111)			

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

【Attachment 5】

Johnson Health Tech Co., Ltd.

Earnings Distribution Statement

2020

(Unit: NT\$)

ITEM

Unappropriated earnings at the beginning of the period	4,220,460,048
+: Other comprehensive income (Re-measurements of defined benefit plan)	745,825
+: Net income after tax in 2020	679,292,436
-: Account legal surplus reserve in 2020 (Note 1)	(68,003,826)
-: Account special surplus reserve	(14,653,342)
Distributable earnings for this period	4,817,841,241
-: Distribution Items:	
Bonus for shareholders – Cash dividend (NT\$1.12 per share)	(338,899,251)
Accumulated unappropriated earnings at the end of the period	4,478,941,990

President: Peter Lo

Manager: Jason Lo

Chief Accounting Officer: Jacky Lee

Note 1: In addition to the income tax withheld according to the law, the net income this Company gains in the final accounts each year shall first make up the losses in the past year; then, 10% of its balance shall be withdrawn and deposited as the legal surplus and account or reverse the special surplus reserve according to the law; in case of any balance left, it shall be used for the distribution of earnings, altogether with the undistributed earnings accumulated in the previous year; at the time of distribution, part of the earnings shall be retained, depending on the business status and then the Board of Directors shall prepare the earnings distribution proposal for the rest of the earnings and submit it with the shareholders meeting for a resolution on the distribution of bonus for the shareholders.

Note 2: Share number for this distribution = 303,616,617 issued shares – 1,028,000 treasury shares = 302,588,617 shares; if subsequently the rate of dividend distribution for the shareholders should vary due to the transfer of the company's repurchased shares and treasury shares or other reasons so that it is necessary to make the amendment, we intend to propose the amendment with the shareholders meeting to fully authorize the Board of Directors to deal with it.

Note 3: The earnings in 2020 shall be distributed on a top priority.

Note 4: The cash dividend shall be distributed in up to NT\$1 with below NT\$1 rounded up; for those total fractional amount of less than NT\$1, the amount below the decimal point shall be adjusted in the sequence of the amount and the shareholders' account number till the total distributed cash dividend amount is matched.

Johnson Health Tech Co., Ltd.

Cross Reference Table on the Articles of “Regulations Governing Share Repurchase for Transfer to Employees” (The 2nd Repurchase)

Article after Amendment	Current Article	Reason for Amendment
Article 4 Those <u>full-time</u> employees of this Company, who have worked for one full year prior to the base date of subscription or those employees of this Company and our subsidiary companies, who make special contributions to the company and for whom a report is submitted with the Board of Directors with consent obtained, shall be qualified to subscribe, in accordance with the subscribed quota, as prescribed in Article 5 of these Regulations. Those transferred subjects who resign (or leave without pay) during the period from the employee's base subscription date to the expiry date of the subscription payment shall lose the subscription qualification and the president will contact other employees to subscribe the same. The <u>full-time</u> employees of the subsidiary companies as mentioned in the preceding paragraph refer to those <u>full-time</u> employees of all domestic and overseas subsidiary companies, in which this Company holds, directly or indirectly, over 50% shares of voting rights.	Article 4 Those <u>employees</u> of this Company, who have worked for one full year prior to the base date of subscription or those employees of this Company and our subsidiary companies, who make special contributions to the company and for whom a report is submitted with the Board of Directors with consent obtained, shall be qualified to subscribe, in accordance with the subscribed quota, as prescribed in Article 5 of these Regulations. Those transferred subjects who resign (or leave without pay) during the period from the employee's base subscription date to the expiry date of the subscription payment shall lose the subscription qualification and the president will contact other employees to subscribe the same. The employees of the subsidiary companies as mentioned in the preceding paragraph refer to those employees of all domestic and overseas subsidiary companies, in which this Company holds, directly or indirectly, over 50% shares of voting rights.	To define more specifically the qualification of the transferees as the full-time employees.

Johnson Health Tech Co., Ltd.

Cross Reference Table on the Articles of “Regulations Governing Share Repurchase for Transfer to Employees” (The 3rd Repurchase)

Article after Amendment	Current Article	Reason for Amendment
Article 4 Those <u>full-time</u> employees of this Company, who have worked for one full year prior to the base date of subscription or those employees of this Company and our subsidiary companies, who make special contributions to the company and for whom a report is submitted with the Board of Directors with consent obtained, shall be qualified to subscribe, in accordance with the subscribed quota, as prescribed in Article 5 of these Regulations. Those transferred subjects who resign (or leave without pay) during the period from the employee's base subscription date to the expiry date of the subscription payment shall lose the subscription qualification and the president will contact other employees to subscribe the same. The <u>full-time</u> employees of the subsidiary companies as mentioned in the preceding paragraph refer to those <u>full-time</u> employees of all domestic and overseas subsidiary companies, in which this Company holds, directly or indirectly, over 50% shares of voting rights.	Article 4 Those <u>employees</u> of this Company, who have worked for one full year prior to the base date of subscription or those employees of this Company and our subsidiary companies, who make special contributions to the company and for whom a report is submitted with the Board of Directors with consent obtained, shall be qualified to subscribe, in accordance with the subscribed quota, as prescribed in Article 5 of these Regulations. Those transferred subjects who resign (or leave without pay) during the period from the employee's base subscription date to the expiry date of the subscription payment shall lose the subscription qualification and the president will contact other employees to subscribe the same. The employees of the subsidiary companies as mentioned in the preceding paragraph refer to those employees of all domestic and overseas subsidiary companies, in which this Company holds, directly or indirectly, over 50% shares of voting rights.	To define more specifically the qualification of the transferees as the full-time employees.

Johnson Health Tech Co., Ltd.

Cross Reference Table on the Articles of the “Rules of Procedure for Board of Directors Meetings”

Article after Amendment	Current Article	Reason for Amendment
Article 7 (Chair and Acting Chair of a Board Meeting) Board meetings of this Company shall be convened by the Board of Directors and chaired by <u>the Chairperson</u> of the Board. However, with respect to the first meeting of each newly elected Board of Directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convening the meeting, they shall select from among themselves one director to serve as Chair. <u>If the meetings of the Board of Directors are convened by over half of the directors themselves, the Chair should be appointed among them by themselves in accordance with Paragraph 4, Article 203, or Paragraph 3, Article 203-1, the Company Act.</u> When the Chairperson of the Board is on leave or for any reason unable to exercise the powers of a Chairperson, the Vice Chairperson shall act in place of the Chairperson; if there is no Vice Chairperson or the Vice Chairperson is also on leave or for any reason unable to exercise the powers of a Vice Chairperson, the Chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as Chair. If no such designation is made by the Chairperson, the managing directors or directors shall select one person from among themselves to serve as Chair.	Article 7 (Chair and Acting Chair of a Board Meeting) Board meetings of this Company shall be convened and chaired by the Chairperson of the Board. However, with respect to the first meeting of each newly elected Board of Directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convening the meeting, they shall select from among themselves one director to serve as Chair. When the Chairperson of the Board is on leave or for any reason unable to exercise the powers of a Chairperson, the Vice Chairperson shall act in place of the Chairperson; if there is no Vice Chairperson or the Vice Chairperson is also on leave or for any reason unable to exercise the powers of a Vice Chairperson, the Chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as Chair. If no such designation is made by the Chairperson, the managing directors or directors shall select one person from among themselves to serve as Chair.	To make the amendment in keeping with the Company Act.
Article 15 (Recusal System for Directors) If a director or a juristic person that the director represents has an interest in party in relation to an agenda item, the director shall state the important aspects of the said interests at the respective meeting. When the relationship is likely to prejudice the interest of this Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or voting on the item, and may not exercise voting rights as proxy for another director. <u>Wherever the directors’ spouse, blood relatives within the second degree of kinship or those companies which have a controlling subordinate relationship with the directors shall be deemed as the directors having a self-interest relationship.</u>	Article 15 (Recusal System for Directors) If a director or a juristic person that the director represents has an interest in relation to an agenda item, the director shall state the important aspects of the said interests at the respective meeting. When the relationship is likely to prejudice the interest of this Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or voting on the item, and may not exercise voting rights as proxy for another director. Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a Board meeting, the provisions of Paragraph 2, Article 180 of the Company Act apply mutatis mutandis in accordance with	To make the amendment in keeping with the Company Act.

Where a director is prohibited by the preceding paragraph 2 from exercising voting rights with respect to a resolution at a Board meeting, the provisions of Paragraph 2, Article 180 of the Company Act apply mutatis mutandis in accordance with Paragraph 4, Article 206 of the same Act.	Paragraph 3, Article 206 of the same Act.	
Article 18 (Supplementary Provisions) The establishment of these Rules of Procedure shall be subject to the approval of this Company's Board of Directors and shall be reported to the shareholders meeting. <u>Any amendment made in the future shall be resolved by the Board of Directors via authorization.</u>	Article 18 (Supplementary Provisions) The establishment ~~and amendment~~ of these Rules of Procedure shall be subject to the approval of this Company's Board of Directors and shall be reported to the shareholders meeting.	To correspond with the practical operation.

Johnson Health Tech Co., Ltd.

Cross Reference Table on the Articles of “Regulations Governing Operational Procedure of Loaning of Funds to Others”

Article after Amendment	Current Article	Reason for Amendment
Article 4 Aggregate amount of loans and the maximum amount permitted to a single borrower 1. Omitted 2. Aggregate amount of loans and the maximum amount permitted to a single borrower : (1) For those companies or firms which have business transactions with the company, the individual loan amount shall not exceed 20% of the company’s net worth or the balance of mutual business transactions, whichever is lower. The balance of business transactions, as mentioned above, refers to the purchase of sales amount between both parties during <u>one</u> year, whichever is higher. (2) Where an inter-company or inter-firm short-term financing facility is necessary, the individual loan amount shall not exceed 20% of the company’s net worth. 3. The inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares, or the loans, made by the overseas subsidiary companies with the company, as required by the fund financing, shall not be restricted to 40% of the lending company’s net worth. However, the said subsidiary companies shall specify in their prescribed operational procedures the loan duration, limit of amount and authorization limit.	Article 4 Aggregate amount of loans and the maximum amount permitted to a single borrower 1. Omitted 2. Aggregate amount of loans and the maximum amount permitted to a single borrower : (1) For those companies or firms which have business transactions with the company, the individual loan amount shall not exceed 20% of the company’s net worth or the balance of mutual business transactions, whichever is lower. The balance of business transactions, as mentioned above, refers to the purchase of sales amount between both parties, whichever is higher. (2) Where an inter-company or inter-firm short-term financing facility is necessary, the individual loan amount shall not exceed 20% of the company’s net worth. 3. The inter-company loans of funds between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares, or the loans, made by the overseas subsidiary companies with the company, as required by the fund financing, shall not be restricted to 40% of the lending company’s net worth. However, the said subsidiary companies shall specify in their prescribed operational procedures the loan duration, limit of amount and authorization limit. <u>The financing duration is limited to 10 years or ten operating cycles.</u>	1. The regulation of one year duration is appended for the business transactions. 2. Such words as “financing duration” are deleted, because it does not comply with the statutory provisions, while the financing duration has been additionally prescribed in Article 5.
Article 5 Financing Duration of Funds and Calculation of Interest 1. Duration: (1) In terms of loan of funds to	Article 5 Financing Duration of Funds and Calculation of Interest 1. Duration: (1) In terms of loan of funds to	1. The financing duration and the extension regulation are amended.

others, each loan duration of the company will not exceed one year or one operating cycle at most (whichever is longer), in accordance with Paragraph 1, Article 3 and <u>no extension is permitted.</u> (2) In terms of engagement in the loans between the overseas companies, the company <u>authorizes the subsidiary companies to self-stipulate the duration.</u> If necessary, the extension procedures shall be handled via the consent of the Board of Directors before the loan case expires, in accordance with Paragraph 3 of Article 3.	others, each loan duration of the company will not exceed one year or one operating cycle at most (whichever is longer), in accordance with Paragraph 1 of Article 3. (2) In terms of engagement in the loans between the overseas companies, the company, if necessary, shall handle the extension procedures via the consent of the Board of Directors before the loan case expires, in accordance with Paragraph 3 of Article 3.	
Article 6 Evaluation Standards for Loan of Funds to Others Whenever engaging in the loan of funds with other companies or firms due to the business relationship, the company should comply with Subparagraph 1, Paragraph 2, Article 4; the loan of funds, made due to need for the short-term financing fund, shall be restricted to the following conditions: <u>1.</u> The subsidiary companies in which the company holds, directly or indirectly, 50% of the voting shares, have a need for short-term fund financing, as required by the business. <u>2.</u> The other companies or firms have a need for short-term fund financing due to the purchase of materials or operational turnover.	Article 6 Evaluation Standards for Loan of Funds to Others Whenever engaging in the loan of funds with other companies or firms due to the business relationship, the company should comply with Subparagraph 1, Paragraph 2, Article 4; the loan of funds, made due to need for the short-term financing fund, shall be restricted to the following conditions: <u>1.</u> The subsidiary companies in which the company holds, directly or indirectly, 50% of the voting shares, have a need for short-term fund financing, as required by the business. <u>2.</u> The other companies or firms have a need for short-term fund financing due to the purchase of materials or operational turnover. <u>3. Other loan of funds, agreed by the company's Board of Directors.</u>	1. Amend the pattern of the question number. 2. Delete such words as "other conditions of loan of funds".

Johnson Health Tech Co., Ltd.

Cross Reference Table on the Articles of “Rules of Procedure for General Shareholders Meetings”

Article after Amendment	Current Article	Reason for Amendment
<u>Article 2:</u> Unless otherwise provided by law or regulation, this Company's shareholders meetings shall be convened by the Board of Directors. This Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) not later than 30 days before the date of a regular shareholders meeting or not later than 15 days before the date of a special shareholders meeting. This Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS not later than 21 days before the date of the regular shareholders meeting or not later than 15 days before the date of the special shareholders meeting. In addition, not later than 15 days before the date of the shareholders meeting, this Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by the shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice. Where re-election of all directors as well	Nil	1. Append the text by inserting Article 2. 2. Be established pursuant to Article 3 of the sample template of the “Rules of Procedure for Shareholders Meetings”, published by the Taiwan Stock Exchange.

<u>as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</u> <u>A shareholder with one percent or more of the total number of issued shares may submit to this Company a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the Board of Directors.. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</u> <u>Prior to the book closure date before a regular shareholders meeting is held, this Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</u> <u>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</u> <u>Prior to the date for issuance of notice of a shareholders meeting, this Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals in the agenda.</u>		
<u>Article 3:</u> <u>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Company and stating the scope of the proxy's authorization.</u> <u>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received the earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</u> <u>After a proxy form has been delivered to this Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Company before two business days before the meeting date. If the cancellation notice</u>	Nil	1. Append the text by inserting Article 3. 2. Be established pursuant to Article 4 of the sample template of the “Rules of Procedure for Shareholders Meetings”, published by the Taiwan Stock Exchange.

is submitted after that time, votes cast at the meeting by the proxy shall prevail.		
Article 4: <u>The company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</u> <u>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel are assigned to handle the registrations.</u> <u>Shareholders and their proxies (collectively, "shareholders") shall attend the shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</u>	Nil	1. Append the text by inserting Article 4. 2. Be established pursuant to Article 6 of the sample template of the "Rules of Procedure for Shareholders Meetings", published by the Taiwan Stock Exchange.
Article 5: (Omitted) A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the company not later than two days before the date of the shareholders meeting. <u>When duplicate declarations of intent are delivered, the one received the earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</u>	Article 2: (Omitted) When duplicate declarations of intent are delivered, the one received the earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.	1. Amend the order of articles. 2. Be amended, pursuant to Article 13 of the sample template of the "Rules of Procedure for Shareholders Meetings", published by the Taiwan Stock Exchange.
Article 6: Attendance at shareholders meetings and voting (Omitted)	Article 3: Attendance at shareholders meetings and voting (Omitted)	Amend the order of articles.
Article 7: The venue for a shareholders meeting shall be in the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. <u>Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</u>	Article 4: The venue for a shareholders meeting shall be in the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. <u>When the company holds a shareholder meeting, it shall adopt the exercise of voting rights by either electronic means or by correspondence. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to the original proposals of that meeting.</u>	1. Amend the order of articles. 2. Delete and amend the repeated words of the text of Article 5.
Article 8: (Omitted) If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. <u>When there are two or more such convening parties, they shall mutually select a Chair from among themselves.</u>	Article 5: (Omitted) If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall <u>chair</u> the meeting.	1. Amend the order of articles. 2. Be amended pursuant to Article 7 of the sample template of the "Rules of Procedure for Shareholders Meetings", published by the Taiwan Stock Exchange.
Article 9: The company may appoint its attorneys, ... (Omitted)	Article 6: The company may appoint its attorneys, ... (Omitted)	Amend the order of articles.

Article 10: The company shall make the meeting process of the shareholders meeting (Omitted)	Article 7: The company shall make the meeting process of the shareholders meeting (Omitted)	Amend the order of articles.
Article 11: (Omitted) If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, <u>the chair announces that the meeting shall be adjourned and a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.</u> When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote during <u>the shareholders meeting</u> pursuant to Article 174 of the Company Act.	Article 8: (Omitted) If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote during <u>the general meeting</u> pursuant to Article 174 of the Company Act.	1. Amend the order of articles. 2. Be amended pursuant to Article 9 of the sample template of the “Rules of Procedure for Shareholders Meetings”, published by the Taiwan Stock Exchange.
Article 12: If the shareholders meeting is convened by the Board of Directors, ... (Omitted)	Article 9: If the shareholders meeting is convened by the Board of Directors, ... (Omitted)	Amend the order of articles.
Article 13: Before speaking, an attending shareholder, ... (Omitted)	Article 10: Before speaking, an attending shareholder, ... (Omitted)	Amend the order of articles.
Article 14: A shareholder may not speak.... on the same proposal, ... (Omitted)	Article 11: A shareholder may not speak.... on the same proposal, ... (Omitted)	Amend the order of articles.
Article 15: When a juristic person is appointed to attend as proxy, ... (Omitted)	Article 12: When a juristic person is appointed to attend as proxy, ... (Omitted)	Amend the order of articles.
Article 16: After speaking, an attending shareholder, ... (Omitted)	Article 13: After speaking, an attending shareholder, ... (Omitted)	Amend the order of articles.
Article 17: The Chair shall discussion of proposals, ... (Omitted)	Article 14: The Chair shall discussion of proposals, ... (Omitted)	Amend the order of articles.
Article 18: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel shall be shareholders of the company. <u>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</u>	Article 15: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel shall be shareholders of the company and <u>the results of the voting shall be announced on-site at the meeting, and a record made of the vote.</u> The on-site plus electronic voting results of proposals shall be <u>reported on the spot</u> and a record shall be <u>made</u> .	1. Amend the order of articles. 2. Be amended pursuant to Article 13 of the sample template of the “Rules of Procedure for Shareholders Meetings”, published by the Taiwan Stock Exchange.
Article 19: When a meeting is in progress, the Chair may announce a break based on time considerations. <u>If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</u>	Article 16: When a meeting is in progress, the Chair may announce a break based on time considerations.	1. Amend the order of articles. 2. Be amended pursuant to Article 18 of the sample template of the “Rules of Procedure for Shareholders Meetings”, published by the Taiwan Stock Exchange.
Article 20: The voting of proposals, ... (Omitted)	Article 17: The voting of proposals, ... (Omitted)	Amend the order of articles.
Article 21: When there is an amendment or an alternative to a proposal, ... (Omitted)	Article 18: When there is an amendment or an alternative to a proposal, ... (Omitted)	Amend the order of articles.
Article 22:	Nil	New article is appended; and

<u>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</u> <u>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</u>		established in accordance with Article 14 of the sample template of the “Rules of Procedure for Shareholders Meetings”, published by the Taiwan Stock Exchange.
Article 23: <u>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</u> <u>The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</u> <u>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the company.</u>	Nil	New article is appended; and established in accordance with Article 15 of the sample template of the “Rules of Procedure for Shareholders Meetings”, published by the Taiwan Stock Exchange.
Article 24: On the day of a shareholders meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under the Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the company shall upload the content of such resolution to the MOPS within the prescribed time period.	Nil	New article is appended; and established in accordance with Article 16 of the sample template of the “Rules of Procedure for Shareholders Meetings”, published by the Taiwan Stock Exchange.
Article 25: The Chair may direct the proctors, ... (Omitted)	Article 19: The Chair may direct the proctors, ... (Omitted)	Amend the order of articles.
Article 26: These Rules shall take effect after having been submitted to and approved by a shareholders meeting, ... (Omitted)	Article 20: These Rules shall take effect after having been submitted to and approved by a shareholders meeting, ... (Omitted)	Amend the order of articles.
This amendment is made on <u>March 26, 2020.</u>	This amendment is made on <u>March 24, 2017.</u>	The date of amendment is revised.

APPENDIX

**Articles of Incorporation
of
Johnson Health Tech Co., Ltd.**

Chapter I General Provisions

Article 1 : This Company is incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name is 喬山健康科技股份有限公司 in the Chinese language, and Johnson Health Tech Co., Ltd. in the English language.

Article 2 : The scope of business of this Company is as follows:

1. CF01011 Manufacturing of medical facilities.
2. F108031 Wholesale of medical facilities.
3. F208031 Retail of medical facilities.
4. CH01010 Manufacturing of sporting goods.
5. F109070 Wholesale of cultural & educational goods, musical instrument & recreational supplies.
6. F209060 Retail of cultural & educational goods, musical instrument & recreational supplies.
7. CQ01010 Manufacturing of molds.
8. F106030 Wholesale of molds.
9. F206030 Retail of molds.
10. CC01990 Manufacturing of other electrical & electronic machinery & devices.
11. CC01080 Manufacturing of electronic components.
12. F119010 Wholesale of electronic materials.
13. F219010 Retail of electronic materials.
14. J801030 Athletics & creational sports stadium.
15. JE01010 Lease business.
16. CC01101 Manufacturing of controlled telecommunications radio-frequency devices.
17. F401021 Import of controlled telecommunication radio-frequency devices.
18. F113070 Wholesale of telecommunications devices.
19. F213060 Retail of telecommunication devices.
20. C104020 Manufacturing of baked & steamed food.
21. F101130 Wholesale of vegetable & fruit.
22. F102020 Whole of edible fat.
23. F102040 Whole of drink.
24. F102050 Whole of tea.
25. F102170 Whole of groceries.
26. F106020 Whole of daily necessities.
27. F108040 Whole of cosmetic.
28. F201010 Retail of farming products.
29. F203010 Retail of groceries & drink.
30. F206020 Retail of daily necessities.
31. F208040 Retail of cosmetic.
32. F399040 Retail without storefront.
33. F401010 International trade.
34. F501060 Restaurant.

35. F118010 Whole of information software.
36. F218010 Retail of information software.
37. F204110 Retail of fabrics, clothes, shoes, hat, umbrella & clothing accessories.
38. F104110 Whole of fabrics, clothes, shoes, hat, umbrella & clothing accessories.
39. I102010 Investment consultation.
40. I103060 Management consultation.
41. I301010 Information software servicing.
42. I301020 Data processing servicing.
43. I301030 Electronic information provision servicing.
44. I401010 General advertisement servicing.
45. I502010 Costume design.
46. I501010 Product design.
47. J305010 Audio publishing.
48. J602010 Performing art.
49. J701070 Information recreation.
50. J802010 Sports training.
51. ZZ99999 Except for the licensed business, it is permitted to operate the businesses, which are not prohibited or limited by the law.

Article 3 : This Company sets up its head office in Taichung City, Taiwan and if necessary, the domestic and overseas branches shall be established via the resolution of the Board of Directors according to the law.

Article 4 : Public announcement shall be made by being published in the remarkable parts of the daily newspapers in the county or province where this Company is located as well as the circular letter.

Chapter II Shares

Article 5: The total capital stock of this Company shall be in the amount of 4,500,000,000 New Taiwan Dollars, divided into 450,000,000 shares, at ten New Taiwan Dollars each, and may be issued in installments by authority of the Board of Directors, in which part of preferred shares shall be issued; therein 20,000,000 shares shall be retained for use of stock option exercise of the stock option certificates, including the employee stock option certificate and the corporate bond with warrant.

Article 5-1: The rights and obligations of this Company's preferred shares and other important issuance conditions are as follows:

1. In case that this Company gains earnings in the annual final accounts, in addition to the income tax withheld according to the law, the earnings should first make up the losses in the past years, next account the legal earnings reserve according to the law and finally account or reverse the special surplus reserve pursuant to the articles of incorporation; if the balance is left, the distributable dividend of preferred shares in the said year shall be distributed on a top priority basis.
2. The dividend of the preferred shares is 8% at most per annum, which shall be calculated based on the issue price per share and distributed in cash once a year; after the financial report is accepted, the Board of Directors shall set up the base date to pay the distributable dividend for the previous year. The distribution of dividend for the year of issue and the year of recovery shall be based on the calculation of the actual days accounted for issuance in the said year.
3. The distribution of preferred stock dividend is at this Company's discretion. If there are no earnings or the earnings are not enough for the distribution of the preferred stock dividend, this Company shall resolve that no preferred stock dividend will be distributed in this regard and the preferred stock shareholders shall not make any objection. If the issued preferred shares are of non-cumulative type, the undistributed dividend or deficiently-distributed dividend shall not be accumulated into the year when the earnings is gained for the deferred payment.
4. In addition, the shareholders of preferred shares shall receive the dividend as mentioned in Subparagraph 2 of this Paragraph; in case that the issued preferred

shares are of non-participation type, they shall not participate in the distribution of earnings, capital surplus in cash as well as capital appropriation.

5. When this Company issues new shares in cash, the shareholders of preferred shares and ordinary shares have the same priority subscription right.
6. In terms of the priority for the distribution of this Company's residual property, the preferred stock shareholders rank ahead of the ordinary stock shareholders and they enjoy the same compensation order as the shareholders of each special stock, issued by this Company, but they are both second to the general creditors and they can be only distributed with quota no more than that calculated as per issue price of the issued special shares outstanding at that time.
7. The preferred stock shareholders have no voting and election rights, but they shall be elected as directors, who are endowed with the voting rights at the shareholders meetings of preferred stock or those shareholders meetings which involve such matters as the rights and obligations of the special stock shareholders.
8. The preferred shares cannot be converted into the ordinary shares.
9. There is no mature date for the preferred shares, so the shareholders thereof shall not ask this Company to recover the preferred shares they hold. However, this Company shall reclaim, wholly or partially, the preferred shares on the basis of the original issue price at any time effective the date following the expiration of five-year issue. Those preferred shares which are not recovered shall continue to be bound by the rights and obligations of each foregoing issue requirement. In the event that this Company resolves to distribute dividend in the year when the shares are recovered, the distributable dividend as of the date recovered shall be calculated on the basis of the actual days accounted for the issuance in the said year.
The Board of Directors shall be authorized to determine the name, issue date and concrete issue requirements of the preferred shares, depending on the capital market status and the investors' intention in accordance with the company's Articles of Incorporation and related acts and regulations.

Article 6: This Company's stock shall be signed or sealed by the directors representing the company, certified by the competent authority or the approved issue registration institution and finally be issued according to the law.

The stock for the shares, issued by this Company, is exempted from being printed, but it should be registered with the Centralized Securities Depository Enterprises Institution.

Article 7: When the company issues new shares, the stocks shall be printed in combination with the aggregate shares in the said issue or shall be exempted from being printed. The shares issued pursuant to the preceding regulation shall be safeguarded by or registered with the Centralized Securities Depository Enterprises Institution; they can be collectively replaced by the large-denomination securities upon the request of the Centralized Securities Depository Institution.

Article 8: The company's stock affairs dealing rules shall be subject to the "Regulations Governing the Administration of Shareholders Service of Public Companies" and the related stipulation, published by the competent authority.

Article 9: Pursuant to Article 56-1 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" and Article 10-1 of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies", this Company shall issue the employee stock option certificate in a price lower than the closing stock price of this Company's ordinary shares on the issue date and transfer it to the employees in a price lower than the average price of actually-repurchased shares, on condition that over half of the attending directors in the meeting wherein over two thirds of directors attend consent.

Article 10: Deleted.

Article 11: Within 60 days before the regular shareholders meeting of each term, 30 days before the extraordinary meeting or 5 days before the base date when the company decides to distribute dividend & bonus or other benefits, the stock transfer shall be suspended.

Chapter III Shareholders Meeting

- Article 12: The shareholders meetings are divided into the regular meeting and the extraordinary meeting. The regular meeting is convened once a year within 6 months at the close of each fiscal year, while the extraordinary meeting shall be summoned, if necessary, according to the law. The shareholders meeting of the preferred shares shall be called, when necessary, in accordance with the relevant acts.
- Article 13: When a shareholder is unable to attend the shareholders meeting for some reason, he/she shall prepare the power of attorney to authorize the proxy to attend the meeting.
- Article 14: Unless otherwise provided in the Company Act, the shareholders meeting shall be convened by the board of directors and the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair on his/her behalf; if the chairperson fails to appoint one proxy, one of the directors shall be appointed to act as chair.
If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the chairperson in this instance shall be appointed pursuant to Article 182-1 of the Company Act.
- Article 15: Except as provided in the acts, this Company's shareholder has one voting right per share.
- Article 16: Unless otherwise provided in the Company Act, the resolution of the shareholders meeting shall be made upon consent by over half of the attending directors in the meeting wherein over two thirds of directors attend.
This Company's shareholders can also exercise their voting rights by electronic means. Those shareholders who electronically exercise their voting rights shall be deemed to attend the shareholders meeting in person; the related matters shall be all handled in accordance with the acts.
- Article 17: The resolution matters in the shareholders meeting, for which the proceedings shall be made and handled in accordance with Article 183 of the Company Act.

Chapter IV Directors

- Article 18: This Company appoints 7~11 directors, whose appointment adopts the candidates nomination system by selecting from the candidates list in the shareholders meeting; the directors' term of office is 3 years; they shall be reelected. In the above-mentioned quota of directors, 2~5 independent directors shall be included. The total share number that the entire directors of this Company hold shall not be less than the minimum proportion, as set forth by the competent authority. During the directors' tenure of office, this Company shall effect a liability insurance for them against the liability compensation which is incurred due to their business execution.
This Company establishes the Audit Committee in accordance with Article 14-4, the Securities and Exchange Act. The Audit Committee is composed of the whole independent directors; the exercise of their authority and related matters shall be managed pursuant to the relevant statutory regulations.
- Article 18-1: Among the foregoing quota of directors, this Company shall appoint 2~5 independent directors. The candidates nomination system is adopted for the directors and the independent directors, who shall be elected by the shareholders from the director candidates list. The nomination way shall be dealt with in accordance with Article 192-1 of the Company Act.

- Article 19: When the number of directors falls short by one-third of the total number, the company shall convene a shareholders meeting for the by-election within the required period as prescribed in Article 201 of the Company Act and the term of office for the by-elected directors is only to make up the term of the original director.
- Article 20: When the term of office for the directors expires and it is too late to proceed with the reelection, extension shall be allowed for them to execute their duties till the reelected directors take their office. However, if the competent authority orders by their authority the company to carry out reelection in the prescribed period, but the company fails in reelection when the time is due, the directors shall be definitely dismissed at the expiry date.
- Article 21: The directors shall organize the board of directors; one chairperson shall be elected among the directors with consent by over half of the attending directors in the meeting of the Board of Directors, which two thirds of directors attend, so shall one vice chairperson be elected in the same manner; both of them shall perform all affairs of this Company in compliance with the resolutions of the acts, the articles, the shareholders meetings and the board of directors meetings.
- Article 22: This Company's operation policy and other important matters shall be resolved by the board of directors. Except for the 1st meeting of the board of directors of each term, which shall be convened in accordance with Article 203, the Company Act, other meetings shall be called and chaired by the chairperson. When the chairperson of the board is unable to exercise the powers, the vice chairperson shall act in place of the chairperson; if the vice chairperson is also for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the directors to act by proxy; if no appointment is made in that regard, the directors shall select one person from among themselves to serve as chair.
- Article 23: Except as provided in the Company Act, the meetings of the board of directors shall be attended by over half of the directors with consent by over half of the attending directors. When a director is unable to attend the meeting for some reason, he/she shall issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting to authorize other directors to attend the meetings of the board of directors on his/her behalf, but the proxy shall be the appointed proxy of only one person.
If the meeting of the board of directors is conducted in a form of videoconference, those directors who attend the videoconference by the webcam shall be deemed attendance in person.
- Article 24: The minutes shall be taken for the discussions in the meeting of the board of directors, which shall bear the signature or seal of the chair, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall specify the date (year/month/day) & venue of the meeting, name of chairperson, resolution method, key points and the results of the proceedings; it shall be permanently preserved during the existence of the company.
- Article 25: Regardless of profit or loss, the compensation of this Company's directors shall be determined by the Board of Directors via authorization subject to the general level in

the same industry.

Chapter V Managers and Employees

Article 26: This Company shall appoint one general manager, whose appointment, dismissal and remuneration shall obtain the consent by over half of the attending directors in the meeting of the Board of Directors, which over half of directors attend.

Article 27: This Company shall retain the consultant and important employees via the resolution of the Board of Directors.

Article 28: Deleted.

Chapter VI Final Accounts

Article 29: At the end of each fiscal year, the Board of Directors of this Company shall prepare the following statements and submit it with the regular shareholders meeting for being accepted:

1. Business Report
2. Financial Statements
3. Earnings Distribution or Loss Compensation Proposals.

Article 30: In case that this Company gains profit in the year, no less than 1% of the profit shall be allocated as the compensation for employees and no more than 5% as the compensation for directors. However, if the company still has the accumulated loss, the profit shall be reserved beforehand to make up with the figures.

The compensation for employees shall be made in cash and its subjects shall include the employees of the domestic and overseas subordinate companies, who meet certain requirements.

Article 30-1: In addition to the income tax withheld according to the law, the net income this Company gains in the final accounts each year should first make up the losses in the past years; then, 10% of its balance should be withdrawn and deposited as the legal surplus and account or reverse the special surplus reserve pursuant to the law; if the balance is left, the distributable dividend of preferred shared in the said year shall be distributed on a top priority basis; in case of any balance still left, it shall be used for the distribution of earnings, altogether with the undistributed earnings accumulated in the previous year; at the time of distribution, part of earnings shall be retained, depending on the business status and then the Board of Directors shall prepare the earnings distribution proposal for the rest of earnings and submit it with the shareholders meeting for a resolution on the distribution of bonus for the shareholders.

With respect to the distribution of bonus for the shareholders in the preceding paragraph, if all or part of it is distributed in cash, the Board of Directors shall be authorized to seek a resolution made by over half of the attending directors in the meeting wherein over two thirds of directors attend and a report shall be filed with the shareholders meeting.

The company is just situated at the growing stage. Considering the capital expenditure, business expansion need and sound financial planning for the sake of sustainable development, only after the earnings satisfy the cash need of the company's capital planning shall the remaining earnings be sufficient for the distribution of cash dividend; in this point, the distributed amount of cash dividend shall be more than 10% of total bonus amount for the shareholders and its ratio shall be subject to the stock dividend ratio adjusted by the Board of Directors to 50%~100%, depending on the actual profits and capital status or on the basis of the capital expenditure and the business expansion needs; such an adjustment shall be submitted with the shareholders meeting for a resolution.

Article 30-2: When this Company has not incurred loss, it shall authorize the Board of Directors to seek a resolution made by over half of the attending directors in the meeting wherein over two thirds of directors attend in order to distribute the legal surplus reserve (part of the said surplus exceeding 25% of the paid-in stock capital) as well as the whole or part of the capital reserve which complies with the Company Act in cash and thereof submit a report with the shareholders meeting.

Article 30-3: The subjects for the transfer of the shares this Company repurchases shall only include the employees of this Company and its domestic and overseas subordinate companies, who meet certain requirements; their requirements and the transfer method shall be determined by the Board of Directors via authorization.
The subjects for the issuance of new restricted employee shares of this Company shall only include the employees of this Company and its domestic and overseas subordinate companies, who meet certain requirements; their requirements and the distribution method shall be determined by the Board of Directors via authorization.
When this Company issues new shares, those employees who purchase the shares shall only include the employees of this Company and its domestic and overseas subordinate companies, who meet certain requirements; their requirements and the purchase method shall be determined by the Board of Directors via authorization.

Chapter VII Supplementary Articles

Article 31 : This Company's reinvestment amount shall not exceed 40% of the paid-in stock capital.

Article 32: This Company shall offer guarantee to other companies in the same industry.

Article 33: The organizational regulations and the operational bylaws of this Company shall be separately established by the Board of Directors.

Article 34: Any matters not covered in this Articles of Incorporation shall be handled in accordance with the regulations of the Company Act and other relevant laws and regulations.

Article 35: This Articles of Incorporation was established on September 19, 1975.

The 1st amendment was made on August 12, 1978.

The 2nd amendment was made on July 3, 1979.

The 3rd amendment was made on September 26, 1979.

The 4th amendment was made on February 10, 1981.

The 5th amendment was made on September 18, 1984.

The 6th amendment was made on August 29, 1986.

The 7th amendment was made on October 15, 1986.

The 8th amendment was made on August 29, 1998.

The 9th amendment was made on November 16, 1998.

The 10th amendment was made on November 30, 1998.

The 11th amendment was made on May 20, 2000.

The 12th amendment was made on June 20, 2001. (The 1st time)

The 13th amendment was made on June 20, 2001. (The 2nd time)

The 14th amendment was made on May 11, 2002. (The 1st time)

The 15th amendment was made on May 11, 2002. (The 2nd time)

The 16th amendment was made on June 23, 2003.

The 17th amendment was made on June 24, 2005.

The 18th amendment was made on June 27, 2006.

The 19th amendment was made on June 22, 2007.

The 20th amendment was made on June 25, 2008.

The 21st amendment was made on June 30, 2010.

The 22nd amendment was made on June 28, 2011.

The 23rd amendment was made on June 28, 2012.

The 24th amendment was made on June 24, 2014.

The 25th amendment was made on June 23, 2015.
The 26th amendment was made on June 28, 2016.
The 27th amendment was made on June 22, 2017.
The 28th amendment was made on June 18, 2019.
The 29th amendment was made on June 10, 2020.

Johnson Health Tech Co., Ltd.

Rules of Procedure for General Shareholders Meetings

- Article 1: The shareholders meetings of this Company, except as otherwise provided by the law and regulation, shall be handled in accordance with this “Rules of Procedure for Shareholders Meetings”.
- Article 2: This Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares for which voting rights are exercised by correspondence or electronically. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised shall be made known to this Company, by the same means by which the voting rights were exercised, prior to two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.
- Article 3: Attendance and voting at the shareholders meetings shall be calculated based on numbers of shares.
- Article 4: The venue for a shareholders meeting shall be in the premises of this Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. When this Company holds a shareholder meeting, it shall adopt the exercise of voting rights by correspondence or electronic means. A shareholder exercising voting rights by correspondence or electronic means as mentioned in the preceding paragraph will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.
- Article 5: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 6: This Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders meeting in a non-voting capacity.
- Article 7: This Company shall make an audio and video recording of the full meeting and the recorded materials shall be retained for at least one year.
- Article 8: The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the general shareholders meeting pursuant to Article 174 of the Company Act.
- Article 9: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
- The provisions of the preceding paragraph apply mutatis mutandis to the shareholders

meeting, convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution.

After the meeting adjourns, the shareholders shall not appoint another chair to resume the meeting at the original or another venue.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the contents of the speech do not correspond to the subject given on the speaker's slip, the spoken contents shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 11: Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 12: When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13: After an attending shareholder has spoken, the chair may respond in person or direct a relevant personnel to respond.

Article 14: In respect of the discussion of proposals, when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, he/she may announce the discussion closed and call for a vote.

Article 15: The vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all the monitoring personnel shall be shareholders of this Company. The voting results shall be reported on the spot and recorded. For the voting of proposals, the results of the on-site voting plus the electronic one shall be reported on the spot and recorded.

Article 16: When a meeting is in progress, the chair may announce a break based on time considerations.

Article 17: Except as otherwise provided in the Company Act and in this Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, if no objection is made against the chair's inquiry, it is deemed approved with the same effect as the voting. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting; the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS on the same day.

Article 18: When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 19: The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

Article 20: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

This amendment is made on March 24, 2017.

Johnson Health Tech Co., Ltd.

**Regulations Governing Share Repurchase for Transfer to Employees
(The 2nd Repurchase)**

Date amended: July 25, 2019

(Purpose)

Article 1 In order to motivate the employees and promote their centripetal force, this Company establishes our Regulations Governing Share Repurchase and Transfer for Employees in accordance with such related regulations as Subparagraph 1, Paragraph 1, Article 28-2, the Securities and Exchange Act and the “ Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, published by the Financial Supervisory Commission. In addition to complying with the relevant statutory regulations, our share repurchase for transfer to employees is dealt with pursuant to these rules.

(Type of Transferred Shares, Contents of Rights and Right Restriction)

Article 2 The shares which are transferred to the employees during this time are the preferred shares, the rights and obligations of which are the same as those of the outstanding ordinary shares, unless otherwise stipulated in the rules other than the relevant acts and these regulations.

(Duration of Transfer)

Article 3 The repurchased shares shall be transferred in lump sum or in installments to the employees within the five years effective the date of shares repurchased pursuant to these regulations.

(Transferee's Qualification)

Article 4 Those employees of this Company, who have worked for one full year prior to the base date of subscription or those employees of this Company and our subsidiary companies, who make special contributions to the company and for whom a report is submitted with the Board of Directors' consent obtained, shall be entitled to the subscription qualification, in accordance with the subscribed quota, as prescribed in Article 5 of these Regulations. Those transferred subjects who resign (or leave without pay) during the period from the employee's base subscription date to the expiry date of the subscription payment shall lose the subscription qualification and the president will contact other eligible employees to subscribe the same.
The employees of the subsidiary companies as mentioned in the preceding paragraph refer to those employees of all domestic and overseas subsidiary companies, in which this Company holds, directly or indirectly, over 50% shares of voting rights.

(Establishment of Employee's Transferred Share Amount)

Article 5 Taking into consideration such standards as the employee's rank, years of service as well as his/her special contributions to the company, together with such factors as the total amount of repurchased shares, held by the company on the base date of subscription and the ceiling number of subscribed shares for one single employee, this Company sets up the weight of the employee's transferrable shares, which shall be submitted to the Remuneration Committee for its review for those managers who meet the requirements of the organizational rules and regulations of this Company's Remuneration Committee; its approval is subject to the Board of Directors, while the rest will be approved by the president.

(Procedure of Transfer)

Article 6 Operational Procedure of Share Repurchase for Transfer to Employees for this Time:
1. The shares of this Company shall be repurchased within the duration of execution

- subject to the resolution, announcement and declaration of the Board of Directors.
2. The Board of Directors establishes and announces such operational matters as the base date of the employee's subscription, the standards of number of shares to be subscribed, the duration of subscription payment, contents of rights and restriction conditions, etc.
 3. Make a statistics of the actual number of shares with the subscription payment and proceed with the stock transfer registration.

(Contracted Transfer Price per Share)

Article 7 The transfer price (calculated in NT\$ up to the unit of cent; round up to 100 cents) is based on the average price of actual repurchase at the time's share repurchase for transfer to employees. However, if the company's issued ordinary shares increase or decrease before the transfer, the adjustment shall be made in the range as per the increase or decrease rate of the issued shares. In the event that the shares are transferred to the employees in a price lower than the average price of actual repurchase, it shall not be handled till the consent is obtained from the attending shareholders with over two thirds of voting rights in the most recent shareholders meeting, in which the shareholders representing over 50% of the total issued shares attend and the rules in Article 10-1 of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" shall be specified and described in the cause of the said shareholders meeting.

Adjustment Formula of Transfer Price: $\text{Transfer Price} = \text{Average Price of Actual Repurchased Shares} \times (\text{Total Issued Ordinary Shares at the Reporting Time of Repurchased Shares} / \text{Total Issued Ordinary Shares before Transfer of the Repurchased Shares to Employees})$

The Above-listed Formula: The number of issued shares refers to the total issued ordinary shares subtracting the number of treasury shares that have not been eliminated or transferred after the company repurchases.

(Rights and Obligations after Transfer)

Article 8 After the repurchased shares are transferred to the employees with the transfer registration completed, the remaining rights and obligations are identical to the original shares, unless otherwise stipulated.

(Other Matters Related to Rights and Obligations of the Company and the Employees)

Article 9

1. For the shares transferred pursuant to these regulations, the accrued taxes and expenses shall be dealt with in accordance with the statutory rules effective when the shares are transferred and the company's related operation.
2. This Company shall reserve the right to adjust or suspend the implementation, depending on the entire operational profit status; the accepting employees shall fulfill the obligation of confidentiality.
3. Those matters which are not stipulated in these regulations shall all be handled in compliance with the government's related acts or other relevant management rules of this Company and the president shall be authorized to enter into the agreements with the employees.

(Others)

Article 10 These regulations shall take effect after being passed in a resolution by the Board of Directors and the amendments shall be reported by the Board of Directors.

Article 11 These regulations shall be reported during the shareholders meeting, so shall the amendments.

Johnson Health Tech Co., Ltd.

**Regulations Governing Share Repurchase for Transfer to Employees
(The 3rd Repurchase)**

Date amended: March 20, 2020

(Purpose)

Article 1 In order to motivate the employees and promote their centripetal force, this Company establishes our Regulations Governing Share Repurchase and Transfer for Employees in accordance with such related regulations as Subparagraph 1, Paragraph 1, Article 28-2, the Securities and Exchange Act and the “ Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, published by the Financial Supervisory Commission. In addition to complying with the relevant statutory regulations, our share repurchase for transfer to employees is dealt with pursuant to these rules.

(Type of Transferred Shares, Contents of Rights and Right Restriction)

Article 2 The shares which are transferred to the employees for this time are the preferred shares, the rights and obligations of which are the same as those of the outstanding ordinary shares, unless otherwise stipulated in the rules other than the relevant acts and these regulations.

(Duration of Transfer)

Article 3 The repurchased shares at this time shall be transferred in lump sum or in installments to the employees for the five years effective the date of shares repurchased pursuant to these regulations.

(Transferee's Qualification)

Article 4 The employees of this Company, who have worked for one full year prior to the base date of subscription or those employees of this Company and our subsidiary companies, who make special contributions to the company and for whom a report is submitted to the Board of Directors with consent obtained, shall be entitled to the subscription qualification, in accordance with the subscribed quota, as prescribed in Article 5 of these Regulations. Those transferred subjects who resign (or leave without pay) during the period from the employee's base subscription date to the expiry date of the subscription payment shall lose the subscription qualification and the president will contact other eligible employees to subscribe the same.
The employees of the subsidiary companies as mentioned in the preceding paragraph refer to the employees of all domestic and overseas subsidiary companies, in which this Company holds, directly or indirectly, over 50% shares of voting rights.

(Establishment of Employee's Transferred Share Amount)

Article 5 Taking into consideration such standards as the employee's rank, years of service as well as his/her special contributions to the company, together with such factors as the total amount of repurchased shares, held by the company on the base date of subscription and the ceiling number of subscribed shares for one single employee, this Company sets up the weights of employee's transferrable shares, which shall be submitted to the Remuneration Committee for its review for the managers who meet the requirements of the organizational rules and regulations of this Company's Remuneration Committee; its approval is subject to the Board of Directors, while the rest will be approved by the president.

(Procedure of Transfer)

Article 6 Operational Procedure of Share Repurchase for Transfer to Employees for this Time:
4. The shares of this Company shall be repurchased within the duration of execution

- subject to the resolution, announcement and declaration of the Board of Directors.
5. The Board of Directors establishes and announces such operational matters as the base date of the employee's subscription, the standards of number of shares to be subscribed, the duration of subscription payment, contents of rights and restriction conditions, etc.
 6. Make a statistics of the actual number of shares with the subscription payment and proceed with the stock transfer registration.

(Contracted Transfer Price per Share)

Article 7 The transfer price (calculated in NT\$ up to the unit of cent; round up to 100 cents) is based on the average price of actual repurchase at the time's share repurchase for transfer to employees this time. However, if the company's issued ordinary shares increase or decrease before the transfer, the adjustment shall be made in the range as per the increase or decrease rate of the issued shares. In the event that the shares are transferred to the employees in a price lower than the average price of actual repurchase, it shall not be handled till the consent is obtained from the attending shareholders with over two thirds of voting rights in the most recent shareholders meeting, in which the shareholders representing over 50% of the total issued shares attend and the rules in Article 10-1 of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" shall be specified and described in the cause of the said shareholders meeting.

Adjustment Formula of Transfer Price: $\text{Transfer Price} = \text{Average Price of Actual Repurchased Shares} \times (\text{Total Issued Ordinary Shares at the Reporting Time of Repurchased Shares} / \text{Total Issued Ordinary Shares before Transfer of the Repurchased Shares to Employees})$

The Above-listed Formula: The number of issued shares refers to the total issued ordinary shares subtracting the number of treasury shares that have not been eliminated or transferred after the company repurchases.

(Rights and Obligations after Transfer)

Article 8 After the repurchased shares are transferred to the employees with the transfer registration completed, the remaining rights and obligations are identical to the original shares, unless otherwise stipulated.

(Other Matters Related to Rights and Obligations of the Company and the Employees)

Article 9

4. For the shares transferred pursuant to these regulations, the accrued taxes and expenses shall be dealt with in accordance with the statutory rules effective when the shares are transferred and the company's related operation.
5. This Company shall reserve the right to adjust or suspend the implementation, depending on the entire operational profit status; the accepting employees shall fulfill the obligation of confidentiality.
6. Those matters which are not stipulated in these regulations shall all be handled in compliance with the government's related acts or other relevant management rules of this Company and the president shall be authorized to enter into the agreements with the employees.

(Others)

Article 10 These regulations shall take effect after being passed by the resolution of the Board of Directors and the amendments shall be reported for resolution by the Board of Directors.

Article 11 These regulations shall be reported during the shareholders meeting, so shall the amendments.

Johnson Health Tech Co., Ltd.

Rules of Procedure for Board of Directors Meetings

Date amended: November 10, 2017

Article 1 (Basis for Adoption of these Rules)

To establish a strong governance system and sound supervisory capabilities for this Company's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2 (Scope of these Rules)

With respect to the board of directors meetings ("board meetings") of this Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

Article 3 (Convening and Notice of Board Meetings)

The board of directors shall meet at least quarterly.

A notice of the reasons for convening a board meeting shall be given to each director and supervisor 7 days prior to the meeting. In emergency circumstances, however, a board meeting may be called anytime.

The notice to be given under the preceding paragraph may be effected in writing, facsimile or e-mail, etc.

All matters set forth under Paragraph 1, Article 12 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.

Article 4 (Meeting Notification and Meeting Materials)

The designated unit responsible for the board meetings of this Company shall be the general management department.

The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation from the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5 (Preparation of Attendance Book and other Documents; Attendance by Proxy)

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Company's articles of incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

Article 6 (Principles for Determining the Place and Time of a Board Meeting)

A board meeting shall be held at the premises and during the business hours of this Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7 (Chair and Acting Chair of a Board Meeting)

Board meetings of this Company shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

Article 8 (Reference Materials, Non-voting Participants, and Holding Board Meetings)

When a board meeting is held, the general management department or the designated unit responsible for the board meetings shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by this Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Paragraph 2, Article 3.

The number of "all directors," as used in the preceding paragraph shall be counted as the number of directors then actually in office.

Article 9 (Documentation of a Board Meeting by Audio or Video)

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form. If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Company.

Article 10 (Agenda Items)

Agenda items for regular board meetings of this Company shall include at least the following:

1. Matters to be reported:
 - (1) Minutes of the last meeting and action taken.
 - (2) Report on important financial and business matters.
 - (3) Report on Internal audit activities.
 - (4) Other important matters to be reported.
2. Matters for discussion:
 - (1) Items for continued discussion from the last meeting.
 - (2) Items for discussion at this meeting.
3. Extraordinary motions.

Article 11 (Discussion of Proposals)

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply *mutatis mutandis*.

Article 12 (Matters Requiring Discussion at a Board Meeting)

The matters listed below as they relate to this Company shall be raised for discussion at a board meeting:

1. The Company's business plan.
2. Annual and semi-annual financial reports.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the SE Act) and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the subsequent board of directors meeting for retroactive recognition.

8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.
9. Remuneration of directors and managers, as suggested by the Remuneration Committee. Those suggestions of the Remuneration Committee, which are not adopted or are corrected by the Board of Directors, shall be dealt with via the consent of over half of the attending directors, who represent over two thirds of the entire directors, and explanations should be given in the resolution to the effect that whether the remuneration passed by the Board of Directors is better than the suggested one of the Remuneration Committee or not.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director of this Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 13 (Voting-I)

When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote. When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

The entire attending directors, as mentioned in the preceding paragraph, do not include those directors who are prohibited to exercise the voting right pursuant to Paragraph 1, Article 15.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.

Article 14 (Voting-II and Methods for Vote Monitoring and Counting)

Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If anyone among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15 (Recusal System for Directors)

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Paragraph, Article 180 of the Company Act apply mutatis mutandis in accordance with Paragraph 3, Article 206 of the same Act.

Article 16 (Meeting Minutes and Sign-in Matters)

Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
 2. The name of the chair.
 3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
 4. The names and titles of those attending the meeting as non-voting participants.
 5. The name of the minute taker.
 6. The matters reported at the meeting.
 7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Paragraph 4, Article 12.
 8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
 9. Other matters required to be recorded.
- The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:
1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
 2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Company.
 3. The remuneration passed by the Board of Directors is better than the suggested one of the Remuneration Committee.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Company.

The meeting minutes of paragraph 1 may be produced and distributed in electronic form.

Article 17 (Principles with Respect to the Delegation of Powers by the Board)

With the exception of matters required to be discussed at a board meeting under Paragraph 1, Article 12, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or this Company's articles of incorporation, the contents of such delegation is as follows:

1. Approve various important contracts.
2. Approve the real estate mortgage loan and other loans.
3. Approve the purchase and disposition of the company's general property and real estate.
4. Appoint the directors and supervisors of the reinvested companies.
5. Approve the base dates for capital increase or decrease and the cash dividend distribution, etc.

Article 18 (Supplementary Provisions)

The establishment and amendment of these Rules of Procedure shall be subject to the approval of this Company's Board of Directors and shall be reported at the shareholders meeting.

Johnson Health Tech Co., Ltd.

Rules on Operational Procedure of Loaning of Funds to Others

Date amended: June 18, 2019

- Article 1 Basis of Regulations**
This Operational Procedure is promulgated pursuant to Article 36-1 of the Securities and Exchange Act ("hereinafter referred to as this Act) and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies (hereinafter referred to as the Regulations", published by the competent authority.
- Article 2 Applicable Scope of this Procedure**
1. This Company shall comply with this Operational Procedure when making loans to others; however, where the other laws or regulations provide otherwise, such provisions shall govern.
2. If the subsidiary companies in which this Company holds directly or indirectly over 50% of the shares of voting rights intend to loan funds to others, this Company shall set up the procedure of loaning of funds to others for the said subsidiary companies pursuant to the Regulations and this Company's procedure. However, in the event that the conflict of inconsistency in the provision between these Regulations or this Operational Procedure and the acts in the territory of the said subsidiary companies, the latter shall prevail.
- Article 3 Borrower**
1. Under Article 15 of the Company Act, a public company shall not loan funds to any of its shareholders or any other person except under the following circumstances:
(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
(2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.
The term "short-term" means the duration of one year or one operating cycle (whichever is longer).
The term "financing amount" means the cumulative balance of this Company's short-term financing fund.
2. Only when the borrowers do not involve such bad records as dishonor or refusal by banks during the most recent two years shall they apply for the fund financing.
3. The restriction in Subparagraph 2, Paragraph 1 shall not apply to the inter-company loans of funds between overseas companies in which this Company holds, directly or indirectly, 100% of the voting shares, nor to the loans of fund to this Company by any overseas company in which this Company holds, directly or indirectly, 100% of the voting shares. However, this Company shall still prescribe limits on the aggregate amount and the duration of such loans pursuant to Paragraph 3 of Article 4 and Article 5.
- Article 4 Aggregate Amount of Loans and Maximum Amount Permitted to a Single Borrower**
1. The aggregate amount of loans made by this Company to others (including the companies or firms which have the business transactions with this Company and those companies or firms which have the need for the short-term fund financing) shall not exceed 40% of this Company's net worth.
2. Maximum Amount Permitted to a Single Borrower:
(1) For those companies or firms which have business transactions with this Company, the individual loan amount shall not exceed 20% of this Company's net worth or the balance of the mutual business transactions, whichever is lower. The balance of business transactions as mentioned above refers to the mutual purchase or sale amount, whichever is higher.
(2) For those companies or firms which have the need for the short-term fund financing, the individual loan amount shall not exceed 20% of this Company's net worth.
3. The inter-company loans of funds between overseas companies in which this Company holds, directly or indirectly, 100% of the voting shares, or the loans, made by the overseas subsidiary companies with this Company, as required by the fund financing, shall not be restricted to 40% of the lending company's net worth.

However, the said subsidiary companies shall specify in their prescribed operational procedures the loan duration, limit of amount and authorization limit.

Article 5 Financing Duration of Funds and Calculation of Interest

1. Duration:

- (1) In terms of loan of funds to others, each loan duration of the company will not exceed one year or one operating cycle at most (whichever is longer) in accordance with Paragraph 1, Article 3.
- (2) In terms of engagement in the loans between the overseas companies, if necessary, the extension procedures shall be handled via the consent of the Board of Directors before the loan case expires, in accordance with Paragraph 3 of Article 3.

2. Interest:

- (1) Daily Interest-bearing: The sum of the loan balance per day (i.e. the total cumulative amount) multiplies its annual interest rate first and then divide it by 365, which will equal the interest amount.
- (2) Unless otherwise provided, the bearing and collection of the loan interest will be based on monthly interest payment and the borrower will be notified of making the interest payment within one week as of the contracted date.
- (3) The fund loan interest shall be established by referring to the deposit & loan interest standards of this Company with the financial institutions.
- (4) For those overseas subsidiary companies to which this Procedure applies in accordance with Article 2, the local acts shall apply to their interest-bearing method of the fund loan without restriction of the preceding article.

Article 6 Evaluation Standards for Loan of Funds to Others

Whenever engaging in the loan of funds with other companies or firms due to the business relationship, this Company should comply with Subparagraph 1, Paragraph 2, Article 4; the loan of funds, made due to need of the short-term financing fund, shall be restricted to the following conditions:

- (1) The subsidiary companies in which the company holds, directly or indirectly, 50% of the voting shares, have the need for the short-term fund financing, as required by the business.
- (2) The other companies or firms have the need for the short-term fund financing due to the purchase of materials or operational turnover.
- (3) Other loan of funds, agreed by the company's Board of Directors.

Article 7 Application

When the borrower requests for the loan with this Company, the person-in-charge shall make the initial contact with him/her to understand beforehand his/her purpose for the fund as well as the latest operational and financial status; if the request is feasible, the contact records will be put on.

Article 8 Credit Check

The borrowers who make the first loan request should provide their basic information and financial information in order to facilitate the credit check. In case the borrowers would renew the loan, the credit check shall be conducted once a year in principle. In case of the material case, the credit check should be done every half a year, or depending on the actual need.

If the financial status of the borrowers is good and their financial statements have been certified for the financing purpose by the CPAs, the check report, the validity of which is between one and two years can be re-used; then the loan case shall be signed by referring to the CPA's audit & certification report.

Article 9 Loan Approval

After completion of the credit check and evaluation, if the loan request is declined due to the borrowers' undesirable credit rating, the person-in-charge should make a reply to the borrowers stating the reason for declination after the signing off is approved.

For those cases which have good credit rating as a result of the credit check, along with the equitable loan purpose, the person-in-charge should fill up the credit report and opinions, draw up the loan requirements, submit it level by level with the president for approval and proceed with the loan after it is passed by the Board of Directors; no one other than him/herself can be authorized to make the decision. In addition, each independent director's opinions in this regard shall be taken into full consideration and its definite opinions of "agree" or "disagree" and the reason for disagreement shall be included in the records of the Board of Directors' meetings.

In respect of the mutual fund loan between this Company and the subsidiary companies or among the subsidiaries, in addition to submission with the Board of Directors for a resolution in the preceding regulation, the president shall be authorized to appropriate

loans in installments or revolve the credit line in the certain amount for the duration of less than one year, as resolved in the meetings of the Board of Directors for the same borrowers. However, the line of credit shall not exceed 10% of this Company's net worth, as shown in the latest financial statements.

Article 10 Notification to Borrowers

Once the loan case is approved, the person-in-charge should notify in correspondence or telephone the borrowers as soon as possible, and explain in details this Company's loan requirements, including the credit limit, duration, interest rate, securities and guarantor, etc., ask the borrowers to sign the contract within the deadline, complete the creation of the securities pledge (mortgage) correctly and appropriate the fund after the guarantor carries out the guarantee procedure.

Article 11 Signing Contract and Guarantee

The person-in-charge should draw up the articles of the contract of the loan case and deal with the contract signing procedure after it is assessed by the supervisors and then re-checked by the legal consultant.

The contents of contract should be consistent with the approved loan conditions; after the borrower and the joint guarantor execute their signatures on the contract, the person-in-charge should complete the guarantee procedure.

Article 12 Creation of Securities Right

If the securities are required for the loan case, the borrower should provide the securities and complete the procedure of pledge and mortgage in order to ensure the creditor's rights of this Company.

Article 13 Insurance

Except for the land and marketable securities, the securities should be insured against fire insurance and the boats and vehicle should be insured against all risks; the insurance amount will not be lower in principal the mortgaged value of the securities and the insurance policy should be noted with this Company being the beneficiary. What is specified in the insurance policy, such as the name of the object, quantity, depository, insurance requirements and insurance endorsements, should be consistent with the original loan approval requirements of this Company; if the building number has not been set up at the time of creation, its address should be marked with the lot and lot number of the location.

The person-in-charge should pay attention to notify the borrower of renewing the insurance before the insurance duration expires.

Article 14 Fund Appropriation

The fund can be appropriated once the loan case is approved, and the loan contract is signed, the promissory note has been deposited (repayment in installments), the creation and registration of the securities mortgage (pledge) is completed and all procedures are double-checked to be correct.

Article 15 Subsequent Control Measures of the Loaned Fund and Disposal Procedure of the Overdue Creditor's Right

After the loan is appropriated, a close eye should be kept on the financial, sales and credit status, etc. of both the borrowers and the guarantors. If the securities are offered, attention should be paid on the variation of the securities value. In the face of the material changes, a report should be made with the president and the proper disposal should be done as per instructions. Within two months prior to the maturity of the loan, the borrowers should be notified of repaying the principal and the interest at the expiry date.

When the borrowers pay up the loan at the maturity of loan, such debt certificates as the promissory note and the debit note, etc. shall be cancelled and returned to the borrowers only after the payable interest is first calculated and repaid along with the principal.

If the borrowers apply for obliteration of the mortgage, they should first check out the balance of the loan, so they can determine whether they agree with the obliteration of the mortgage.

Article 16 Extension

Notify the borrowers of repaying the loan pursuant to the contract, before the loan case expires, or proceed with extension in accordance with Subparagraph 2, Paragraph 1 of Article 5. In case of violation, this Company shall directly dispose of and recover the debt in terms of the securities offered or guarantors according to the law.

Article 17 Custody and Arrangement of Files

Regarding the loan cases that the person-in-charge handles, he/she should arrange in

sequence such debt certificates as the contracts, promissory notes, etc. as well as the documents of securities, insurance policy and correspondence documents and then put them in a file for the goods in custody; the notes of the contents of goods in custody and the clients' names shall be written on the file and then submitted to the supervisor of the management department for inspection; upon completion of inspection, the file shall be immediately sealed and affixed with the paging seals of the person-in-charge and the supervisor of the management department and then it shall be kept after being registered in the register of the goods in custody.

Article 18 Information Disclosure

The monthly fund loan conditions shall be announced and declared pursuant to the following four rules of the competent authority. In the event that the subsidiary companies in which this Company reinvests involve the loaning of funds to others, they should submit all the relevant information to the financial department of the headquarters of this Company for the proceeding of announcement and declaration altogether.

1. This Company shall announce and report the previous month's loan balances of this company and subsidiaries by the 10th day of each month.
2. This Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (1) The aggregate balance of loans to others by the public company and its subsidiaries reaches 20 percent or more of this Company's net worth as stated in its latest financial statement.
 - (2) The balance of loans by this Company and its subsidiaries to a single enterprise reaches 10 percent or more of the public company's net worth as stated in its latest financial statement.
 - (3) The amount of new loans of funds by the public company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the public company's net worth as stated in its latest financial statement.
3. This Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.
4. This Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Article 19 This Company's internal auditors shall audit the Operational Procedures for Loaning of Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found. If any material violation is found, the managers and the person-in-charge should be punished, depending on the violation conditions. If, as a result of a change in circumstances, the loan balance exceeds the limit, this Company shall adopt rectification plans and submit these plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan and reinforce the internal control of the company.

Article 20 The subsidiaries or parent company as mentioned in this Operational Procedure shall be identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The net worth as specified in this Operational Procedure refers to the equity attributable to shareholders of the parent, as stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The foregoing net worth is based on the figures indicated in the CPA audited, certified or reviewed financial statements for the most recent term.

The date of occurrence as mentioned in this Operational Procedures means such dates as the date of transaction and contracting, the date of payment, the date of resolution of the Board of Directors or other dates which afford to determine the date of the fund borrowers and transaction amount, whichever is the former.

Article 21 Both this Operational Procedure and its amendments shall take effect after being agreed by the Audit Committee, passed by the resolution of the meeting of the Board of Directors and submitted with the shareholders meeting for acceptance

Johnson Health Tech Co., Ltd.

Shareholding of Directors

Date of Transfer Suspended: April 27, 2020

Title	Name	Date Elected (Employed)	Shareholding No. When Elected		Shareholding No. specified in the shareholder register on the date of transfer suspended	
			Share No.	Shareholding % (Note 1)	Share No.	Shareholding % (Note 2)
President	Peter Lo	June 10, 2020	61,229,933	20.17%	61,229,933	20.17%
Director	Cindy Lo	June 10, 2020	12,776,199	4.21%	12,776,199	4.21%
Director	Jason Lo	June 10, 2020	84,704,121	27.90%	84,704,121	27.90%
Director	Spencer Hsieh	June 10, 2020	39,428	0.01%	39,428	0.01%
Director	Ya-Kang, Wang	June 10, 2020	0	0.00%	0	0.00%
Director	May Lo	June 10, 2020	17,190,413	5.66%	17,190,413	5.66%
Director	Teresa Lo	June 10, 2020	14,936,094	4.92%	14,936,094	4.92%
Director	Jung Ren, Fu	June 10, 2020	42,960	0.01%	42,960	0.01%
Independent Director	Vincent Chen	June 10, 2020	0	0.00%	0	0.00%
Independent Director	Yih-Horng, Lin	June 10, 2020	174,000	0.06%	174,000	0.06%
Independent Director	Chao-Tang, Yue	June 10, 2020	0	0.00%	0	0.00%
Total for Directors			191,093,148	62.94%	191,093,148	62.94%

Note 1: Total issued shares at the time of election: 303,016,617 ordinary shares.

Note 2: Total issued shares on April 27, 2021: 303,616,617 ordinary shares.

- Remarks: 1. The shares to be legally held by the entire directors of this company are 12,144,664; as of April 27, 2021, the entire directors hold 191,093,148 shares, which have met the statutory requirements.
2. Pursuant to Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, if the elected independent directors exceed two persons, the shareholding ratio calculated in proportion of the entire directors other than the independent directors shall be reduced to 80%.