JOHNSON HEALTH TECH. CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
31 DECEMBER 2021 AND 2020

Notice to readers:
The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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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 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, 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 2021 and 2020, and their parent company only financial performance and cash flows for the years ended December 31 2021 and 2020, 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 2021 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 mater.

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 2021 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

22 March 2022

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 2021 and 31 December 2020
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December 2021 Amount	As of 31 December 2020 Amount
Current assets			
Cash and cash equivalents	4&6(1)	$607,623	$758,174
Financial assets at fair value through profit or loss, current	4,6(2)&12	8,151	15,569
Contract asset, current	4&6(16)	30,732	11,295
Notes receivable, net	4&6(17)	11,653	3,841
Trade receivables, net	4,6(3)&(17)	715,562	644,631
Trade receivables-related parties, net	4,6(3),(17)&7	7,332,806	4,260,762
Other accounts receivable, net	4&8	99,478	47,341
Other accounts receivable-related parties, net	4&7	1,395,800	1,064,890
Inventories, net	4&6(4)	1,559,501	986,291
Prepayments	6(5)	1,290,844	110,873
Other current assets		34,788	8,198
Total current assets		13,086,938	7,911,865
Non-current assets			
Investments accounted for under the equity method	4&6(6)	13,343,987	14,705,356
Property, plant and equipment	4,6(7)&8	1,134,461	1,051,111
Right-of-use assets	4&6(18)	51,336	47,371
Intangible assets	4	9,296	7,543
Deferred tax assets	4&6(22)	458,709	326,938
Other non-current assets		76,143	50,185
Total non-current assets		15,073,932	16,188,504
Total assets		$28,160,870	$24,100,369

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2021 and 31 December 2020
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2021 Amount	As of 31 December 2020 Amount
Current liabilities			
Short-term borrowings	6(8)	$6,055,143	$5,372,000
Commercial paper payable	6(10)	4,045,492	349,721
Financial liabilities at fair value through profit or loss, current	4,6(11)&12	-	1,657
Contract liabilities, current	4&6(16)	447,395	494,850
Notes payable		152,468	113,613
Accounts payable		756,121	538,254
Accounts payable-related parties	7	3,510,953	3,232,937
Other payables	6(12)	660,868	437,758
Other payables-related parties	7	326,475	328,636
Current tax liabilities	4&6(22)	238,697	299,180
Lease liabilities, current	4&6(18)	31,851	27,946
Current portion of long-term loans	6(13)	25,982	82,950
Other current liabilities		8,477	9,038
Total current liabilities		16,259,922	11,288,540
Non-current liabilities			
Bonds payable	6(9)	2,000,000	2,000,000
Long-term loans	6(13)	1,123,363	1,218,777
Provisions, non-current	4&6(12)	37,050	34,080
Deferred tax liabilities	4&6(22)	49,059	50,211
Lease liabilities, non-current	4&6(18)	21,128	20,411
Net defined benefit obligation, non-current	4&6(14)	99,297	84,691
Credit balance in investment accounted for using equity method	4&6(6)	91,214	57,995
Total non-current liabilities		3,421,111	3,466,165
Total liabilities		19,681,033	14,754,705
Equity	4&6(15)		
Capital			
Common stock		3,036,166	3,036,166
Additional paid-in capital		59,979	55,630
Retained earnings			
Legal reserve		1,509,898	1,441,895
Special reserve		1,385,492	1,370,838
Unappropriated earnings		4,504,183	4,900,499
Subtotal		7,399,573	7,713,232
Other components of equity			
Exchange differences on translation of foreign operations		(1,942,009)	(1,385,492)
Treasury stock		(73,872)	(73,872)
Total equity		8,479,837	9,345,664
Total liabilities and equity		$28,160,870	$24,100,369

(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 COMPREHENSIVE INCOME

For the years ended 31 December 2021 and 2020

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

		For the years ended 31 December	
	Notes	2021	2020
		Amount	Amount
Operating revenues	4,6(16)&7	$13,245,990	$10,800,470
Operating costs	6(4)&(19)	(10,384,961)	(8,500,333)
Gross profit		2,861,029	2,300,137
Unrealized intercompany profit		82,025	237,459
Gross profit-net		2,943,054	2,537,596
Operating expenses			
Selling and distribution	6(19)	(1,116,488)	(1,124,629)
General and administrative	6(19)	(297,917)	(302,633)
Research and development	6(19)	(556,289)	(566,059)
Expected credit loss	6(17)	(42)	-
Total operating expenses		(1,970,736)	(1,993,321)
Operating income		972,318	544,275
Non-operating income and expenses			
Interest income	4&6(20)	57,235	50,694
Other income	4&6(20)	66,260	138,236
Other gains and losses	6(20)	94,230	2,814
Finance costs	6(20)	(107,105)	(103,762)
Share of profit or loss of subsidiaries,associates and joint ventures	4&6(6)	(835,797)	123,072
Total non-operating income and expenses		(725,177)	211,054
Income from continuing operations before income tax		247,141	755,329
Income tax expense	4&6(22)	(208,993)	(76,036)
Net income		38,148	679,293
Other comprehensive income(loss)	6(21)		
Items that may not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(16,135)	932
Share of profit or loss of associates & joint ventures accounted for using equity method	6(6)	(964)	1,626
Income tax relating to items that may not be reclassified subsequently		3,227	(186)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	6(6)	(694,441)	(20,349)
Income tax relating to items that may be reclassified subsequently		138,888	4,070
Total other comprehensive (loss)income, net of tax		(569,425)	(13,907)
Total comprehensive (loss)income		$(531,277)	$665,386
Earnings per share(NTD)	6(23)		
Earnings per share-basic		$0.13	$2.24
Earnings per share-diluted		$0.13	$2.24

(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 2021 and 2020
(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 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 income(loss), net of tax in 2020					746	(16,279)	1,626		(13,907)
Total comprehensive income(loss)	-	-	-	-	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
Balance as of 1 January 2021	$3,036,166	$55,630	$1,441,895	$1,370,838	$4,900,499	$(1,387,118)	$1,626	$(73,872)	$9,345,664
Distribution of 2020 retained earnings									
Legal reserve			68,003		(68,003)				-
Special reserve				14,654	(14,654)				-
Cash dividends					(338,899)				(338,899)
Net income in 2021					38,148				38,148
Other comprehensive loss, net of tax in 2021					(12,908)	(555,553)	(964)		(569,425)
Total comprehensive income	-	-	-	-	25,240	(555,553)	(964)	-	(531,277)
Share-based payment awards		4,349							4,349
Balance as of 31 December 2021	$3,036,166	$59,979	$1,509,898	$1,385,492	$4,504,183	$(1,942,671)	$662	$(73,872)	$8,479,837

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December 2021	For the years ended 31 December 2020
Cash flows from operating activities:		
Net income before tax	$247,141	$755,329
Adjustments to reconcile net income(loss) to net cash provided by operating activities:		
Income and expense:		
Depreciation	102,085	85,043
Amortisation	5,345	6,292
Expected credit losses	42	-
Net loss (gain) of financial assets/liabilities at fair value through profit or loss	5,761	(25,825)
Finance costs	107,105	103,762
Interest income	(50,694)	(50,694)
Share-based payment awards	4,349	706
Share of gain of subsidiaries,associates and joint ventures	835,797	(123,072)
Gain on disposal of property,plant and equipment	(632)	(23)
Gain on disposal of intangible assets	(1,103)	-
Gain of realized intercompany profit	(82,025)	(237,459)
Other	1,251	-
Changes in operating assets and liabilities:		
(Increase)Decrease in contract asset	(19,437)	2,531
(Increase)Decrease in notes receivable, net	(7,812)	3,225
Increase in trade receivables, net	(70,973)	(60,146)
(Increase)Decrease in trade receivables- related parties, net	(3,072,044)	584,324
Increase in other receivable, net	(52,137)	(30,870)
Increase in other receivable- related parties, net	(330,910)	(25,110)
(Increase)Deacrese in inventories, net	(573,210)	259,538
Increase in prepayments	(1,179,971)	(67,052)
(Increase)Decrease in other current assets	(26,590)	789
Increase in other non-current assets	(90,324)	(37,376)
(Decrease)Increase in contract liabilities	(47,455)	180,452
Increase(Decrease) in notes payable	38,855	(103,239)
Increase(Decrease) in accounts payable	217,867	(545,688)
Increase in accounts payable-related parties	278,016	583,185
Increase in other payables	219,911	11,903
Decrease in other payables-related parties	(2,161)	(243,867)
Increase in provisions	2,970	4,081
Decrease in other current liabilities	(561)	(984)
Decrease in accrued pension liabilities	(1,529)	(1,039)
Cash (uses in) generated from operations	(3,543,073)	1,028,716
Interest received	50,694	50,694
Interest paid	(97,493)	(105,474)
Income tax paid	(260,284)	(5,280)
Net cash (used in) generated from operating activities	(3,850,156)	968,656

	For the years ended 31 December 2021	For the years ended 31 December 2020
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	(89,811)	(3,483,010)
Disposal of investments accounted for under the equity method	-	1,673,486
Acquisition of property, plant and equipment	(89,256)	(125,304)
Disposal of property,plant and equipment	632	98
Acquisition of intangible assets	(8,480)	(7,705)
Received Cash dividend	35,222	
Disposal of intangible assets	2,485	-
Net cash used in investing activities	(149,208)	(1,942,435)
Cash flows from financing activities:		
Increase in short-term loans	9,528,796	14,863,549
Decrease in short-term loans	(8,845,653)	(14,077,825)
Increase in commercial paper payable	3,689,358	198,716
Increase in long-term loans	551,131	1,184,137
Decrease in long-term loans	(703,513)	(675,000)
Cash dividends	(338,899)	(424,164)
Repayment of lease capital	(32,407)	(33,783)
Exercise of employee stock option	-	6,266
Increase in treasury stock	-	(32,306)
Net cash generated from financing activities	3,848,813	1,009,590
Net (decrease)increase in cash and cash equivalents	(150,551)	35,811
Cash and cash equivalents at beginning of period	758,174	722,363
Cash and cash equivalents at end of period	$607,623	$758,174

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

JOHNSON HEALTH TECH. CO., LTD.

Notes to Parent Company Only Financial Statements

For the years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, unless Otherwise Stated)

1. History and organization

Johnson Health Tech. Co., Ltd. (the Company) was incorporated in 1975. The main activities of the Company are manufacturing and selling sports equipment, cardio equipment, weight training equipment, and related electronic components. The shares of the Company were listed on the Taiwan Stock Exchange on 9 January 2003.

2. Date and procedures of authorization of financial statements for issue

The parent Company only financial statements of the Company for the years ended 31 December 2021 and 2020 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 22 March 2022.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of Compliance

The parent Company only financial statements of the Company for the years ended 31 December 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of Preparation

The Company prepared the parent Company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent Company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent Company only financial statements shall be the same as the equity attributable to the parent Company presented in the consolidated financial statements. Therefore, investment in subsidiaries was presented in the parent Company only financial statements as "Investments accounted for using equity method" and made necessary adjustments.

The parent Company only financial statements have been prepared on historical cost basis, except for financial instruments that are measured at fair values. The parent Company only financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

(3) Foreign currency transactions

The parent Company only financial statements are presented in New Taiwan Dollars (NTD), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that is part of a reporting entity’s net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On partial disposal of a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and Non-current Distinction

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle; or
B. The Company holds the asset primarily for the purpose of trading; or
C. The Company expects to realize the asset within twelve months after the reporting period; or
D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as a current when:

A. The Company expects to settle the liability in normal operating cycle; or
B. The Company holds the liability primarily for the purpose of trading; or
C. The liability is due to be settled within twelve months after the reporting period; or
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Term of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash Equivalents

Cash and cash equivalents shall refer to cash, time deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, including time deposits with original maturities of three months or less.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method.

This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(b) the time value of money
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measured as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments.*

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a Company of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instruments

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. in the principal market for the asset or liability, or
B. in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company .

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Weighted average of actual procurements
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Company prepared parent Company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent Company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent Company only financial statements shall be the same as the equity attributable to the parent Company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting "Investments accounted for under the equity method", "share of profit or loss of associates and joint ventures accounted for under equity method", and "share of other comprehensive income of associates and joint ventures accounted for using the equity method".

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro-rata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IFRS 9 Financial Instruments. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

A. its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

B. the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	3～55 years
Machinery and equipment	3～12 years
Transportation equipment	5～10 years
Office equipment	5～7 years
Tooling equipment	2～5 years
Leasehold improvements	Lower of leasehold years or useful lives
Miscellaneous equipment	2～12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets which fail to meet the recognition criteria are not capitalized and the expenditures are reflected in profit or loss in the period incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and is treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses.

Accounting policies of the Company 's intangible assets is summarized as follows:

	Software
Useful lives	1~3 years
Method of amortization	Amortized on a straight- line basis over the estimated useful life
Acquired from	Externally acquired

(15) Impairment of Non-financial Assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells fitness equipment. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer obtains the right and carrying value of the goods). The main products of the Company are cardiovascular equipment, weight training equipment, and related electronic components and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. The warranty is accounted for in accordance with IAS 37.

The credit period of the Company's sale of goods is from 0 to 65 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to Company lifetime expected credit losses. For some of the contracts, the Company collects the payments when contracts signed-off and has the obligations to transferred the goods or provide the services, these contracts should be presented as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component has arisen.

(18) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(22) Treasury Stock

Reacquired issued shares of the Company are recorded as treasury stock at cost and shown as a deduction in equity.

(23) Income Tax

Income tax expense (profit) is the aggregate amount included in the determination of profit or loss for the period in respect of current income tax and deferred income tax.

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss.

The 5% income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in financial statement at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements require management to make judgments, estimates and assumptions at the end of the reporting period that will affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A. The Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

C. Pension Benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, expected salary increases and decreases.

D. Income Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company entities' domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. The Company didn't recognize deferred tax assets for the year ended 31 December 2021.

E. Accounts receivables–estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that are expected to receive (by evaluating forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

F. Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

G. Share-Based payment

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at	
	31 December 2021	31 December 2020
Cash on hand	$5,748	$5,351
Checking and savings accounts	601,875	752,823
Total	$607,623	$758,174

(2) Financial assets at fair value through profit or loss

	As at	
	31 December 2021	31 December 2020
Financial assets at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward exchange contracts	$-	$15,569
Foreign exchange rates swap	8,151	-
Subtotal	$8,151	$15,709
Current	$8,151	$15,569
Non-current	-	-
Total	$8,151	$15,569

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12 (8) for more details on forward exchange contracts.

(3) Trade receivables, net

	As at	
	31 December 2021	31 December 2020
Trade receivables	$274,226	$168,403
Installment accounts receivable	490,188	532,512
Less: unrealized gain on installment sales revenue	(47,970)	(55,444)
Less: loss allowance	(882)	(840)
Subtotal	715,562	644,631
Trade receivables-related party	7,332,806	4,260,762
Total	$8,048,368	$4,905,393

The expected recovery of the accounts receivables from installment sales is as follows:

	As at	
	31 December 2021	31 December 2020
2021.01~2021.12	$-	$268,413
2022.01~2022.12	236,495	143,132
2023.01~2023.12	152,689	84,484
2024.01~2024.12	82,239	35,307
2025.01~2025.12	18,765	1,176
Total	$490,188	$532,512

Accounts receivables were not pledged.

The total carrying amount are NTD8,049,250 thousand, NTD4,906,233 thousand as at 31 December 2021 and 2020. Please refer to Note 6(17) for more details on loss allowance of trade receivables for the years ended 31 December 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(4) Inventories, net

	As at	
	31 December 2021	31 December 2020
Merchandises	$873,109	$427,255
Finished goods	342,623	304,905
Work in progress	198,622	184,071
Raw materials	145,147	70,060
Total	$1,559,501	$986,291

The cost of inventories recognized in expenses for the years ended 31 December 2021 and 2020 were NTD10,384,961 thousand and NTD8,500,333 thousand, respectively. The profit and loss that related to cost of goods sold are as follows:

	For the years ended 31 December	
	2021	2020
Warranty	$92,792	$107,526
Loss on disposal of inventory	1,695	933
Revenue from sale of scraps	(2,524)	(1,506)
Total	$91,963	$106,953

No inventories were pledged.

(5) Prepayments

	For the years ended 31 December	
	2021	2020
Prepayments to suppliers	$1,102,701	$80,315
Prepayments	188,010	30,556
Other	133	2
Total	$1,290,844	$110,873

(6) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

	As at			
	31 December 2021		31 December 2020	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Johnson International Holding Co., Ltd.	$9,331,042	100.00%	$9,859,965	100.00%
Fuji Medical Instruments MFG. Co., Ltd.	1,824,234	60.00%	1,879,417	60.00%
Johnson Health Tech. North America, Inc.	1,092,431	100.00%	1,351,454	100.00%
Johnson Health Tech. Retail Inc.	602,610	100.00%	934,679	100.00%
Johnson Health Tech. UK Ltd.	159,665	44.43%	177,675	44.43%
Johnson Health Industry (Vietnam) Company Limited.	136,810	100.00%	388,895	100.00%
Johnson Health Technologies, S.A. de C.V.	55,242	100.00%	49,896	100.00%
Johnson Health Tech SA Proprietary Limited	47,003	100.00%	-	-
Johnson Health Tech. Rus Limited Liability Company	34,607	100.00%	19,233	100.00%
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	17,234	100.00%	-	-
Johnson Health Tech. (Vietnam) Company Limited.	16,659	100.00%	26,917	100.00%
Johnson Health Care Co., Ltd.	14,797	78.95%	9,103	78.95%
PT Johnson Health Tech Indonesia	11,587	100.00%	8,122	100.00%
JHT FIT Company Limited	66	100.00%	-	-
Johnson Health Tech Digital UK Limited	-	-	-	-
Subtotal	13,343,987		14,705,356	
Less: Investments accounted for using equity method at credit balance				
Johnson Health Tech Canada Inc.	(76,172)	100.00%	(41,263)	100.00%
Johnson Health Tech. Commercial (Philippines) Inc.	(15,042)	100.00%	(16,732)	100.00%
Subtotal	(91,214)		(57,995)	
Total	$13,252,773		$14,647,361	

On 25 January 2021, the Company set up a fully-owned subsidiary, Johnson Health Tech SA Proprietary Limited in South Africa.

On 3 February 2021, the Company set up a 99%-owned subsidiary, Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi in Turkey.

On 2 July 2021, the Company set up a fully-owned subsidiary, JHT FIT Company Limited in Thailand.

On 16 November 2021, the Company set up a fully-owned subsidiary, Johnson Health Tech Digital UK Limited in United Kingdom. The capital injection has not been completed as at 31 December 2021.

A. Share of profit or loss of subsidiaries, associates and joint ventures in 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
Fuji Medical Instruments MFG. Co., Ltd.	$87,042	$97,813
Johnson Health Tech Rus Limited Liability Company.	16,228	8,245
Johnson Health Technologies, S.A. de C.V.	7,585	(16,205)
Johnson Health Care Co., Ltd.	7,309	(2,348)
PT Johnson Health Tech Indonesia	3,858	(2,460)
Johnson Health Tech Philippines,Inc.	261	(5,193)
JHT FIT Company Limited	(808)	-
Johnson Health Tech SA Proprietary Limited	(3,729)	-
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Tica Ticaret Anonim Sirketi	(8,352)	-
Johnson Health Tech (Vietnam) Company Limited	(9,865)	(2,932)
Johnson Health Tech. UK Ltd.	(10,869)	(26,161)
Johnson Health Tech Canada Inc.	(37,475)	(53,649)
Johnson International Holding Corp., Ltd.	(103,808)	146,790
Johnson Health Tech. North America, Inc.	(227,063)	(32,461)
Johnson Health Industry (Viet Nam) Company Limited	(247,090)	(184,000)
Johnson Health Tech Retail Inc.	(309,021)	195,633
Total	$(835,797)	$123,072

B. Exchange difference on translation of foreign operations in 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
Johnson Health Tech Canada Inc.	$2,566	$(1,078)
Johnson Health Tech Philippines, Inc.	1,429	272
JHT FIT Company Limited	3	-
Johnson Health Tech (Vietnam) Company Limited	(393)	(1,479)
PT Johnson Health Tech Indonesia	(393)	384
Johnson Health Tech Rus Limited Liability Company.	(854)	(3,920)
Johnson Health Care Co., Ltd.	(1,615)	21
Johnson Health Technologies, S.A. de C.V.	(2,239)	(8,546)
Johnson Health Industry (Viet Nam) Company Limited.	(4,995)	(24,565)
Johnson Health Tech SA Proprietary Limited	(5,088)	-
Johnson Health Tech. UK Ltd.	(7,141)	(2,874)
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Tica Ticaret Anonim Sirketi	(7,534)	-
Johnson Health Tech Retail Inc.	(23,048)	(45,663)
Johnson Health Tech. North America, Inc.	(31,960)	(51,352)
Fuji Medical Instruments MFG. Co., Ltd.	(106,039)	(34,281)
Johnson International Holding Corp., Ltd.	(507,140)	152,732
Total	$(694,441)	$(20,349)

C. Unrealized gains or losses on fair value through other comprehensive income financial assets in 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
Fuji Medical Instruments MFG. Co., Ltd.	$(964)	$1,626

D. Investment in subsidiaries

The Company accounted for its investments in subsidiaries using "equity method" and made necessary adjustments.

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
Cost:										
As at 1 January 2021	$678,817	$400,177	$145,786	$32,874	$69,714	$198,737	$79,928	$102,173	$9,937	$1,718,143
Additions	-	922	400	-	-	-	8,165	553	79,216	89,256
Disposals	-	-	(5,310)	(855)	(499)	-	(8,022)	(310)	-	(14,996)
Transfers	-	378	23,776	-	20,976	15,881	1,452	638	(1,628)	61,473
Exchange differences	$678,817	$401,477	$164,652	$32,019	$90,191	$214,618	$81,523	$103,054	$87,525	$1,853,876
As at 31 December 2021										
Depreciation and impairment:										
As at 1 January 2021	$-	$199,027	$109,848	$32,307	$59,257	$172,879	$69,027	$24,687	$-	$667,032
Depreciation	-	12,695	11,655	231	10,136	8,138	9,857	14,667	-	67,379
Disposals	-	-	(5,310)	(855)	(499)	-	(8,022)	(310)	-	(14,996)
As at 31 December 2021	$-	$211,722	$116,193	$31,683	$68,894	$181,017	$70,862	$39,044	$-	$719,415
Net carrying amount:										
As at 31 December 2021	$678,817	$189,755	$48,459	$336	$21,297	$33,601	$10,661	$64,010	$87,525	$1,134,461
As at 1 January 2021	$678,817	$201,150	$35,938	$567	$10,457	$25,858	$10,901	$77,486	$9,937	$1,051,111

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
Cost:										
As at 1 January 2020	$675,646	$293,174	$137,036	$32,389	$62,173	$175,418	$76,188	$34,441	$73,708	$1,560,173
Additions	-	5,848	1,086	485	287	-	2,951	447	114,200	125,304
Disposals	-	-	(2,655)	-	(285)	(796)	(4,481)	(205)	-	(8,422)
Transfers	3,171	101,155	10,319	-	7,539	24,115	5,270	67,490	(177,971)	41,088
Exchange differences	$678,817	$400,177	$145,786	$32,874	$69,714	$198,737	$79,928	$102,173	$9,937	$1,718,143
As at 31 December 2020										
Depreciation and impairment:										
As at 1 January 2020	$-	$189,786	$102,389	$31,730	$53,431	$164,810	$64,023	$18,416	$-	$624,585
Depreciation	-	9,241	10,114	577	6,111	8,865	9,485	6,401	-	50,794
Disposals	-	-	(2,655)	-	(285)	(796)	(4,481)	(130)	-	(8,347)
As at 31 December 2020	$-	$199,027	$109,848	$32,307	$59,257	$172,879	$69,027	$24,687	$-	$667,032
Net carrying amount:										
As at 31 December 2020	$678,817	$201,150	$35,938	$567	$10,457	$25,858	$10,901	$77,486	$9,937	$1,051,111
As at 1 January 2020	$675,646	$103,388	$34,647	$659	$8,742	$10,608	$12,165	$16,025	$73,708	$935,588

(a) Components of buildings that have different useful lives are the main building structure and electrical and plumbing facilities, which are depreciated over 55 years and 13 years, respectively.

(b) Please refer to Note 8 for property, plant and equipment pledged as collateral.

(c) No capitalization of interest as a result of purchasing property, plant and equipment for the years ended 31 December 2021 and 2020.

(8) Short-term loans

	Interest Rates (%)	As at 31 December 2021	As at 31 December 2020
Unsecured bank loans	0.88%~1.09%	$6,055,143	$5,372,000
Unused short-term lines of credits amount		$4,915,480	$3,981,294

(9) Bonds payable

	As at 31 December 2021	As at 31 December 2020
Domestic secured bonds	$2,000,000	$2,000,000
Less: current portion	-	-
Net	$2,000,000	$2,000,000

The Company issued five-year secured domestic bonds with a face value of NTD2,000,000 thousand for the first time on 29 August 2019, with the remaining amount to be fully settled by the maturity date.

The interest is paid every year at the annual interest rate of 0.83%.

(10) Commercial Paper Payable

Accounting title	Guarantee	As at 31 December 2021	As at 31 December 2020
Commercial paper payable	Taiwan Cooperative Bank, etc.	$3,900,000	$-
	International Bills Financial Corporation	150,000	150,000
	Taiwan Shin Kong Commercial Bank	-	200,000
Less: Discount on commercial paper payable		(4,508)	(279)
Net amount		$4,045,492	$349,721

	For the years ended 31 December	
	2021	2020
Interest rates	0.504%-0.762%	0.280%-0.762%
Maturity date	2022/1/21-2022/5/9	2021/1/29-2021/3/16

(11) Financial liabilities at fair value through profit or loss

	As at	
	31 December 2021	31 December 2020
Held for trading:		
Derivatives not designated as hedging		
Forward exchange contracts	$-	$1,657
Current	$-	$1,657
Non-current	-	-
Total	$-	$1,657

Please refer to Note 12(8) for the above financial instruments contracts.

(12) Other payables

	As at	
	31 December 2021	31 December 2020
Payroll	$166,315	$158,270
Export fees payable	92,705	24,526
Advertising expense	33,550	40,430
Warranty expense	31,583	26,953
Assembly expense	19,117	14,326
Employees' salaries and directors' remuneration	10,200	18,200
Other expense	307,398	155,053
Total	$660,868	$437,758

	As at 31 December 2021	As at 31 December 2020
Product maintenance warranty		
Beginning balance	$60,382	$54,145
Warranty recognized	24,382	18,830
Amount utilized during the year	(16,781)	(12,590)
Ending balance	$67,983	$60,382
Current	$31,583	$26,953
Non-current	36,400	33,429
Total	$67,983	$60,382

(13) Long-term borrowings

Details of long-term loans as at 31 December 2021 and 31 December 2020 are as follows:

Lenders	As at 31 December 2021	Redemption
Taiwan Cooperative Bank, etc. syndicated bank loan	$507,666	The interest is paid monthly from 12 March 2021 to 12 March 2023, and repay the loan in full at maturity.
E.SUN Bank secured bank loan	481,200	The interest is paid quarterly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.
First Commercial Bank unsecured loans	172,464	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Subtotal	1,161,330	
Less: current portion	(25,982)	
Less: syndicated bank loans expense	(11,985)	
Total	$1,123,363	

Note: Long-term borrowings interest rate is between 0.74% to 0.93%, and interest is paid monthly.

Lenders	As at 31 December 2020	Redemption
CTBC Bank secured bank loan	$583,415	Repayable JPY150,000 thousand dollars half-yearly from 12 March 2020 to 21 February 2023. The interest is paid monthly, and pay off the remaining debt at expiration.
E.SUN Bank secured bank loan	553,000	The interest is paid monthly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.
First Commercial Bank unsecured loans	180,357	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Subtotal	1,316,772	
Less: current portion	(82,950)	
Less: syndicated bank loans expense	(15,045)	
Total	$1,218,777	

Note: Long-term borrowings interest rate is between 0.74% to 0.85%, and interest is paid monthly.

A. Please refer to Note 8 for property, plant and equipment pledged as collateral for long-term loans.

B. In 9 December 2020, the Company has entered into a syndicated loan agreement with Taiwan Cooperative Bank and ten lending institutions of syndicated credits. The agreement offered the Company a credit line of NTD9 billion, which contains the following restrictive covenants:

(a) The current ratio shall not be lower than 100%. (Note 1)
(b) The financial liability ratio shall not be higher than 200%. (Note 2)
(c) The interest coverage ratio shall not be lower than 3. (Note 3)

Note 1: Current ratio= current assets/ current liabilities
Note 2: Financial liability ratio = (bank loans + domestic secured bonds) / owners' equity
Note 3: Interest coverage ratio = (income before income tax + interest expense + amortization expense) / interest expense

C. The Company should review these ratios every half year based on the audited annual consolidated financial statements and the reviewed semi-annual financial statements. If the Company fails to meet any of the ratios specified in any of the above covenants, the Company should seek improvement by injecting cash capital or other means.

When the Company fails to meet any terms of the covenants for the first time, the lending banks may deem it as non-violation without filing claims with respect to the contract. However, if the Company violates the same financial ratio requirement for a second time, it is regarded as a breach. The lending bank may ask the Company to pay compensation (at 0.10% of the unpaid loan as at the second review date) in one lump sum to the agent bank, and the agent bank will pay the compensation to the other lending banks in proportion to their loans.

When reviewing if the interest rates should be adjusted, upon one year maturity from the drawdown of the loan, the banks should review the Company's pre-tax margin every year based on the audited annual consolidated financial report provided by the Company. The banks shall adjust the interest rates according to the agreed principle on the next adjustment date for interest rates.

The 1st installment mature after 42 months from the first drawdown date; subsequent repayments of principal shall be made every 6 months in four installments. 10% of the principal shall be repaid in each of the 1st to 3rd installment, and the remaining principal shall be repaid in the 4th installment.

The Company did not violate the above covenants for the years ended 31 December 2021 and 2020.

(14) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 were NTD37,186 thousand and NTD32,443 thousand respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NTD2,849 thousand to its defined benefit plan during the 12 months beginning after 31 December 2021.

The average duration of the defined benefits plan obligation as at 31 December 2021 and 2020, are 7.8 years and 8.1 years.

Pension costs recognized in profit or loss for the years ended 31 December 2021 and 2020:

	For the years ended 31 December	
	2021	2020
Current period service costs	$1,069	$1,213
Interest expense	250	596
Total	$1,319	$1,809

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 December 2021	31 December 2020	1 January 2020
Defined benefit obligation	$181,747	$171,137	$170,682
Plan assets at fair value	(82,450)	(86,446)	(84,020)
Other non-current liabilities - defined benefit obligation	$99,297	$84,691	$86,662

Reconciliation of liability of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2020	$170,682	$(84,020)	$86,662
Current period service costs	1,213	-	1,213
Net interest expense (income)	1,195	(599)	596
Subtotal	173,090	(84,619)	88,471
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	5,761	-	5,761
Experience adjustments	(3,954)	-	(3,954)
Remeasurements of the defined benefit assets	-	(2,738)	(2,738)
Subtotal	174,897	(87,357)	87,540
Payments from the plan	(3,760)	3,760	-

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Contributions by employer	-	(2,849)	(2,849)
As at 31 December 2020	$171,137	$(86,446)	$84,691
Current period service costs	1,069	-	1,069
Net interest expense (income)	511	(261)	250
Subtotal	172,717	(86,707)	86,010
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,056)	-	(6,056)
Experience adjustments	23,447	-	23,447
Remeasurements of the defined benefit assets	-	(1,256)	(1,256)
Subtotal	190,108	(87,963)	102,145
Payments from the plan	(8,361)	8,361	-
Contributions by employer	-	(2,848)	(2,848)
As at 31 December 2021	$181,747	$(82,450)	$99,297

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	31 December 2021	31 December 2020
Discount rate	0.7%	0.3%
Expected rate of salary increases	2.0%	2.0%

A sensitivity analysis for significant assumption as at 31 December 2021 and 2020 is, as shown below:

For the year ended 31 December 2021:

	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.1%	$-	$1,464
Discount rate decrease by 0.1%	1,483	-
Future salary increase by 0.1%	1,304	-
Future salary decrease by 0.1%	-	1,290

For the year ended 31 December 2020:

	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.1%	$-	$1,470
Discount rate decrease by 0.1%	1,492	-
Future salary increase by 0.1%	1,306	-
Future salary decrease by 0.1%	-	1,292

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Discount rate reflects the time value of money but not the actuarial or investment risk. The discount rate for discounting post-employment benefits obligation should refer to the yield of high-quality corporate bonds at the end of reporting period. The yield of government bonds should be used in countries where the bonds have no market depth. The currency and period of corporate or government bond should be consistent with the currency and estimated period of post-employment benefits obligation. If there is no deep-market bond with a sufficient long maturity date to coordinate the estimated due date of all benefit payments, the company should use the current market interest rate for appropriate period to discount the payment of shorter period. In addition, extrapolating current market rate along the curve of yield to estimate the discount rate with longer maturity period.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15) Equity

A. Share capital

As at 1 January 2020 the Company's authorized capital was NTD4,500,000 thousand, divided into 450,000,000 shares with par value of NTD10 each. The issued and outstanding capital stocks were NTD3,036,166 thousand. As at 31 December 2021, the capital remained unchanged.

B. Capital surplus

	As at	
	31 December 2021	31 December 2020
Additional paid-in capital	$54,807	$54,807
Employee stock option	706	706
Gain on sale of assets	42	42
Other	4,424	75
Total	$59,979	$55,630

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Legal reserve

According to the Company Act, the Company's after-tax earnings are required to first offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the issued capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

D. Special reserve

When the Company distributes distributable earnings, it shall, according to the requirements on first adoption of IFRS, set aside supplemental special reserve based on the difference between the special reserve surplus already set aside and the contra account of other equity. For any subsequent reversal of the contra account in other equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Jin - Guan - Cheng - Fa - 1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company's special reserve of NTD64,037 thousand at first-time adoption of IFRS with the absolute value of other equity (deduction) – net as at 1 January 2020. As at the year ended 2021 and 2020, the Company did not reverse any special reserve as a result of using, disposing of or reclassifying related assets.

During 2021 and 2020, when distributing 2020 and 2019 distributable earnings, the Company set aside in special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amounts equal to other net deductions from shareholders' equity were NTD14,654 thousand and NTD354,296 thousand for the years ended 2021 and 2020, respectively.

E. Treasury Stock

(a)The Company implements the treasury stock system, buyback the Company's shares from the securities centralized trading market, and its shares increase or decrease is shown as follows according to the reasons:

For the year ended 31 December 2021

(unit : shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employees	1,028,000	-	-	-	1,028,000

For the year ended 31 December 2020

(unit : shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employees	600,000	531,000	(103,000)	-	1,028,000

The board meeting held on 9 August 2019 approved to repurchase 600,000 shares. The expected period to execute the decision will take place between 26 July 2019 and 25 September 2019; the repurchase price will be between NTD70 to NTD100.

The board meeting held on 20 March 2020 approved to repurchase 2,000,000 shares, which would be transferred to employees to motivate them. The expected period to execute the decision took place between 23 March 2020 and 22 May 2020; the repurchase price was between NTD40 to NTD80. To keep in line with the capital planning and the effectiveness of use, 531,000 shares were repurchased actually.

The board meeting held on 7 August 2020 approved to transfer 103,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price of NTD60.84, and the Company recognized compensation cost of NTD706 thousand on the vesting date. The Company's employees fully exercised the employee stock options of 103,000 shares on 28 August 2020. On the day of transfer, the difference between transfer price and buyback price was offset by share capital- employee stock option in the amount of NTD706 thousand.

The board meeting held on 11 May 2021 approved to transfer 333,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price was NTD60.84. The Company recognized compensation cost of NTD4,349 thousand in share capital-employee stock option on the vesting date. The Company's employees have not exercised the employee stock options of 333,000 shares as of 31 December 2021.

As at 31 December 2021, the treasury shares that the Company bought back not yet transferred to employee amounted to 1,028,000 shares.

(b) According to the Securities and Exchange Act of R.O.C., the total shares of treasury stock shall not exceed 10% of issued stock, and the total purchase amount shall not exceed the sum of retained earnings, additional paid-in capital in excess of par and realized additional paid-in capital.

(c) In compliance with Securities and Exchange Act of R.O.C., treasury stocks shall not be pledged, nor should they be entitled to voting rights or receiving dividends.

F. Distribution of retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

(a) Income tax obligation
(b) Offsetting accumulated deficits, if any
(c) Legal reserve at 10% of net income after tax
(d) Special reserve in compliance with the Company Act or Securities and Exchange Act
(e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting

When the Company distributes dividends to shareholders, if all or part of the dividend is in the form of cash distribution, the distribution shall be authorized through the board of directors representing more than two-thirds of the directors, with more than half of the directors present in favor of the proposal, and shall report the resolution to the shareholders' meeting. The Company's policy of distribution is based on capital expenditure, business expansion and sustainable development. The amount of cash dividends to be distributed shall be more than 10% of the total dividends to shareholders when there is sufficient surplus remained for distribution. The ratio may be adjusted by the board of directors to between 50% to 100% of stock dividend depending on the actual profit and funding of the year or based on the needs of capital expenditure and business expansion, upon obtaining resolution of the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Details of the 2020 earnings distribution and dividends per share as approved by the resolution of the shareholders' meeting held on 27 August 2021 is as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Legal reserve	(Note 2)	$68,003		
Special reserve	(Note 2)	14,654		
Cash dividends-common stock (Note 1)	(Note 2)	338,899	(Note 2)	$1.12

Note 1: The Company's board of directors were authorized by the Articles of Incorporation and approved the common stock cash dividend of 2020 by special resolution on 11 May 2021.

Note 2: The resolution to distribute the Company's 2021 earnings have not been finalized.

Please refer to Note 6 (19) for further details on employees' compensation and remuneration to directors and supervisors.

(16)Operating revenue

	For the years ended 31 December	
	2021	2020
Revenue from contracts with customers		
Sale of goods	$13,239,185	$10,794,110
Other operating revenues	6,805	6,360
Total	$13,245,990	$10,800,470

The Company recognizes revenues when control of the products is transferred to the customers at a point in time. Information of revenues from contracts with customers during the years ended 31 December 2021 and 2020 are as follows:

A. Contract balance

(a) Contract asset – current

	As at		
	31 December 2021	31 December 2020	1 January 2020
Sales of goods	$30,732	$11,295	$13,826

The significant changes in the Company's balances of contract assets for the years ended 31 December 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
The opening balance transferred to trade receivables	$(11,295)	$(13,826)
Increase of contract assets	30,732	11,295

Please refer to Note 6(17) for more details on the loss allowance.

(b) Contract liabilities – current

	As at		
	31 December 2021	31 December 2020	1 January 2020
Sales of goods	$447,395	$494,850	$314,398

During the period, contract liabilities significantly decreased as performance obligations were partially satisfied and NTD475,502 thousand included in the contract liability balance at the beginning of the period was recognized as revenue during the period.

(c) Transaction price allocated to unsatisfied performance obligations

None.

(d) Assets recognized from costs to fulfil a contract

None.

(17) Expected credit losses

	For the years ended 31 December	
	2021	2020
Operating expenses – Expected credit losses		
Trade receivables	$42	$-

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its contract assets and trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2021 is as follows:

A. The gross carrying amount of contract asset is NTD30,732 thousand. There is no need to recognize loss allowance based on individual customer assessment method.

B. The Company considers the grouping of trade receivables by counterparties' credit rating. They are divided into groups of notes receivables and trade receivables, and groups of installment accounts receivable and leased receivable. The details are as follows:

Note receivables and trade receivables as at 31 December 2021

	Not yet due	Overdue				
	(note)	<=60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$237,900	$33,656	$7,001	$6,441	$882	$285,880
Loss rate	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	(882)	(882)
Per book	$237,900	$33,656	$7,001	$6,441	$-	$284,998

Note: The Company's note receivables are not overdue.

Note receivables and trade receivables as at 31 December 2021－related party

	Not yet due (note)	Overdue <=60 days	Overdue 61-90 days	Overdue 91-180 days	Overdue >=181 days	Total
Gross carrying amount	$2,751,806	$973,352	$410,003	$1,652,128	$1,545,517	$7,332,806
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Per book	$2,751,806	$973,352	$410,003	$1,652,128	$1,545,517	$7,332,806

Installment accounts receivable as at 31 December 2021

	Not yet due (note)	Overdue <=60 days	Overdue 61-90 days	Overdue 91-180 days	Overdue >=181 days	Total
Gross carrying amount	$438,851	$1,977	$-	$-	$1,390	$442,218
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Per book	$438,851	$1,977	$-	$-	$1,390	$442,218

Note receivables and trade receivables as at 31 December 2020

	Not yet due (note)	Overdue <=60 days	Overdue 60-90 days	Overdue 91-180 days	Overdue >=181 days	Total
Gross carrying amount	$152,419	$14,733	$1,562	$2,690	$840	$172,244
Loss rate	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	(840)	(840)
Per book	$152,419	$14,733	$1,562	$2,690	$-	$171,404

Note: The Company’s note receivables are not overdue.

Note receivables and trade receivables as at 31 December 2020－related party

	Not yet due (note)	Overdue				
		<=60 days	60-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$3,569,582	$289,833	$73,181	$328,166	$-	$4,260,762
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Per book	$3,569,582	$289,833	$73,181	$328,166	$-	$4,260,762

Installment accounts receivable as at 31 December 2020

	Not yet due (note)	Overdue				
		<=60 days	60-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$474,679	$534	$183	$183	$1,489	$477,068
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Per book	$474,679	$534	$183	$183	$1,489	$477,068

The movement in the provision for impairment of note receivables and trade receivables during the ended 31 December 2021 and 2020 is as follows:

	Note receivables	Trade receivables
2021..01.01	$-	$840
Write off	-	-
Addition for the current period	-	42
2021.12.31	$-	$882
2020.01.01	$-	$840
Write off	-	-
Addition for the current period	-	-
2020.12.31	$-	$840

(18) Leases

A. The Company is a lessee (Adoption of the related disclosure in IFRS 16)

The Company leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 2 to 5 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	As at 31 December	
	2021	2020
Buildings	$49,335	$44,049
Transportation equipment	2,001	3,322
Total	$51,336	$47,371

During the years ended 31 December 2021 and 2020, the Company's additions to right-of-use assets amounted to NTD31,659 thousand and NTD18,644 thousand, respectively.

(ii) Lease liabilities

	As at 31 December	
	2021	2020
Current	$31,851	$27,946
Non-Current	21,128	20,411
Total	$52,979	$48,357

Please refer to Note 6(19)(c) for the interest on lease liabilities recognized during the years ended 31 December 2021 and 31 December 2020 and refer to Note 12(5) Liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2021 and 2020.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Buildings	$33,393	$32,298
Transportation equipment	1,313	1,951
Total	$34,706	$34,249

(c) Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
The expenses relating to short-term leases	$23,062	$22,469

(d) Cash outflow related to lessee and lease activity

During the year ended 31 December 2021 and 2020, the Company's total cash outflows for leases amounting to NTD54,969 thousand and NTD56,252 thousand, respectively.

(19) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2021 and 2020:

Function / Nature	For the years ended 31 December					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$219,075	$585,930	$805,005	$210,662	$537,197	$747,859
Labor and health insurance	23,602	52,511	76,113	23,941	43,184	67,125
Pension	9,403	29,103	38,506	9,918	24,297	34,215
Director compensation	-	7,596	7,596	-	7,692	7,692
Other employee benefits expense	11,516	21,294	32,810	10,634	18,987	29,621
Depreciation	37,679	64,406	102,085	25,143	59,900	85,043
Amortization	188	5,157	5,345	-	6,292	6,292

As at 31 December 2021 and 31 December 2020, the Company's employees were 1,148 and 1,132, respectively; the number of directors who were not concurrently employees were both 7.

As at 31 December 2021 and 31 December 2020, the Company's average employee benefits expense were NT$804 thousand and NT$781 thousand, respectively.

As at 31 December 2021 and 31 December 2020, the Company's average employee salaries expense were NT$706 thousand and NT$665 thousand employees, respectively; the average adjusted employee salaries expense was decrease to 6.2%.

The Company has no supervisor's remuneration as the Company has set up the audit committee to replace the supervisor.

The Company's salary policy is as follows: (including directors, managers and employees)

The Company's salary policy for employee remuneration holds the spirit of providing market-competitive salary levels, and provides reasonable and motivating salary based on the employee's personal responsibility, contribution, performance and ability. In addition to the monthly salary, there are other incentives such as performance bonus, proposal bonus, irregular incentive bonus and profit sharing bonus based on the Company's current year's profit. The Company evaluates directors' and manager's performance regularly and set the achievement of directors' and managers' performance goals every year. The results of performance evaluation are used as the basis of promotion, training development and salary payment.

According to the Articles of Incorporation, at least 1% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 31 December 2021, the Company estimated the amount of the employees' compensation and remuneration to directors for the year ended 31 December 2021 to be NTD3,000 thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

A resolution was passed at the board meeting held on 26 March 2021 to distribute NTD11,200 thousand and NTD7,200 thousand in cash as the employee compensation and remuneration to directors of 2020, respectively. There is no material differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2020.

(20) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2021	2020
Financial assets measured at amortized cost	$57,235	$50,694

B. Other income

	For the years ended 31 December	
	2021	2020
Government subsidy income	$8,533	$79,400
Others	57,727	58,836
Total	$66,260	$138,236

C. Other gains and losses

	For the years ended 31 December	
	2021	2020
Foreign exchange gains (losses), net	$78,536	$(13,527)
Gains (losses) on financial assets at fair value through profit or loss(Note 1)	(7,418)	10,353
Gains on financial liabilities at fair value through profit or loss (Note 2)	1,657	15,473
Gains (losses) on disposal of investments	23,181	(6,718)
Gains on disposal of property, plant and equipment	632	23
Gains on disposal of intangible assets	1,103	-
Others	(3,461)	(2,790)
Total	$94,230	$2,814

Note:

1. Balances were arising from financial assets mandatorily measured at fair value through profit or loss.
2. Balances were arising from held for trading financial liabilities.

D. Finance costs

	For the years ended 31 December	
	2021	2020
Interest on loans from bank	$106,599	$103,148
Interest on lease liabilities	506	614
Total	$107,105	$103,762

(21) Components of other comprehensive income

A. For the year ended 31 December 2021

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$(16,135)	$(16,135)	$3,227	$(12,908)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(964)	(964)	-	(964)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(694,441)	(694,441)	138,888	(555,553)
Total of other comprehensive income	$(711,540)	$(711,540)	$142,115	$(569,425)

B. For the year ended 31 December 2020

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$932	$932	$(186)	$746
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	1,626	1,626	-	1,626
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(20,349)	(20,349)	4,070	(16,279)
Total of other comprehensive income	$(17,791)	$(17,791)	$3,884	$(13,907)

(22) Income tax

The major components of income tax expense(income) for the year ended 31 December 2021 and 2020 are as follows:

A. Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense:		
Current income tax charge	$198,115	$59,235
Adjustments in respect of current income tax of prior periods	4,886	6,876
Deferred tax income:		
Deferred tax income relating to origination and reversal of temporary differences	9,192	12,925
Other components of deferred tax income	(3,200)	(3,000)
Total income tax expense	$208,993	$76,036

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax income:		
Exchange differences resulting from translating the financial statements of a foreign operation	$(138,888)	$(4,070)
Remeasurements of defined benefit plans	(3,227)	186
Income tax relating to components of other comprehensive income	$(142,115)	$(3,884)

C. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2021	2020
Accounting profit before tax from continuing operations	$247,141	$730,624
Tax at the domestic rates applicable to profits in the country concerned	49,428	151,066
Tax effect of revenues exempt from taxation	-	(87,723)
Tax effect of expenses not deductible for tax purposes	150,755	-
5 % surtax on undistributed retained earnings	7,124	8,817
Adjustments in respect of current income tax of prior periods	4,886	6,876
Other adjustments according to tax law	(3,200)	(3,000)
Total income tax expense recognized in profit or loss	$208,993	$76,036

D. Deferred tax assets (liabilities) relate to the following:

(a) For the year ended 31 December 2021

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December
Temporary difference				
Unrealized foreign exchange gain (loss)	$12,631	$(11,528)	$-	$1,103
Provision for allowance to reduce inventories to market value	1,211	-	-	1,211
Gain(losses) on financial assets and liabilities at fair value through profit or loss	(2,782)	1,152	-	(1,630)
Net defined benefit liability – non-current	6,750	(306)	-	6,444
Remeasurement on defined benefit plans	10,188	-	3,227	13,415
Exchange differences on translation of foreign operations	284,232	-	138,888	423,120
Provision-warranties	11,925	1,490	-	13,415
Land appreciation tax	(47,428)	-	-	(47,428)
Deferred tax expense/(income)		$(9,192)	$142,115	
Net deferred tax assets/(liabilities)	$276,727			$409,650
Reflected in balance sheet as follows:				
Deferred tax assets	$326,938			$458,709
Deferred tax liabilities	$(50,211)			$(49,059)

(b) For the year ended 31 December 2020

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December
Temporary difference				
Unrealized foreign exchange gain (loss)	$21,279	$(8,648)	$-	$12,631
Provision for allowance to reduce inventories to market value	1,211	-	-	1,211
Gain(losses) on financial assets and liabilities at fair value through profit or loss	2,383	(5,165)	-	(2,782)
Net defined benefit liability – non-current	6,958	(208)	-	6,750
Remeasurement on defined benefit plans	10,374	-	(186)	10,188
Exchange differences on translation of foreign operations	280,162	-	4,070	284,232
Provision-warranties	10,829	1,096	-	11,925
Land appreciation tax	(47,428)	-	-	(47,428)
Deferred tax expense/(income)		$(12,925)	$3,884	
Net deferred tax assets/(liabilities)	$285,768			$276,727
Reflected in balance sheet as follows:				
Deferred tax assets	$333,196			$326,938
Deferred tax liabilities	$(47,428)			$(50,211)

(c) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2021 and 2020, the temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD595,713 thousand and NTD782,195 thousand respectively.

(d) The assessment of income tax returns

As at 31 December 2021, the tax authorities have assessed income tax returns of the Company through 2019.

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the years attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	$38,148	$679,293
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	302,589	302,663
Basic earnings per share (NTD)	$0.13	$2.24

Calculation of diluted earnings per share is equal to basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Johnson Health Tech North America, Inc.	Subsidiary
Johnson Health Industry (Viet Nam) Company Limited	Subsidiary
Johnson Health Technologies, S.A. DE C.V.	Subsidiary
Johnson Health Technologies Canada Inc.	Subsidiary
Johnson Health Tech Retail Inc	Subsidiary
Johnson Health Tech GmbH	Subsidiary
Johnson Industries (Shanghai) Co., Ltd.	Subsidiary

Name of the related parties	Nature of relationship of the related parties
Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary
Johnson Health Tech UAE L.L.C	Subsidiary
Johnson Industrial do Brasil Ltda	Subsidiary
Johnson Health Tech France	Subsidiary
Johnson Health Tech Netherland B.V.	Subsidiary
Johnson Health Tech UK Ltd.	Subsidiary
Johnson Health Technologies Ibérica, SL	Subsidiary
Johnson Health Tech Italia S.P.A.	Subsidiary
Johnson Health Tech (Thailand) Co., Ltd.	Subsidiary

Significant transactions with related parties

A. Sales

	For the years ended 31 December	
	2021	2020
Johnson Health Tech North America, Inc.	$3,671,155	$1,580,901
Johnson Health Tech Retail Inc	2,090,588	3,186,039
Johnson Health Tech Netherland B.V.	1,005,269	570,441
Johnson Health Tech GmbH	968,863	725,311
Others	3,428,983	2,769,598
Total	$11,164,858	$8,832,290

The selling price and collection terms between related parties are not significantly different from those with the third parties.

B. Purchase

	For the years ended 31 December	
	2021	2020
Johnson Industries (Shanghai) Co., Ltd.	$6,139,341	$4,391,071
Johnson Health Industry (Vietnam) Company Limited	1,470,397	1,227,800
Johnson Health Technology (Shanghai) Co., Ltd.	498,567	263,651
Others	180,190	168,647
Total	$8,288,495	$6,051,169

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are similar with third party suppliers.

C. Accounts receivable, net

	As at	
	31 December 2021	31 December 2020
Johnson Health Tech North America, Inc.	$2,853,551	$1,097,878
Johnson Health Tech Retail Inc	2,586,202	2,173,423
Johnson Health Tech UAE L.L.C	329,796	215,945
Johnson Health Technologies Canada Inc.	256,087	175,824
Johnson Health Tech UK Ltd.	192,642	2,288
Johnson Health Tech Italia S.P.A.	186,961	88,298
Johnson Health Technologies Ibérica, SL	175,446	46,706
Johnson Health Tech Netherland B.V.	163,226	13,081
Johnson Health Tech GmbH	162,185	181,817
Johnson Industrial do Brasil Ltda.	129,181	72,322
Others	297,529	193,180
Total	$7,332,806	$4,260,762

D. Other accounts receivable, net

	As at	
	31 December 2021	31 December 2020
Johnson Industrial do Brasil Ltda	$673,503	$618,546
Johnson Health Technologies Canada Inc.	128,499	57,610
Johnson Industries (Shanghai) Co., Ltd.	102,434	70,869
Johnson Health Technologies, S.A. DE C.V.	89,649	70,498
Johnson Health Technology (Shanghai) Co., Ltd.	76,176	33,405
Others	325,539	213,962
Total	$1,395,800	$1,064,890

Other accounts receivable mainly consists of developing tools, purchasing material and equipment, overdue accounts receivable transfer and financing for related parties.

E. Accounts payable, net

	As at	
	31 December 2021	31 December 2020
Johnson Industries (Shanghai) Co., Ltd.	$3,038,930	$2,546,666
Johnson Health Technology (Shanghai) Co., Ltd.	307,352	52,182
Johnson Health Industry (Vietnam) Company Limited	127,380	608,367
Others	37,291	25,722
Total	$3,510,953	$3,232,937

F. Other payables, net

	As at	
	31 December 2021	31 December 2020
Johnson Health Tech. North America, Inc.	$175,592	$150,272
Johnson Health Tech France	100,358	46,301
Others	50,525	132,063
Total	$326,475	$328,636

G. Expenses

	For the years ended 31 December	
	2021	2020
Johnson Health Tech. North America, Inc.	$541,240	$684,560
Johnson Health Tech. Netherland B.V	120,877	124,781
Johnson Health Tech Retail Inc	50,834	55,739
Others	46,496	81,158
Total	$759,447	$946,238

H. Other Income

	For the years ended 31 December	
	2021	2020
Johnson Industries (Shanghai) Co., Ltd.	$27,055	$33,664
Johnson Health Technology (Shanghai) Co., Ltd.	12,158	6,744
Johnson Health Technologies Canada Inc.	6,689	5,093
Johnson Health Tech UAE L.L.C	5,928	7,093
Others	19,495	15,735
Total	$71,325	$68,329

I. Key management personnel compensation

	For the years ended 31 December	
	2021	2020
Short-term employee benefits	$36,602	$ 21,103

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	As at		
	31 December 2021	31 December 2020	Contents of secured debt
Property, plant and equipment - land	$671,271	$670,557	Commercial Paper/ Long-term borrowings
Property, plant and equipment – buildings (carrying value)	44,965	46,287	Commercial Paper/ Long-term borrowings
Other receivable - deposit	42,709	39,684	Corporate credit cards / LC loan
Total	$758,945	$756,528	

9. Commitments and contingencies

(1) The important contracts of construction in progress or service

The contracts of the Company as at 31 December 2021 and 2020 are as follows:

A. As at 31 December 2021:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2021
Company A	Dormitory construction project	NTD90,650 thousand	NTD67,988 thousand

B. As at 31 December 2020:

None.

(2) The Company issued guaranty notes as security for borrowings in the sum of NTD801,047 thousand as at 31 December 2021.

(3) The Company entered into financial guarantees to related parties as at 31 December 2021. Refer to Note 13(1)(b).

10. Losses due to major disasters

None.

11. Significant subsequent events

Considering the industry integration, resource utilization, future global layout and improvement of operational performance, the Company set up a fully-owned subsidiary, Johnson Health Tech Korea Co., Ltd. in South Korea. on 6 January 2022.

12. Others

(1) Categories of financial instruments

	As at	
Financial Assets	31 December 2021	31 December 2020
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$8,151	$15,569
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	601,875	752,823
Notes and trade receivable	8,060,021	4,909,234
Other receivables	1,495,278	1,112,231
Subtotal	10,157,174	6,774,288
Total	$10,165,325	$6,789,857

Financial Liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$6,055,143	$5,372,000
Commercial paper payable	4,045,492	349,721
Notes and accounts payable	4,419,542	3,884,804
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	1,149,345	1,301,727
Lease liability	52,979	48,357
Subtotal	17,722,501	12,956,609
Financial liabilities at fair value through profit or loss:		
Held for trading	-	1,657
Total	$17,722,501	$12,958,266

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity price risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD, EUR and CNY. The information of the sensitivity analysis is as follows:

(a) When NTD strengthens/weakens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$45,841
For the year ended 31 December 2020	$-	$21,012

(b) When NTD strengthens/weakens against EUR by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$(3,702)
For the year ended 31 December 2020	$-	$(1,105)

(b) When NTD strengthens/weakens against JPY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$(7,982)
For the year ended 31 December 2020	$-	$(10,291)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period would cause the profit for the years ended 31 December 2021 and 2020 to decrease by NTD11,250 thousand and NTD7,023 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.
Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial positions, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at 31 December 2021 and 2020, the credit concentration risk of other accounts receivables is insignificant. The accounts receivable of top ten customers accounted for 77.11% and 75.58% of the Company's balance of accounts receivables, respectively.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	>= 5 years	Total
As at 31 December 2021					
Short-term borrowings	$6,066,643	$-	$-	$-	$6,066,643
Commercial paper payable	4,050,000	-	-	-	4,050,000
Notes and accounts payable	4,419,542	-	-	-	4,419,542
Bonds payable	16,600	2,033,200	-	-	2,049,800
Long-term loans	35,620	1,062,945	69,351	8,547	1,176,463
Lease liabilities	32,675	22,060	-	-	54,735
As at 31 December 2020					
Short-term borrowings	$5,382,788	$-	$-	$-	$5,382,788
Commercial paper payable	350,000	-	-	-	350,000
Notes and accounts payable	3,884,804	-	-	-	3,884,804
Bonds payable	16,600	33,200	2,016,600	-	2,066,400
Long-term loans	88,089	1,300,270	-	-	1,388,359
Lease liabilities	28,157	20,487	393	-	49,037

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Commercial paper Payable	Bonds payable	Long-term loans	Lease liabilities	Total
As at 1 January 2021	$5,372,000	$349,721	$2,000,000	$1,301,727	$48,357	$9,071,805
Cash flows	683,143	3,689,358	-	(152,382)	(32,407)	4,187,712
Non-cash changes	-	6,413	-	-	37,029	43,442
As at 31 December 2021	$6,055,143	$4,045,492	$2,000,000	$1,149,345	$52,979	$13,302,959

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Commercial paper Payable	Bonds payable	Long-term loans	Lease liabilities	Total
As at 1 January 2020	$4,586,276	$149,917	$2,000,000	$792,590	$63,496	$7,592,279
Cash flows	785,724	198,716	-	509,137	(33,783)	1,459,794
Non-cash changes	-	1,088	-	-	18,644	19,732
As at 31 December 2020	$5,372,000	$349,721	$2,000,000	$1,301,727	$48,357	$9,071,805

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures) at the reporting date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public Company and private Company equity securities) is estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value measurement hierarchy

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2021 and 2020 is as follows:

Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Contract	Contract amount (in thousands)	Maturity
As at 31 December 2021		
Foreign exchange rates swap	Sell USD 82,200	From 2022/02/18 to 2022/05/18
As at 31 December 2020		
Forward currency contract	Sell USD 7,000	From 2021/01/25 to 2021/02/03
Forward currency contract	Sell EUR 4,000	From 2021/03/03 to 2021/03/10

The counterparties of said derivatives financial instruments are well-known local and international banks with good credit rating, therefore carry low credit risk.

The foreign exchange forward contract transactions mainly aim at hedging the risk of exchange rate changes of net assets or net liabilities. There will be corresponding cash inflow or outflow at maturity. There is no significant cash flow risk as the Company's working capital is sufficient to support such activity.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Foreign exchange rates swap	$-	$8,151	$-	$8,151

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$15,569	$-	$15,569
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$-	$1,657	$-	$1,657

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at					
	31 December 2021			31 December 2020		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
Financial assets						
Monetary item:						
USD	$300,604	27.6900	$8,323,737	$188,603	28.5080	$5,376,685
EUR	29,091	31.3450	911,872	15,807	35.0650	554,253
Financial liabilities						
Monetary item:						
USD	$93,666	27.6900	$2,593,621	$96,133	28.5080	$2,740,559
EUR	43,855	31.3450	1,374,621	19,706	35.0650	691,000
JPY	4,519,073	0.2406	1,087,289	4,814,864	0.2765	1,331,310

The Company is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Company and subsidiaries use a large number of different functional currencies. The exchange gain (loss) for the years ended 31 December 2021 and 2020 were NTD78,536 thousand and NTD(13,527) thousand, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(1) Information at significant transactions

A. Financing provided to others for the year ended 31 December 2021: Please refer to Attachment 1.

B. Endorsement/Guarantee provided to others for the year ended 31 December 2021: Please refer to Attachment 2.

C. Securities held as of 31 December 2021 (excluding subsidiaries, associates and joint venture): None

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2021: None

E. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2021: None

F. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2021: None

G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the year ended 31 December 2021:

Please refer to Note 13(1)(j) for detail.

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as of 31 December 2021: Please refer to Attachment 3.

I. Transaction of derivative financial instruments: Please refer to Note 12(8).

J. The business relationship, significant transactions and amounts exceeding the lower of NTD100 million or 20% of capital stock between parent company and subsidiaries: Please refer to Attachment 4.

(2) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as of 31 December 2021, net income(loss) of the investee company and investment income(loss) recognized as of 31 December 2021: Please refer to Attachment 5.

(3) Information on investments in mainland China

The Company ultimately invests subsidiaries in mainland China through its subsidiary, Johnson International Holding Corp., Ltd., as below: Please refer to Attachment 6.

Attachment 1: Financing provided

A.The Company

No	Lender	Counter- party	Financial statement account	Related party or not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Yes	$550,000	$120,000	$-	-	1	$3,671,155		-	-	-	$1,695,967	$3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Viet Nam) Company Limited	Other receivable-related parties	Yes	2,000	500	15	3.00%	1	696		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Llc	Other receivable-related parties	Yes	1,000	1,000	757	3.00%	1	107,756		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Denmark Aps	Other receivable-related parties	Yes	19,000	19,000	19,000	3.00%	1	29,111		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	Other receivable-related parties	Yes	115,000	115,000	115,000	3.00%	1	265,509		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Other receivable-related parties	Yes	43,000	43,000	43,000	3.00%	1	23,103		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Yes	200,000	105,000	49,314	3.00%	1	359,856		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C. V.	Other receivable-related parties	Yes	98,000	85,000	85,000	3.00%	1	79,475		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, Iberica. S.L.	Other receivable-related parties	Yes	15,000	15,000	-	-	1	228,831		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	Other receivable-related parties	Yes	670,000	660,000	660,000	3.00%	1	230,375		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Romania S.A.	Other receivable-related parties	Yes	4,000	-	-	-	1	20,625		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Hellas S.A.	Other receivable-related parties	Yes	23,000	13,000	13,000	3.00%	1	62,760		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	Other receivable-related parties	Yes	52,000	52,000	25,265	3.00%	1	232,954		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading,INC.	Other receivable-related parties	Yes	50,000	50,000	50,000	3.00%	1	2,090,588		-	-	-	1,695,967	3,391,935

Note1: Code “1” represents business relationship between the two companies.

Code “2” represents an entity that requires short-term financing.

Note2: Financing limit for each individual counterparty was set at 20% of their net worth indicated in the most recent financial report.

Note3: Total financing was limited to 40% of the Company’s net worth indicated in the most recent financial report.

Note4: According to the FSC Letter Jin-Guan-Cheng-Liu-Zi-No. 0980000271, the amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares is not restricted.

Attachment 1: Financing provided
B.Subsidiaries

No	Lender	Counter- party	Financial statement account	Related party or not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note	Limit of total financing amount (Note 3)
													Item	Value		
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Yes	$22,840	$22,160	$13,671	3.00%	2	-	For business operation	-	-	-	$26,917	$26,917
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Yes	170,450	157,900	101,056	1.44%	2	-	For business operation	-	-	-	533,846	711,795
3	Johnson Health Tech. (Thailand) Company Limited	JHT FIT Company Limited	Other receivable-related parties	Yes	12,735	12,735	8,490	1.50%	2	-	For business operation	-	-	-	47,922	47,922

Note1 : Code “1” represents business relationship between the two companies.
Code “2” represents an entity that requires short-term financing.
註 2 ： Johnson Health Tech. (Vietnam) Company Limited ’s financing limit for a counterparty and total financing limit were set at 100% of its net worth stated in the most recent financial report.
Johnson Health Tech France's financing limit for a counterparty was set at 60% of its net worth stated in the most recent financial report; total financing limit was set at 80% of its net worth stated in the most recent financial report. Johnson Health Tech. (Thailand) Company Limited ’s financing limit for a counterparty and total financing limit were set at 40% of its net worth
註 3 ： According to the FSC Jin-Guan-Cheng-Liu-Zi-Letter No. 0980000271, the amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares is not restricted.

Attachment 2 : Endorsement/Guarantee provided:

A.The Company

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest	Limited of guarantee limited amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Relationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech GmbH	2	$8,479,837	$310,650	$264,820	$-	$-	3.12	$21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	2	8,479,837	303,970	299,007	9,007	-	3.53	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	8,479,837	333,640	326,320	-	-	3.85	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Iberica S. L.	2	8,479,837	204,540	189,480	166,311	-	2.23	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan K.K.	2	8,479,837	54,020	48,520	-	-	0.57	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Company Limited	2	8,479,837	85,650	83,100	47,090	-	0.98	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	2	8,479,837	152,810	146,260	32,212	-	1.72	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	2	8,479,837	285,968	137,365	59,785	-	1.62	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	8,479,837	142,750	138,500	63,160	-	1.63	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (VietNam) Company Limited	2	8,479,837	1,251,000	1,246,500	415,500	-	14.70	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	8,479,837	112,160	55,400	-	-	0.65	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	2	8,479,837	97,335	96,950	55,400	-	1.14	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	2	8,479,837	302,200	301,400	256,111	-	3.55	21,199,592	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	2	8,479,837	357,300	356,800	-	-	4.21	21,199,592	Y	N	Y

Note1: Code “1” represents there are business relationship between the two companies.

Code “2” represents a subsidiary in which the parent holds directly over 50% of equity interest.

Code “3” represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

Note2: Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.

Note3: The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

Attachment 2 : Endorsement/Guarantee provided:
B.Subsidiaries

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest	Limited of guarantee limited amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Relationship (Note 1)										
1	Johnson Health Tech North America, Inc.	Macrolease Corporation	1	$8,479,837	$109,237	$107,160	$107,160	-	1.26	$21,199,592	N	N	N
1	Johnson Health Tech North America, Inc.	United Leasing, Inc	1	8,479,837	37,281	20,119	20,119	-	0.24	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Lease Servicing Center, Inc.	1	8,479,837	12,895	2,608	2,608	-	0.03	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Mitsubishi HC Capital America, Inc.	1	8,479,837	105,782	105,401	105,401	-	1.24	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Johnson Health Tech Retail, Inc.	1	8,479,837	210,300	-	-	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	Eclipx Commercial	1	8,479,837	229	210	210	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance(TL Rentals)	1	8,479,837	439	404	404	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance	1	8,479,837	606	606	606	-	0.01	21,199,592	N	N	N
3	Johnson Health Tech France	PEAC Finance	1	8,479,837	5,190	4,808	4,808	-	0.06	21,199,592	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	United Leasing,Inc.	1	8,479,837	4,190	2,908	2,908	-	0.03	21,199,592	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	8,479,837	9,471	6,840	6,840	-	0.08	21,199,592	N	N	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	8,479,837	1,377,682	654,900	485,200	-	7.72	21,199,592	N	Y	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	8,479,837	139,950	138,500	-	-	1.63	21,199,592	N	N	Y
6	Johnson Health Technologies Iberica S. L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	8,479,837	166,311	166,311	166,311	-	1.96	21,199,592	N	N	N
7	Johnson Health Tech. GmbH	PEAC Finance	1	8,479,837	2,370	1,579	1,579	-	0.02	21,199,592	N	N	N
7	Johnson Health Tech. GmbH	PEAC (Germany) GmbH	1	8,479,837	39,152	34,677	34,677	-	0.41	21,199,592	N	N	N

Attachment 2 : Endorsement/Guarantee provided:
B.Subsidiaries

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest	Limited of guarantee limited amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Relationship (Note 1)										
8	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	8,479,837	53,700	49,700	40,291	-	0.59	21,199,592	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	8,479,837	97,518	95,116	95,116	-	1.12	21,199,592	N	N	N
10	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	8,479,837	83,790	83,100	83,100	-	0.98	21,199,592	N	N	Y

Note1 Code “1” represents there are business relationship between the two companies.
Code “2” represents a subsidiary in which the parent holds directly over 50% of equity interest.
Code “3” represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.
Note2 Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.
Note3 The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

Attachment 3 : Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as at end of the period

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	Collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Investee company	Account receivable USD 103,503 (NTD 2,853,551) Non-trade receivable USD 2,349 (NTD 65,036)	1.81	$ -	-	$554,777	$ -
Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Investee company	Account receivable USD 6,827 (NTD 129,181) Non-trade receivable USD 22,161 (NTD 673,503)	0.29	-	-	210,311	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Investee company	Account receivable USD 11,958 (NTD 329,796) Non-trade receivable USD 1,979 (NTD 56,128)	0.97	-	-	41,251	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Investee company	Account receivable USD 93,442 (NTD 2,586,202) Non-trade receivable USD 2,007 (NTD 56,764)	1.24	-	-	107,969	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia Spa	Investee company	Account receivable EUR 6,047 (NTD 186,961) Non-trade receivable EUR 1,293 (NTD 43,106)	1.90	-	-	47,552	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Commercial Inc.	Investee company	Account receivable USD 9,382 (NTD 256,087) Non-trade receivable USD 4,507 (NTD 128,498)	0.90	-	-	19,939	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Investee company	Account receivable USD 2,713 (NTD 68,597) Non-trade receivable USD 3,002 (NTD 89,649)	0.60	-	-	20,846	-

Attachment 3 : Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as at end of the period

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	Collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Investee company	Account receivable EUR 5,249 (NTD 163,226) Non-trade receivable EUR 922 (NTD 30,197)	10.08	-	-	133,614	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. DEUTSCHLA	Investee company	Account receivable EUR 5,174 (NTD 162,185) Non-trade receivable EUR 162 (NTD 5,090)	5.61	-	-	121,583	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. IBERICA. S.L.	Investee company	Account receivable EUR 5,597 (NTD 175,446) Non-trade receivable EUR 68 (NTD 2,145)	2.02	-	-	123,131	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH UK LTD	Investee company	Account receivable USD 6,957 (NTD 192,642) Non-trade receivable USD 6 (NTD 157)	5.08	-	-	21,670	-
Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Investee company	Non-trade receivable USD 3,699 (NTD 102,434)	-	-	-	-	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 62,816 (NTD 1,739,377) EUR 38,535 (NTD 1,207,889) JPY 380,947 (NTD 91,656) CNY 2 (NTD 8) Non-trade receivable USD 575 (NTD 15,912)	2.13	-	-	658,411	-

Attachment 3 : Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as at end of the period

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	Collection status		
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Investee company	Account receivable USD 3,290 (NTD 91,101) Non-trade receivable CNY 133,556 (NTD 579,739)	3.75	-	-	38,219	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 9,939 (NTD 275,207) EUR 398 (NTD 12,472) JPY 17,432 (NTD 4,194) CNY 3,566 (NTD 15,479) Non-trade receivable USD 2 (NTD 56)	2.66	-	-	171,196	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Investee company	Account receivable USD 12,522 (NTD 346,731) Non-trade receivable CNY 528 (NTD 2,290)	7.98	-	-	398,203	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	Investee company	Account receivable USD 8,013 (NTD 221,874) CNY 67 (NTD 292)	1.37	-	-	133,922	-

Attachment 4 : The business relationship, significant transactions and amounts between parent company and subsidiaries

No (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Sales	$3,671,155	The same commercial terms as with a general customer	11.93%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	2,853,551	The same commercial terms as with a general customer	8.09%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	65,036	The same commercial terms as with a general customer	0.18%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	497,300	The same commercial terms as with a general customer	1.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	192,642	The same commercial terms as with a general customer	0.55%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	157	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	968,863	The same commercial terms as with a general customer	3.15%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	162,185	The same commercial terms as with a general customer	0.46%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Other accounts receivable	5,090	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Sales	1,005,269	The same commercial terms as with a general customer	3.27%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Receivables from related parties	163,226	The same commercial terms as with a general customer	0.46%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Other accounts receivable	30,197	The same commercial terms as with a general customer	0.09%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Sales	191,898	The same commercial terms as with a general customer	0.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Receivables from related parties	25,610	The same commercial terms as with a general customer	0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Other accounts receivable	2,126	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Sales	444,392	The same commercial terms as with a general customer	1.44%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Receivables from related parties	22,460	The same commercial terms as with a general customer	0.06%

Attachment 4 : The business relationship, significant transactions and amounts between parent company and subsidiaries

No (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Other accounts receivable	99	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	230,375	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	129,181	The same commercial terms as with a general customer	0.37%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	673,503	The same commercial terms as with a general customer	1.91%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Sales	268,892	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Receivables from related parties	3,900	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Sales	265,509	The same commercial terms as with a general customer	0.86%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Receivables from related parties	256,087	The same commercial terms as with a general customer	0.73%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Other accounts receivable	128,498	The same commercial terms as with a general customer	0.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Sales	229,355	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Receivables from related parties	175,446	The same commercial terms as with a general customer	0.50%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Other accounts receivable	2,145	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Sales	106,331	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Receivables from related parties	12,458	The same commercial terms as with a general customer	0.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Other accounts receivable	117	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	320,988	The same commercial terms as with a general customer	1.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	186,961	The same commercial terms as with a general customer	0.53%

Attachment 4 : The business relationship, significant transactions and amounts between parent company and subsidiaries

No (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	43,106	The same commercial terms as with a general customer	0.12%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Sales	359,856	The same commercial terms as with a general customer	1.17%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Receivables from related parties	329,796	The same commercial terms as with a general customer	0.94%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Other accounts receivable	56,128	The same commercial terms as with a general customer	0.16%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	2,090,588	The same commercial terms as with a general customer	6.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	2,586,202	The same commercial terms as with a general customer	7.33%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	56,764	The same commercial terms as with a general customer	0.16%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Sales	107,756	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Receivables from related parties	66,519	The same commercial terms as with a general customer	0.19%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Other accounts receivable	773	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company	1	Purchases	1,470,397	The same commercial terms as with a general customer	4.78%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company	1	Payables to related parties	127,380	The same commercial terms as with a general customer	0.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Purchases	6,139,341	The same commercial terms as with a general customer	19.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Payables to related parties	3,038,930	The same commercial terms as with a general customer	8.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Other payables to related parties	15,912	The same commercial terms as with a general customer	0.05%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	498,567	The same commercial terms as with a general customer	1.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Payables to related parties	307,352	The same commercial terms as with a general customer	0.87%

Attachment 4 : The business relationship, significant transactions and amounts between parent company and subsidiaries

No (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Other payables to related parties	56	The same commercial terms as with a general customer	0.00%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company	3	Sales	808,056	The same commercial terms as with a general customer	2.63%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company	3	Receivables from related parties	222,165	The same commercial terms as with a general customer	0.63%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Purchases	435,447	The same commercial terms as with a general customer	1.41%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Payables to related parties	85,772	The same commercial terms as with a general customer	0.24%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Sales	2,129,226	The same commercial terms as with a general customer	6.92%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Receivables from related parties	346,731	The same commercial terms as with a general customer	0.98%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other accounts receivable	2,290	The same commercial terms as with a general customer	0.01%

Note1： Code “0” represents the parent company, each numerical codes starting from 1 represent each subsidiary.

Note2： Code “1” represents transactions between the parent company and a subsidiary.
Code “2” represents transactions between a subsidiary and the parent compa
Code “3” represents transactions between subsidiaries.

Note3： The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2020: (Excludi

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	$5,536,240	$5,536,240	-	100.00%	$9,331,042	($195,819)	($103,808)	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Vietnam) Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	92,706 (USD 2,900)	92,706 (USD 2,900)	-	100.00%	16,659	(9,865)	(9,865)	
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Carretera Maxico-Toluca 5631-230 Col.Cuajimalpa,Del Cuajimalpa CP 05000,Mexico DF	Selling cardiovascular and weight training equipment	97,924 (USD 3,125)	97,924 (USD 3,125)	-	100.00%	55,242	7,585	7,585	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	10401,boul.Ray Lawson,Anjou,Quebec,H1J 1M3	Holding company	147,811 (USD 4,554)	147,811 (USD 4,554)	-	100.00%	(76,172)	(37,475)	(37,475)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	321,100 (USD 10,000)	321,100 (USD 10,000)	-	44.43%	159,665	(24,462)	(10,869)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	150 EAST GILMAN STREET,MADISON,WI 53703	Selling cardiovascular and weight training equipment	1,552,050 (USD 48,661)	1,552,050 (USD 48,661)	-	100.00%	602,610	(309,021)	(309,021)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	20,813 (JPY 75,000)	20,813 (JPY 75,000)	4,859	78.90%	14,797	9,264	7,309	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Unit1401-1402, The Orient Square Building F. Ortigas Jr. Road, Ortigas Center, Pasig City, Metro Manila,1605 Philippines	Selling cardiovascular and weight training equipment	50,440 (USD 1,597)	50,440 (USD 1,597)	-	100.00%	(15,042)	261	261	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2020: (Excludi

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	LO CN-24, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, Vietnam	Manufacturing and selling cardiovascular and weight training equipment	618,082 (USD 20,000)	618,082 (USD 20,000)	-	100.00%	136,810	(247,090)	(247,090)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	Moscow, Novodanilovskaya nab. 6, building 1, floor 2, Premises XXVIII, Room 4,	Selling cardiovascular and weight training equipment	16,949 (USD 556)	16,949 (USD 556)	-	100.00%	34,607	16,228	16,228	
Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	14F, OE BLDG, 1-22, Noninbashi 1-chome, Chuo-ku, Osaka, 540-0011, Japan	Massage chair research, development, manufacturing and trading	1,814,259 (JPY 6,241,000)	1,814,259 (JPY 6,241,000)	-	60.00%	1,824,234	117,662	87,042	Note3
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1600 Landmark Dr. Cottage Grove WI 53527 USA	Selling cardiovascular and weight training equipment	3,019,549 (USD 91,472)	3,019,549 (USD 91,472)	-	100.00%	1,092,431	(227,063)	(227,063)	
Johnson Health Tech. Co., Ltd.	PT Johnson Health Tech Indonesia	Rukan Citta Graha Blok 2A,Jl Arteri Kedoya,Kel.Kedoya Selatan,Kec.Kebon Jeruk,Kota Adm.Jakarta Barat,Prov.DKI Jakarta	Selling cardiovascular and weight training equipment	10,198 (USD 350)	10,198 (USD 350)	-	100.00%	11,587	3,858	3,858	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Resitpasa Mah. Eski Buyukdere Cad. Windowist Blok No: 26 Ic Kapi No: 3 Sariyer/ Istanbul.	Selling cardiovascular and weight training equipment	33,120 (EUR 1,000)	-	-	99.99%	17,234	(8,352)	(8,352)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech SA Proprietary Limited	Unit 1B Riversands Outlet Park, Riversands Boulevard, Riversands	Selling cardiovascular and weight training equipment	55,820 (USD 2,000)	-	-	100.00%	47,003	(3,729)	(3,729)	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2020: (Excludi

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	JHT FIT Company Limited	2/3, BANGNA TOWER, FLOOR 9, BANG NA-TRAD, BANG KAEO, BANG PHLI, SAMUT PRAKAN 10540	Video transmission and streaming service	870 (USD 31)	-	-	100.00%	66	(808)	(808)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Digital UK Limited	United Kingdom	Video transmission and streaming service	-	-	-	100.00%	-	-	-	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	444,921 (USD 13,952)	444,921 (USD 13,952)	-	55.57%	217,677	(24,462)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	45, Avenue Georges Politzer 78190 Trappes – France.	Selling cardiovascular and weight training equipment	925,413 (USD 28,436)	925,413 (USD 28,436)	-	100.00%	747,085	(51,114)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	458,823	33,661	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 8 28850 - Torrejón de Ardoz (Madrid) España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	770,787 (USD 23,992)	446,175	99.99%	607,103	17,055	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan K.K.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 109-0022, Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	99.78%	400,639	(11,745)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	9th Floor, Unit 9B, Bangna Tower A2/3, Bangna-Trad Road K.M.6.5 Bangkaew, Bangplee Samutprakan 10540 Thailand	Selling cardiovascular and weight training equipment	39,363 (USD 1,217)	39,363 (USD 1,217)	475,000	95.00%	89,823	(10,488)	Not applicable	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2020: (Excludi

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson International Holding Corp., Ltd	Johnson Fitness (Malaysia) Sdn. Bhd.	Lot 557D, Jalan Subang 3, Subang Jaya Industrial Estate, 47610 Subang Jaya, Selangor, Malaysia.	Selling cardiovascular and weight training equipment	130,489 (USD 4,144)	130,489 (USD 4,144)	16,052,000	99.38%	41,312	9,937	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Zona Industriale Campolungo11,Ascoli Piceno,AP,Italy	Selling cardiovascular and weight training equipment	505,995 (USD 15,683)	505,995 (USD 15,683)	1,098,000	99.82%	489,523	28,574	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	64,780 (USD 2,006)	64,780 (USD 2,006)	2,000	100.00%	19,890	(9,188)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Duwboot 25-29, 3991, CD Houten, Netherland.	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	554,460	94,547	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. HK Ltd.	Room 1501-1502, Golden Milan Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Selling cardiovascular and weight training equipment	13,763 (USD 429)	13,763 (USD 429)	3,340,000	100.00%	22,561	13,414	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	5,493 (USD 166)	5,493 (USD 166)	400	21.10%	3,957	9,264	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Industrial do Brasil Ltda.	Estrada Municipal José Costa de Mesquita, 200 - Chácara Alvorada - Gleba 3 - Módulos 14 e 15 do CLIN - Indaiatuba - São Paulo - 13337-200 - Brasil	Selling cardiovascular and weight training equipment	826,035 (USD 26,363)	826,035 (USD 26,363)	-	99.99%	79,745	(21,006)	Not applicable	
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Gänseberg 5 22926 Ahrensburg	Selling cardiovascular and weight training equipment	46,442 (USD 1,503)	46,442 (USD 1,503)	-	100.00%	152,960	15,501	Not applicable	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2020: (Excludi

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	78 Logis Boulevard, Dandenong South VIC 3175	Selling cardiovascular and weight training equipment	573,150 (EUR 18,505)	573,150 (EUR 18,505)	20,715,330	100.00%	345,183	51,346	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. Poland Sp. z o.o.	ul. Działkowa, No. 62, WARSAW, 02-234 code, post office WARSAW, POLAND country	Selling cardiovascular and weight training equipment	121,209 (EUR 3,299)	121,209 (EUR 3,299)	33,840	100.00%	92,157	5,504	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	12,512 (USD 395)	12,512 (USD 395)	-	100.00%	(13,731)	(4,440)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech UAE LLC	No. 602, 6th Floor, ICON Tower, Barsha Heights, Dubai, UAE	Selling cardiovascular and weight training equipment	32,830 (USD 1,000)	32,830 (USD 1,000)	-	100.00%	(21,624)	14,188	Not applicable	
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	7585 Equitable Dr Eden Prairie, Minnesota 55344	Selling cardiovascular and weight training equipment	657,600 (USD 19,900)	657,600 (USD 19,900)	-	100.00%	676,362	(24,804)	Not applicable	
Johnson Health Tech Retail Inc.	Leisure Fitness Equipment,LLC	231 Executive Drive, Suite 15 Newark, DE 19702	Selling cardiovascular and weight training equipment	258,317 (USD 7,993)	258,317 (USD 7,993)	-	100.00%	389,088	(11,007)	Not applicable	
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	11900 Community Road, Powar, CA 92064	Selling cardiovascular and weight training equipment	150,278 (USD 4,650)	150,278 (USD 4,650)	-	100.00%	63,446	(10,491)	Not applicable	
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc.	150 East Gilman Street, Madison,WI 53703.	Selling cardiovascular and weight training equipment	351,886 (USD 11,511)	351,886 (USD 11,511)	10,000	100.00%	91,951	(269,176)	Not applicable	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2020: (Excludi

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. North America, Inc.	Johnson Health Tech NA Manufacturing LLC	1600 Landmark Dr.Cottage Grove WI53527 USA	Selling and Manufacturing weight training equipment	394,287 (USD 12,698)	394,287 (USD 12,698)	-	100.00%	119,212	(38,311)	Not applicable	
Johnson Health Tech Australia Pty., Ltd	Johnson Health Tech New Zealand	WHK AUCKLAND, Whk, Level 6, 51-53 Shortland St, Auckland, 1010, NZ	Selling cardiovascular and weight training equipment	2 (NZD -)	2 (NZD -)	100	100.00%	804	1,633	Not applicable	
Johnson Health Tech. Netherland B.V.	Johnson Health Tech Denmark Aps	Tuborgvej 5, 2900 Hellerup, Denmark	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	(100,011)	(14,494)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Alimou Avenue nr. 36-40, 17455 Alimos	Selling cardiovascular and weight training equipment	50,699 (EUR 1,496)	50,699 (EUR 1,496)	14,960	99.73%	14,899	(2,193)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	15 Aleea Dealul Mitropoliei Street, Room 9, Apartment 2, District 4, Bucharest	Selling cardiovascular and weight training equipment	4,058 (EUR 120)	4,058 (EUR 120)	1,732,000	99.00%	35,753	7,064	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Plynární 1617, 170 00 Praha 7-Holeš ovice	Selling cardiovascular and weight training equipment	12,853 (CKZ 9,900)	12,853 (CKZ 9,900)	99	99.00%	12,028	(2,545)	Not applicable	

Note1： Current investment income from investees recognized by the Company included investment gain / loss recognized by these investees from their reinvestment.
Note2： Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from concurrent/upstream transactions.
Note3： Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from sidestream transactions.

Attachment 6 : Information on investments in mainland China

(Amounts in thousands; Currency denomination in NTD or in foreign currencies)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Beginning accumulated outflow of investment from	Investment Flows		Ending accumulated outflow of investment	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying value as at end of the period	Accumulated inward remittance of earnings as at end
					Outflow	Inflow						
Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	$1,010,296 (RMB 244,757)	Indirect investments through JIH (BVI)	$748,894 (USD 22,500)	$ -	$ -	$748,894 (USD 22,500)	$(410,168)	100.00%	$(410,168)	$2,333,396	$ -
Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	62,955 (USD 2,000)	-	-	62,955 (USD 2,000)	53,968	100.00%	53,968	2,831,791	-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	72,566 (USD 2,350)	Indirect investments through JIH (BVI)	72,566 (USD 2,350)	-	-	72,566 (USD 2,350)	(369)	100.00%	(369)	34,399	-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	29,905 (USD 950)	Indirect investments through JIH (BVI)	29,905 (USD 950)	-	-	29,905 (USD 950)	(228)	100.00%	(228)	5,468	-

Note1： Indirect investment in Mainland China was made through Johnson International Holding Corp. Ltd.

Note2： The financial statements were certificated by the public accountants of the parent company in Taiwan.

Note3： The figures in this table are presented in New Taiwan Dollars and the foreign currency is converted at the exchange rate on the balance sheet date.

Accumulated investment in Mainland China as at 31 December 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender’s net accounts value × 60%
$914,320 (USD27,800)	$2,501,053 (USD76,450)	$5,087,902

Please refer to Notes 13(1) and (2) for details on information such as the price, payment of transactions between the Company and its investment in mainland China through its investees.