

**JOHNSON HEALTH TECH. CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
31 DECEMBER 2019 AND 2018**

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 2019 and 2018, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2019 and 2018, 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 2019 and 2018, and their parent company only financial performance and cash flows for the years ended December 31 2019 and 2018, 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 2019 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.

Loss allowance for accounts receivable (including subsidiaries' accounts receivable through equity method investment)

Accounts receivables of the Company and its subsidiaries through equity method are material for the financial statements. Since the allowance for receivables is measured by the lifetime expected credit loss, the measurement process includes grouping the receivables and determining the use of the related assumptions in the analysis, including the appropriate accounting aging interval and the loss rate of each aging interval. As the measurement of expected credit losses involved judgment, analysis and estimation, we therefore considered this a key audit matter.

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

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

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

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

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

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

Goodwill impairment

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

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

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

Emphasis of Matter – Application of New Accounting Standards

As described in Note 3 to the financial statements, the Company applied International Financial Reporting Standard 16, "Lease" starting 1 January 2019 and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

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 2019 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

Lin, Hung Kuang

Ernst & Young, Taiwan

20 March 2020

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 2019 and 31 December 2018
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of	
		31 December 2019	31 December 2018
		Amount	Amount
Current assets			
Cash and cash equivalents	4,6(1)	\$722,363	\$619,392
Financial assets at fair value through profit or loss, current	4,6(2)&12	5,216	5,132
Contract asset, current	4,6(15)	13,826	14,821
Notes receivable, net	4,6(16)	7,066	16,964
Trade receivables, net	4,6(3)&(16)	584,485	565,196
Trade receivables-related parties, net	4,6(3)&(16)&7	4,845,086	4,302,245
Other accounts receivable, net	4,8	16,471	21,944
Other accounts receivable-related parties, net	4,7	1,039,780	548,549
Inventories, net	4,6(4)	1,245,829	1,049,969
Prepayments		43,821	75,613
Other current assets		8,987	9,361
Total current assets		8,532,930	7,229,186
Non-current assets			
Investments accounted for under the equity method	4,6(5)	12,507,840	12,385,201
Property, plant and equipment	4,6(6)&8	935,588	895,582
Right-of-use assets	4,6(17)	62,975	-
Intangible assets	4,6	6,130	14,452
Deferred tax assets	4,6(21)	333,196	221,121
Other non-current assets		53,898	38,811
Total non-current assets		13,899,627	13,555,167
Total assets		\$22,432,557	\$20,784,353

(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 2019 and 31 December 2018
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of	
		31 December 2019	31 December 2018
		Amount	Amount
Current liabilities			
Short-term borrowings	6(7)	\$4,586,276	\$3,972,765
Commercial paper payable	6(9)	149,917	-
Financial liabilities at fair value through profit or loss, current	4,6(10)&12	17,129	14,908
Contract liabilities, current	4,6(15)	314,398	415,552
Notes payable		216,852	185,893
Accounts payable		1,083,942	1,041,126
Accounts payable-related parties	7	2,649,752	3,174,398
Other payables	6(11)	428,655	429,965
Other payables-related parties	7	572,503	743,508
Current tax liabilities	4,6(21)	241,349	114,917
Lease liabilities, current	4,6(17)	28,215	-
Current portion of long-term loans	6(12)	150,000	375,000
Other current liabilities		10,022	11,057
Total current liabilities		10,449,010	10,479,089
Non-current liabilities			
Bonds payable	6(8)	2,000,000	-
Long-term loans	6(12)	642,590	1,715,900
Provisions, non-current	4	29,999	27,265
Deferred tax liabilities	4,6(21)	47,428	47,428
Lease liabilities, non-current	4,6(17)	35,281	-
Net defined benefit obligation, non-current	4,6(13)	86,662	77,086
Credit balance in investment accounted for using equity method	4,6(5)	11,811	12,875
Total non-current liabilities		2,853,771	1,880,554
Total liabilities		13,302,781	12,359,643
Equity	4,6(14)		
Capital			
Common stock		3,036,166	3,040,166
Additional paid-in capital		54,924	54,996
Retained earnings			
Legal reserve		1,312,641	1,273,663
Special reserve		1,016,542	987,409
Unappropriated earnings		5,128,174	4,133,966
Subtotal		7,457,357	6,395,038
Other components of equity			
Exchange differences on translation of foreign operations		(1,370,839)	(1,016,542)
Treasury stock		(47,832)	(48,948)
Total equity		9,129,776	8,424,710
Total liabilities and equity		\$22,432,557	\$20,784,353

(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 2019 and 2018

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

	Notes	For the years ended December 31,	
		2019	2018
		Amount	Amount
Operating revenues	4,6(15)&7	\$12,521,295	\$9,859,115
Operating costs	6(18)	(9,148,772)	(7,407,497)
Gross profit		3,372,523	2,451,618
Unrealized intercompany profit		20,401	(73,295)
Gross profit-net		3,392,924	2,378,323
Operating expenses			
Selling and distribution	6(18)	(1,043,489)	(1,118,666)
General and administrative	6(18)	(327,051)	(276,250)
Research and development	6(18)	(496,391)	(386,886)
Expected credit loss	6(16)	(63)	(763)
Total operating expenses		(1,866,994)	(1,782,565)
Operating income		1,525,930	595,758
Non-operating income and expenses			
Other income	4,6(19)	132,507	140,734
Other gains and losses	6(19)	(84,876)	49,191
Finance costs	6(19)	(106,060)	(99,013)
Share of profit or loss of subsidiaries, associates and joint ventures	6(5)	122,307	(267,808)
Total non-operating income and expenses		63,878	(176,896)
Income from continuing operations before income tax		1,589,808	418,862
Income tax expense	4,6(21)	(297,277)	(29,075)
Net income		1,292,531	389,787
Other comprehensive income (loss)	6(20)		
Items that may not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(10,606)	(10,303)
Income tax relating to items that may not be reclassified subsequently		2,121	2,989
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(442,871)	(69,724)
Income tax relating to items that may be reclassified subsequently		88,574	40,591
Total other comprehensive loss, net of tax		(362,782)	(36,447)
Total comprehensive income		\$929,749	\$353,340
Earnings per share(NTD)	6(22)		
Earnings per share-basic		\$4.26	\$1.29
Earnings per share-diluted		\$4.26	\$1.29

(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 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings				Other components of equity		Total
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of foreign operations	
Balance as of 1 January 2018	\$3,040,166	\$54,921	\$1,260,646	\$772,054	\$4,070,800	\$ (987,409)	\$8,162,230
Distribution of 2017 retained earnings							
Legal reserve			13,017		(13,017)		-
Special reserve				215,355	(215,355)		-
Cash dividends					(90,935)		(90,935)
Other additional paid-in capital variance		75					75
Net income in 2018					389,787		389,787
Other comprehensive loss, net of tax in 2018					(7,314)	(29,133)	(36,447)
Total comprehensive income (loss)					382,473	(29,133)	353,340
Balance as of 31 December 2018	\$3,040,166	\$54,996	\$1,273,663	\$987,409	\$4,133,966	\$ (1,016,542)	\$8,424,710
Balance as of 1 January 2019	\$3,040,166	\$54,996	\$1,273,663	\$987,409	\$4,133,966	\$ (1,016,542)	\$8,424,710
Distribution of 2018 retained earnings							
Legal reserve			38,978		(38,978)		-
Special reserve				29,133	(29,133)		-
Cash dividends					(197,351)		(197,351)
Net income in 2019					1,292,531	(354,297)	1,292,531
Other comprehensive loss, net of tax in 2019					(8,485)	(354,297)	(362,782)
Total comprehensive income					1,284,046	(354,297)	929,749
Treasury stock buyback							
Cancellation of treasury stock	(4,000)	(72)			(17,683)	(47,832)	(47,832)
Share-based payment awards		9,975				21,755	-
Exercise employee stock option to purchase treasury stock		(9,975)			(6,693)	27,193	9,975
Balance as of 31 December 2019	\$3,036,166	\$54,924	\$1,312,641	\$1,016,542	\$5,128,174	\$ (1,370,839)	\$9,129,776

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

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2019	2018
Cash flows from operating activities:		
Net income before tax	\$1,589,808	\$418,862
Adjustments to reconcile net income(loss) to net cash provided by operating activities:		
Income and expense:		
Depreciation	74,616	54,514
Amortisation	8,767	9,484
Expected credit losses	63	763
Net loss(gain) of financial assets/liabilities at fair value through profit or loss	2,137	(13,541)
Finance costs	106,060	99,013
Interest revenue	(50,350)	(50,734)
Share-based payment awards	9,975	-
Share of (gain)loss of subsidiaries, associates and joint ventures	(122,307)	267,808
Gain on disposal of property, plant and equipment	(818)	-
Gain on disposal of intangible assets	(161)	-
(Loss)Gain of unrealized intercompany profit	(20,401)	79,295
Changes in operating assets and liabilities:		
Decrease(Increase) in contract asset	995	(4,108)
Decrease(Increase) in notes receivable, net	9,898	(2,154)
Increase in trade receivables, net	(19,352)	(42,244)
Increase in trade receivables- related parties, net	(542,841)	(763,196)
Decrease(Increase) in other receivable, net	5,473	(3,790)
Increase in other receivable- related parties, net	(491,231)	(267,486)
Increase in inventories, net	(195,860)	(368,105)
Decrease in prepayments	31,792	20,557
Decrease in other current assets	374	6,328
Increase in other non-current assets	(59,142)	(30,054)
(Decrease)Increase in contract liabilities	(101,154)	133,497
Increase in notes payable	30,959	80,197
Increase in accounts payable	42,816	371,063
(Decrease)Increase in accounts payable-related parties	(524,646)	647,194
(Decrease)Increase in other payables	(6,469)	85,207
Decrease in other payables-related parties	(171,005)	(123,619)
Increase(Decrease) in provisions	2,734	(2,077)
Decrease in other current liabilities	(1,035)	(6,694)
Decrease in accrued pension liabilities	(1,030)	(1,448)
Cash generated from operations	(391,335)	588,559
Interest received	50,350	50,734
Interest paid	(100,901)	(99,164)
Income tax paid	(192,225)	(119,772)
Net cash (used in)generated from operating activities	(634,111)	420,357
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method		
Disposal of property, plant and equipment		
Acquisition of property, plant and equipment		
Disposal of property, plant and equipment		
Acquisition of intangible assets		
Disposal of intangible assets		
Net cash used in investing activities		
Cash flows from financing activities:		
Increase in short-term loans		
Decrease in short-term loans		
Increase(Decrease) in commercial paper payable		
Issued corporate bonds		
Increase in long-term loans		
Decrease in long-term loans		
Cash dividends		
Repayment of lease capital		
Exercise of employee stock option		
Increase in treasury stock		
Net cash generated from(used in) financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		

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

JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years Ended 31 December 2019 and 2018

(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 2019 and 2018 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 20 March 2020.

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 2019. The nature and the impact of each new standard and amendment that has a material effect on the Company is described below:

(1) *IFRS 16 "Leases"*

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The impact arising from the adoption of IFRS 16 on the Company are summarized as follows:

The Company followed the transition provision in IFRS 16 and the date of initial application was 1 January 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

- A. Please refer to Note 4 for the accounting policies before or after 1 January 2019.
- B. For the definition of a lease, the Company elected not to reassess whether a contract was, or contained, a lease on 1 January 2019. The Company was permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after 1 January 2019, the Company need to assess whether contracts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that 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. The Company assessed most of the contracts are, or contain, leases and no significant impact arose.
- C. The Company is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Company recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Company measured and recognized those leases as lease liability on 1 January 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 January 2019, and; the Company chose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate on 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before 1 January 2019.

On 1 January 2019, the Company right-of-use asset and lease liability both increased by NTD33,253 thousand.

In accordance with the transition provision in IFRS 16, the Company used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

- (i) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (ii) Rely on its assessment of whether leases are onerous immediately before 1 January 2019 as an alternative to performing an impairment review.
- (iii) Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of 1 January 2019.
- (iv) Exclude initial direct costs from the measurement of the right-of-use asset on 1 January 2019.
- (v) Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(b) Leases previously classified as finance leases

None.

(c) Please refer to Note 4, Note 5 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(d) As at 1 January 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

- (i) The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on 1 January 2019 was 1.00%.
- (ii) The explanation for the difference of NTD1,342 thousand between: 1) operating lease commitments disclosed applying IAS 17 as at 31 December 2018, discounted using the incremental borrowing rate on 1 January 2019; and 2) lease liabilities recognized in the balance sheet as at 1 January 2019 is summarized as follows:

Operating lease commitments disclosed applying IAS 17 as at 31 December 2018	<u>\$48,496</u>
Discounted using the incremental borrowing rate on 1 January 2019	\$34,505
Less: adjustment to leases that meet and elect to account in the same way as short-term leases	<u>(1,342)</u>
The carrying value of lease liabilities recognized as at 1 January 2019	<u>\$33,253</u>

D. The Company is a lessor and has not made any adjustments. Please refer to Note 4, Note 5 and Note 6 for the information relating to the lessor.

- (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	Definition of a Business (Amendments to IFRS 3)	1 January 2020
B	Definition of Material (Amendments to IAS 1 and 8)	1 January 2020
C	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020

A. *Definition of a Business* (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

B. *Definition of a Material* (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

C. Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

(a) highly probable requirement

When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.

(b) prospective assessments

When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

(c) IAS 39 retrospective assessment

An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.

(d) separately identifiable risk components

For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1 2020. All the standards and interpretations have 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, 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	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 2021
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2022

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. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

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 Company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

- (a) estimates of future cash flows;
- (b) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- (c) a risk adjustment for non-financial risk.

The carrying amount of a Company 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;

- (a) for contracts with direct participation features (the Variable Fee Approach)
- (b) a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

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.

The above-mentioned 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 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 2019 and 2018 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.

Financial assets measured at amortized cost

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 (before 1 January 2019: IAS 17), 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 through 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 affect 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	5~7 years
Office equipment	2~12 years
Tooling equipment	2~5 years
Right of use Assets/Leased assets(note)	2~50 years
Leasehold improvements	Lower of leasehold years or useful lives
Miscellaneous equipment	2~12 years

Note: The Company adopted IFRS 16 on January 1 2019 and elected restate leased as right of use assets in accordance with IFRS 16.

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 accounting policy from 1 January 2019 is as follows:

For contracts entered on or after 1 January 2019, 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 Company 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.

The Company elected not to reassess whether a contract is, or contains, a lease on 1 January 2019. The Company is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

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.

Company as a lessee

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 Company 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.

The accounting policy before 1 January 2019 is as follows:

Company as a lessee

Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(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	1~10 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 probable 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 contracts 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) 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.

(20) 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.

(21) Treasury Stock

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

(22) 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, mortality rates and future pension increases. Please refer to Note 6 for more details.

D. 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.

E. 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 countries 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 2019.

F. 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.

G. 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.

H. Impairment of goodwill

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount 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 future period 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. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at	
	31 December 2019	31 December 2018
Cash on hand	\$5,383	\$2,878
Checking and savings accounts	716,980	616,514
Total	<u>\$722,363</u>	<u>\$619,392</u>

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

	As at	
	31 December 2019	31 December 2018
Financial assets at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward exchange contracts	\$5,216	\$5,132
Current	\$5,216	\$5,132
Non-current	-	-
Total	\$5,216	\$5,132

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 2019	31 December 2018
Trade receivables	\$219,850	\$259,669
Installment accounts receivable	410,949	345,616
Less: unrealized gain on installment sales revenue	(45,474)	(38,744)
Less: loss allowance	(840)	(1,345)
Subtotal	584,485	565,196
Trade receivables-related party	4,845,086	4,302,245
Total	\$5,429,571	\$4,867,441

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

	As at	
	31 December 2019	31 December 2018
2019.01~2019.12	\$-	\$140,570
2020.01~2020.12	161,777	102,069
2021.01~2021.12	127,876	69,439
2022.01~2022.12	91,302	32,865
2023.01~2023.12	29,369	\$673
2024.01~2024.12	625	-
Total	\$410,949	\$345,616

Accounts receivables were not pledged.

Accounts receivables were not pledged.

The total carrying amount are NTD5,430,411 thousand, NTD4,868,786 thousand as at 31 December 2019 and 2018. Please refer to Note 6(19) for more details on loss allowance of trade receivables for the years ended 31 December 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

(4) Inventories, net

	As at	
	31 December 2019	31 December 2018
Merchandises	\$493,097	\$472,038
Finished goods	468,017	310,949
Work in progress	208,308	177,783
Raw materials	76,407	89,199
Total	<u>\$1,245,829</u>	<u>\$1,049,969</u>

The cost of inventories recognized in expenses for the years ended 31 December 2019 and 2018 were NTD9,148,772 thousand and NTD7,407,497 thousand, respectively. The profit and loss that related to cost of goods sold are as follows:

	As at	
	31 December 2019	31 December 2018
Warranty	\$142,866	\$252,034
Loss on disposal of inventory	-	301
Revenue from sale of scraps	(1,666)	(1,766)
Total	<u>\$141,200</u>	<u>\$250,569</u>

No inventories were pledged.

(5) Investments accounted for using the equity method

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

Investees	As at			
	31 December 2019		31 December 2018	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Johnson International Holding Co., Ltd.	\$10,888,918	100.00%	\$10,901,500	100.00%
Johnson Health Tech. Retail Inc.	784,709	100.00%	1,105,650	100.00%
Johnson Health Industry (Vietnam) Company Limited.	374,174	100.00%	-	-%
Johnson Health Tech. UK Ltd.	206,710	44.43%	200,342	44.43%
Johnson Health Electronic (Vietnam) Co., Ltd.	107,552	100.00%	-	-%
Johnson Health Technologies, S.A. de C.V.	74,647	100.00%	67,735	100.00%
Johnson Health Tech. (Vietnam) Company Limited.	31,328	100.00%	21,182	100.00%
Johnson Health Tech. Rus Limited Liability Company	14,908	100.00%	-	-%
Johnson Health Tech. Canada Inc.	13,464	100.00%	67,928	100.00%
Johnson Health Care Co., Ltd.	11,430	78.95%	20,864	78.95%
Johnson Health Tech. Commercial (Philippines) Inc.	(11,811)	100.00%	(12,875)	100.00%
Subtotal	<u>12,496,029</u>		<u>12,372,326</u>	
Credit balance in investment accounted for using equity method	<u>11,811</u>		<u>12,875</u>	
Total	<u><u>12,507,840</u></u>		<u><u>\$12,385,201</u></u>	

A. Share of profit or loss of subsidiaries, associates and joint ventures in 2019 and 2018 are as follows:

	As at	
	31 December 2019	31 December 2018
Johnson International Holding Co., Ltd.	\$506,528	\$130,805
Johnson Health Technologies, S.A. de C.V.	5,731	(10,070)
Johnson Health Tech. UK Ltd.	4,272	9,126
Johnson Health Tech. Commercial (Philippines) Inc.	1,195	(15,224)
Johnson Health Electronic (Vietnam) Co., Ltd.	(264)	-
Johnson Health Tech. Rus Limited Liability Company	(1,954)	-
Johnson Health Care Co., Ltd.	(9,140)	-
Johnson Health Industry (Vietnam) Company Limited.	(6,703)	-
Johnson Health Tech. (Vietnam) Company Limited.	(17,055)	(5,555)
Johnson Health Tech. Canada Inc.	(57,442)	(13,683)
Johnson Health Tech. Retail Inc.	(302,861)	(363,207)
Total	<u><u>\$122,307</u></u>	<u><u>\$(267,808)</u></u>

B. Exchange difference on translation of foreign operations in 2019 and 2018 are as follows:

	As at	
	31 December 2019	31 December 2018
Johnson Health Tech. Canada Inc.	\$2,978	\$(3,261)
Johnson Health Tech. UK Ltd.	2,096	(4,917)
Johnson Health Technologies, S.A. de C.V.	1,181	2,531
Johnson Health Tech. Rus Limited Liability Company	(87)	-
Johnson Health Tech. Commercial (Philippines) Inc.	(131)	(759)
Johnson Health Tech. Care Co., Ltd.	(294)	53
Johnson Health Tech. (Vietnam) Co., Ltd.	(2,040)	1,513
Johnson Health Electronic (Vietnam) Co., Ltd.	(2,920)	-
Johnson Health Industry (Vietnam) Company Limited.	(10,734)	-
Johnson Health Tech. Retail Inc.	(18,080)	34,339
Johnson International Holding Co., Ltd.	(414,840)	(99,223)
Total	<u><u>\$(442,871)</u></u>	<u><u>\$(69,724)</u></u>

C. Investment in subsidiaries

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

(6) 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 2019	\$674,430	\$283,982	\$115,752	\$35,039	\$69,638	\$169,039	\$71,930	\$25,067	\$49,636	\$1,494,511
Additions	-	5,117	232	-	207	-	9,549	-	32,870	47,975
Disposals	-	-	(870)	(2,650)	(14,340)	(1,790)	(6,718)	-	-	(26,368)
Transfers	1,216	4,075	21,922	-	6,668	8,169	1,427	9,376	(8,798)	44,055
Exchange differences	\$675,646	\$293,174	\$137,036	\$32,389	\$62,173	\$175,418	\$76,188	\$34,441	\$73,708	\$1,560,173
As at 31 December 2019										
Depreciation and impairment:										
As at 1 January 2019	\$-	\$183,082	\$93,862	\$32,679	\$62,833	\$151,575	\$60,166	\$14,732	\$-	\$598,929
Depreciation	-	6,704	9,396	1,701	4,799	15,025	10,575	3,684	-	51,885
Disposals	-	-	(870)	(2,650)	(14,201)	(1,790)	(6,718)	-	-	(26,229)
As at 31 December 2019	\$-	\$189,786	\$102,388	\$31,730	\$53,431	\$164,810	\$64,023	\$18,416	\$-	\$624,585
Net carrying amount:										
As at 31 December 2019	\$675,646	\$103,388	\$34,648	\$659	\$8,742	\$10,608	\$12,165	\$16,025	\$73,708	\$935,588
As at 1 January 2019	\$674,430	\$100,900	\$21,890	\$2,360	\$6,805	\$17,464	\$11,764	\$10,333	\$49,636	\$895,582

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
Cost:										
As at 1 January 2018	\$674,430	\$281,530	\$105,563	\$35,039	\$65,249	\$152,109	\$65,252	\$17,800	\$5,974	\$1,402,946
Additions	-	1,926	490	-	192	-	9,081	-	47,993	59,682
Disposals	-	-	(630)	-	(390)	(375)	(8,539)	-	-	(9,934)
Transfers	-	526	10,329	-	4,587	17,305	6,136	7,265	(4,331)	41,817
As at 31 December 2018	\$674,430	\$283,982	\$115,752	\$35,039	\$69,638	\$169,039	\$71,930	\$25,065	\$49,636	\$1,494,511
Depreciation and impairment:										
As at 1 January 2018	\$-	\$176,128	\$83,361	\$29,132	\$57,872	\$137,840	\$58,069	\$11,947	\$-	\$554,349
Depreciation	-	6,954	11,131	3,547	5,351	14,110	10,636	2,785	-	54,514
Disposals	-	-	(630)	-	(390)	(375)	(8,539)	-	-	(9,934)
As at 31 December 2018	\$-	\$183,082	\$93,862	\$32,679	\$62,833	\$151,575	\$60,166	\$14,732	\$-	\$598,929
Net carrying amount:										
As at 31 December 2018	\$674,430	\$100,900	\$21,890	\$2,360	\$6,805	\$17,464	\$11,764	\$10,333	\$49,636	\$895,582
As at 1 January 2018	\$674,430	\$105,402	\$22,202	\$5,907	\$7,377	\$14,269	\$7,183	\$5,853	\$5,974	\$848,597

(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 2019 and 2018.

(7) Short-term loans

	Interest Rates (%)	As at	
		31 December 2019	31 December 2018
Secured bank loans	1.04%~2.73%	\$4,466,156	\$3,622,765
Syndicated bank loans	3.18%	120,120	350,000
		<u>\$4,586,276</u>	<u>\$3,972,765</u>
Unused short-term lines of credits amount		<u>\$2,198,053</u>	<u>\$2,094,476</u>

(8) Bonds payable

	As at 31 December	
	2019	2018
Domestic secured bonds	\$2,000,000	\$-
Less: current portion	-	-
Net	<u>\$2,000,000</u>	<u>\$-</u>

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%.

(9) Commercial Paper Payable

Accounting title	Guarantee	As at	
		31 December 2019	31 December 2018
Commercial paper payable	International Bills		
	Financial corporation	\$150,000	\$-
Less: Discount on commercial paper payable		(83)	-
Net amount		<u>\$149,917</u>	<u>\$-</u>

	As at	
	31 December 2019	31 December 2018
Interest rates	0.912%	-
Maturity date	2020/1/22	-

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

	As at	
	31 December 2019	31 December 2018
Held for trading:		
Derivatives not designated as hedging		
Forward exchange contracts	\$17,129	\$14,908
Current	\$17,129	\$14,908
Non-current	-	-
Total	\$17,129	\$14,908

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

(11) Other payables

	As at	
	31 December 2019	31 December 2018
Payroll	\$164,515	\$134,797
Warranty expense	24,826	23,483
Advertising expense	20,481	23,133
Employees' salaries and directors' remuneration	23,300	18,200
Assembly expense	41,354	55,272
Other expense	154,179	175,080
Total	\$428,655	\$429,965

	Warranty
2019.01.01	\$50,319
Warranty recognized	22,760
Amount utilized during the year	(18,937)
2019.12.31	\$54,142
Current—2019.12.31	\$24,826
Non-current—2019.12.31	29,316
2019.12.31	\$54,142
Current—2018.12.31	\$23,483
Non-current—2018.12.31	26,836
2018.12.31	\$50,319

(12) Long-term borrowings

Details of long-term loans as at 31 December 2019 and 31 December 2018 are as follows:

	As at 31 December	
Lenders	2019	Redemption
Taiwan Cooperative Bank syndicated bank loans	\$675,000	Repayable semi-annually from 30 November 2016 to 30 November 2021. The first period starts on the first drawdown date until the expiration of 24 months, with every 6 months accounts for one period thereafter. The interest is paid monthly.
First Commercial Bank unsecured loans	123,570	Repayable monthly from 6 September 2019 to 6 September 2026. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Subtotal	798,570	
Less: current portion	(150,000)	
Less: syndicated bank loans expense	(5,980)	
Total	<u>\$642,590</u>	

Note: Long-term borrowings interest rate is between 1.60% to 1.79%, and interest is paid monthly.

	As at 31 December	
Lenders	2018	Redemption
Taiwan Cooperative Bank syndicated bank loans	\$2,100,000	Repayable semi-annually from 30 November 2016 to 30 November 2022, and interest is paid monthly.
Subtotal	2,100,000	
Less: current portion	(375,000)	
Less: syndicated bank loans expense	(9,100)	
Total	<u>\$1,715,900</u>	

Note: Long-term borrowings interest rate is between 1.79%, and interest is paid monthly.

A. In August 2016, the Company has entered into a syndicated loan agreement with Taiwan Cooperative Bank and nine lending institutions of syndicated credits. The agreement offered the Company a credit line of NTD7.8 billion, which contains the following restrictive covenants:

- (a) The current ratio shall not be lower than 100%. (Note 1)
- (b) The liability ratio shall not be higher than 250%. (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: Liability ratio = total liabilities / owners' equity

Note 3: Interest coverage ratio = (income before income tax + interest expense + amortization expense) / interest expense

B. 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 Company did not violate the above covenants for the years ended 31 December 2019 and 2018.

(13) 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 2019 and 2018 were NTD30,994 thousand and NTD28,049 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 2019.

The average duration of the defined benefits plan obligation as at 31 December 2019 and 2018, are 8.6 years and 9.2 years.

Pension costs recognized in profit or loss for the years ended 31 December 2019 and 2018:

	For the years ended 31 December	
	2019	2018
Current period service costs	\$1,215	\$1,184
Interest expense	679	666
Total	<u>1,894</u>	<u>\$1,850</u>

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

	As at		
	31 December 2019	31 December 2018	1 January 2018
Defined benefit obligation	\$170,682	\$155,110	\$143,953
Plan assets at fair value	(84,020)	(78,024)	(75,722)
Other non-current liabilities - defined benefit obligation	<u>\$86,662</u>	<u>\$77,086</u>	<u>\$68,231</u>

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 2018	\$143,953	\$(75,722)	\$68,231
Current period service costs	1,184	-	1,184
Net interest expense (income)	1,440	(774)	666
Subtotal	146,577	(76,496)	70,081
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	1,463	-	1,463
Experience adjustments	11,089	-	11,089
Remeasurements of the defined benefit assets	-	(2,250)	(2,250)
Subtotal	159,129	(78,746)	80,383
Payments from the plan	(4,019)	4,019	-
Contributions by employer	-	(3,297)	(3,297)
As at 31 December 2018	\$155,110	\$(78,024)	\$77,086
Current period service costs	1,215	-	1,215
Net interest expense (income)	1,396	(717)	679
Subtotal	157,721	(78,741)	78,980
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	3,007	-	3,007
Experience adjustments	10,425	-	10,425
Remeasurements of the defined benefit assets	-	(2,825)	(2,825)
Subtotal	171,153	(81,566)	89,587
Payments from the plan	(471)	471	-
Contributions by employer	-	(2,925)	(2,925)
As at 31 December 2019	\$170,682	\$(84,020)	\$86,662

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

	As at	
	31 December 2019	31 December 2018
Discount rate	0.7%	0.9%
Expected rate of salary increases	2.0%	2.0%

A sensitivity analysis for significant assumption as at 31 December 2019 and 2018 is, as shown below:

	Effect on the defined benefit obligation			
	2019		2018	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	\$-	\$7,359	\$-	\$7,105
Discount rate decrease by 0.5%	7,909	-	7,656	-
Future salary increase by 0.5%	6,955	-	6,789	-
Future salary decrease by 0.5%	-	6,559	-	6,387

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.

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

(14) Equity

A. Share capital

As at 1 January 2018, the Company's authorized capital was NTD3,500,000 thousand, divided into 350,000,000 shares with par value of NTD10 each. The issued and outstanding capital stocks were NTD3,040,166 thousand.

The board meetings approved to cancel 400,000 shares of treasury stock in the amount of NTD21,755 thousand on 7 May 2019. The issued shares after the cancellation amounted to 303,616,617 shares and the paid-in capital amounted to NTD3,036,166 thousand. As at 31 December 2019, the capital remained unchanged.

B. Capital surplus

	As at	
	31 December 2019	31 December 2018
Additional paid-in capital	\$54,807	\$54,879
Gain on sale of assets	42	42
Other	75	75
Total	<u>\$54,924</u>	<u>\$54,996</u>

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 reserve 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 distributed the earnings, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Pursuant to FSC Letter No. Jin-Guan-Zheng-Fa-Zi 1010012865 dated 6 April 2012, and on a public company's first-time adoption of the TIFRS, 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 an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

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 2018. As at the year ended 2019 and 2018, the Company did not reverse any special reserve as a result of using, disposing of or reclassifying related assets.

During 2019 and 2018, when distributing 2018 and 2017 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 NTD29,133 thousand and NTD215,355 thousand for the years ended 2019 and 2018, 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 2019

(unit : shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employees	900,000	600,000	(500,000)	(400,000)	600,000

For the year ended 31 December 2018

(unit : shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employees	900,000	-	-	-	900,000

The board meeting held on 9 August 2019 approved to repurchase 600,000 shares, which would be transferred to employees to motivate them. The expected period to execute the decision would take place between 26 July 2019 and 25 September 2019; the repurchase price was between NTD70 to NTD100. The board meeting held on 18 March 2016 approved to repurchase 900,000 shares, which would be transferred to employees to motivate them. The expected period to execute the decision will take place between 21 March 2016 and 20 May 2016; the repurchase price will be between NTD45 to NTD75.

The board meeting held on 29 March 2019 approved to transfer 500,000 shares to employees and the same day as the benchmark date for employee shares. The transfer price of NTD21.05 was approved by the resolution of the shareholders' meeting on 28 June 2018, and the Company recognized compensation cost in the amount of NTD9,975 thousand on the grant date.

The Company's employees fully exercised the employee stock options of 500,000 shares on 10 April 2019. On the day of transfer, the difference between transfer price and buyback price was offset by retained earnings in the amount of NTD6,693 thousand.

The board meeting held on 7 May 2019 approved to cancel 400,000 shares of treasury stock which were not transferred to employees. The share capital was reduced by NTD4,000 thousand and additional paid-in capital was offset by NTD72 thousand proportionately. The remaining amount was offset by retained earnings in the amount of by NTD17,683 thousand.

(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

The board of directors submits dividend distribution proposal to shareholders' meeting annually according to relevant regulations and the Company's policy of distribution depending on current and future investment environment, funding needs, domestic and foreign competition, capital budget, taking into consideration of the interests of shareholders, balancing dividends payouts and long-term financial planning. The distribution of shareholders dividend shall be allocated as follows: cash dividends to be distributed may not be less than 10% of total dividends to be distributed, and the stock dividends may be distributed from 50% to 100%.

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 2018 earnings distribution and dividends per share as approved by the resolution of the shareholders' meeting held on 28 June 2019 is as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2019	2018	2019	2018
Legal reserve	Note	\$38,978		
Special reserve	Note	29,133		
Cash dividends-common stock	Note	197,351	Note	\$0.65

Note: The resolution to distribute the Company's 2019 earnings have not been finalized.

Please refer to Note 6 (18) for further details on employees' compensation and remuneration to directors and supervisors.

(15) Operating revenue

	For the years ended 31 December	
	2019	2018
Revenue from contracts with customers		
Sale of goods	\$12,513,594	\$9,850,904
Other operating revenues	7,701	8,211
Total	<u>\$12,521,295</u>	<u>\$9,859,115</u>

The Company has adopted IFRS 15 from 1 January 2018. Analysis of revenue from contracts with customers during the year is as follows:

A. Contract balance

(a) Contract asset – current

	As at		
	31 December 2019	31 December 2018	1 January 2018
Sales of goods	\$13,826	\$14,821	\$10,713

The significant changes in the Company's balances of contract assets for the years ended 31 December 2019 and 2018 are as follows:

	For the years ended 31 December	
	2019	2018
The opening balance transferred to trade receivables	\$(14,821)	\$(10,713)
Increase of contract assets	13,826	14,821

Please refer to Note 6(19) for more details on the loss allowance.

(a) Contract liabilities – current

	As at		
	31 December 2019	31 December 2018	1 January 2018
Sales of goods	\$314,398	\$415,552	\$282,055

During the period, contract liabilities significantly decreased as performance obligations were partially satisfied and NTD415,552 thousand included in the contract liability balance at the beginning of the period was recognized as revenue during the period.

(b) Transaction price allocated to unsatisfied performance obligations

None.

(c) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit losses(gains)

	For the years ended 31 December	
	2019	2018
Operating expenses – Expected credit gains		
Trade receivables	\$63	\$763

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 2019 is as follows:

- A. the gross carrying amount of contract asset is NTD13,826 thousand.
- B. the Company considers its trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

Note receivables and trade receivables as at 31 December 2019

	Not yet due	Overdue				Total
	(note)	<=60 days	60-90 days	91-180 days	>=181 days	
Gross carrying amount	\$2,106,865	\$1,463,110	\$164,437	\$391,616	\$1,187,251	\$5,072,002
Loss rate	-%	-%	-%	-%	0-10%	
Life time expected credit losses	-	-	-	-	(840)	(840)
Per book	\$2,106,865	\$1,463,110	\$164,437	\$391,616	\$1,186,411	\$5,071,162

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

Installment accounts receivable as at 31 December 2019

	Not yet due	Overdue				
	(note)	<=60 days	60-90 days	91-180 days	>=181 days	Total
Gross carrying amount	\$364,093	\$199	\$142	\$425	\$616	\$365,475
Loss rate	-%	-%	-%	-%	-%	
Life time expected credit losses	-	-	-	-	-	-
Per book	<u>\$364,093</u>	<u>\$199</u>	<u>\$142</u>	<u>\$425</u>	<u>\$616</u>	<u>\$365,475</u>

Note receivables and trade receivables as at 31 December 2018

	Not yet due	Overdue				
	(note)	<=60 days	60-90 days	91-180 days	>=181 days	Total
Gross carrying amount	\$3,770,740	\$531,250	\$160,318	\$116,571	\$-	\$4,578,879
Loss rate	-%	-%	-%	0-10%	-%	
Life time expected credit losses	-	-	-	(1,345)	-	(1,345)
Per book	<u>\$3,770,740</u>	<u>\$531,250</u>	<u>\$160,318</u>	<u>\$115,226</u>	<u>\$-</u>	<u>\$4,577,534</u>

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

Installment accounts receivable as at 31 December 2018

	Not yet due	Overdue				
	(note)	<=60 days	60-90 days	91-180 days	>=181 days	Total
Gross carrying amount	\$306,552	\$319	\$-	\$-	\$-	\$306,871
Loss rate	-%	-%	-%	-%	-%	-%
Life time expected credit losses	-	-	-	-	-	-
Per book	<u>\$306,578</u>	<u>\$319</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$306,871</u>

The movement in the provision for impairment of note receivables and trade receivables during the ended 31 December 2019 and 2018 is as follows:

	Note receivables	Trade receivables
2019.01.01	-	\$1,345
Write off	-	(568)
Addition for the current period	-	63
2019.12.31	\$-	\$840
Beginning balance (in accordance with IAS 39)	\$-	\$776
Transition adjustment to retained earnings	-	-
Beginning balance (in accordance with IFRS 9)	\$-	\$776
Reversal for the current period	-	(194)
Write off	-	(763)
Ending balance 2018	\$-	\$1,345

(17) 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 50 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	
	2019	2018 (Note)
Buildings	\$59,420	
Transportation equipment	3,555	
Total	\$62,975	

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the year ended 31 December 2019, the Company's additions to right-of-use assets amounting to NTD52,453 thousand.

(ii) Lease liabilities

	As at 31 December	
	2019	2018 (Note)
Current	\$28,215	
Non-Current	35,281	
Total	<u>\$63,496</u>	

Please refer to Note 6(19)(c) for the interest on lease liabilities recognized during the year ended 31 December 2019 and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2019.

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2019	2018 (Note)
Buildings	\$20,937	
Transportation equipment	1,794	
Total	<u>\$22,731</u>	

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(c) Income and costs relating to leasing activities

	For the years ended 31 December	
	2019	2018(Note)
The expenses relating to short-term leases	\$11,710	

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(d) Cash outflow related to lessee and lease activity

During the year ended 31 December 2019, the Company's total cash outflows for leases amounting to NTD34,889 thousand.

(18) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2019 and 2018:

Function Nature	For the years ended 31 December					
	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$262,033	\$537,293	\$799,326	\$232,073	\$455,608	\$687,681
Labor and health insurance	24,688	39,750	64,438	20,136	36,878	57,014
Pension	10,462	22,426	32,888	8,531	21,367	29,898
Director compensation		7,692	7,692	-	8,301	8,301
Other employee benefits expense	14,235	19,753	33,988	11,427	17,756	29,183
Depreciation	26,747	47,869	74,616	27,930	26,584	54,514
Amortization	-	8,767	8,767	-	9,484	9,484

As at 31 December 2019 and 31 December 2018, the Company had 1,079 and 978 employees, respectively; the number of directors who were not concurrently employees were both 7.

As at 31 December 2019 and 31 December 2018, the Company had average employee benefits expense 868 and 828 employees, respectively.

As at 31 December 2019 and 31 December 2018, the Company had average employee salaries expense 746 and 708 employees, respectively; the average adjusted employee salaries expense was increase to 5.37%.

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 2019, the Company estimated the amount of the employees' compensation and remuneration to directors for the year ended 31 December 2019 to be NTD16,100 thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

A resolution was passed at the board meeting held on 20 March 2020 to distribute NTD16,200 thousand and NTD7,200 thousand in cash as the employee compensation and remuneration to directors of 2019, respectively.

Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2019 amounted to NTD100 thousand and recognized in profit or loss of the subsequent year in 2020.

A resolution was passed at the board meeting held on 29 March 2019 to distribute NTD11,000 thousand and NTD7,200 thousand in cash as 2018 employee compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2018.

(19) Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2019	2018
Interest income		
Financial assets measured at amortized cost	\$57,366	\$50,734
Others	75,141	90,000
Total	<u>\$132,507</u>	<u>\$140,734</u>

B. Other gains and losses

	For the years ended 31 December	
	2019	2018
Foreign exchange (losses) gains, net	\$(79,932)	\$46,131
Gains on financial assets at fair value through profit or loss (Note 1)	84	5,132
(Losses) Gains on financial liabilities at fair value through profit or loss (Note 2)	(2,222)	8,381
Losses on disposal of investments	(857)	(7,381)
Gains on disposal of property, plant and equipment	980	-
Others	(2,929)	(3,072)
Total	<u>\$(84,876)</u>	<u>\$49,191</u>

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.

C. Finance costs

	For the years ended 31 December	
	2019	2018
Interest on loans from bank	\$105,630	\$99,013
Interest on lease liabilities	430	(Note)
Total	<u>\$106,060</u>	<u>\$99,013</u>

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(20) Components of other comprehensive income

A. For the year ended 31 December 2019

	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	\$(10,606)	\$(10,606)	\$2,121	\$(8,485)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(442,871)	(442,871)	88,574	(354,297)
Total of other comprehensive income	<u>\$(453,477)</u>	<u>\$(453,477)</u>	<u>\$90,695</u>	<u>\$(362,782)</u>

B. For the year ended 31 December 2018

	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	\$(10,303)	\$(10,303)	\$2,989	\$(7,314)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(69,724)	(69,724)	40,591	(29,133)
Total of other comprehensive income	<u>\$(80,027)</u>	<u>\$(80,027)</u>	<u>\$43,580</u>	<u>\$(36,447)</u>

(21) Income tax

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

	For the years ended 31 December	
	2019	2018
Current income tax expense:		
Current income tax charge	\$313,256	\$144,969
Adjustments in respect of current income tax of prior periods	6,180	5,552
Deferred tax income:		
Deferred tax income relating to origination and reversal of temporary differences	(21,380)	(121,446)
Other components of deferred tax income	(779)	-
Total income tax expense	<u>\$297,277</u>	<u>\$29,075</u>

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2019	2018
Deferred tax income:		
Exchange differences resulting from translating the financial statements of a foreign operation	\$(88,574)	\$(40,591)
Remeasurements of defined benefit plans	(2,121)	(2,989)
Income tax relating to components of other comprehensive income	<u>\$(90,695)</u>	<u>\$(43,580)</u>

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	
	2019	2018
Accounting profit before tax from continuing operations	<u>\$1,589,808</u>	<u>\$418,862</u>
Tax at the domestic rates applicable to profits in the country concerned	317,962	83,772
Tax effect of revenues exempt from taxation	(28,542)	-
Tax effect of expenses not deductible for tax purposes	84	68,354
Tax effect of deferred tax assets/liabilities	-	(128,603)
5 % surtax on undistributed retained earnings	2,372	-
Adjustments in respect of current income tax of prior periods	6,180	-
Other adjustments according to tax law	(779)	5,552
Total income tax expense recognized in profit or loss	<u>\$297,277</u>	<u>\$29,075</u>

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

(a) For the year ended 31 December 2019

	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)	\$886	\$20,393	\$-	\$21,279
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	1,955	428	-	2,383
Net defined benefit liability – non-current	7,164	(206)	-	6,958
Remeasurement on defined benefit plans	8,253	-	2,121	10,374
Exchange differences on translation of foreign operations	191,588	-	88,574	280,162
Provision-warranties	10,064	765		10,829
Investment income under equity method	-	-	-	-
Land appreciation tax	(47,428)	-	-	(47,428)
Deferred tax expense/(income)		<u>\$21,380</u>	<u>\$90,695</u>	
Net deferred tax assets/(liabilities)	<u>\$173,693</u>			<u>\$285,768</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$221,121</u>			<u>\$333,196</u>
Deferred tax liabilities	<u>\$(47,428)</u>			<u>\$(47,428)</u>

(b) For the year ended 31 December 2018

	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)	\$4,033	\$(3,147)	\$-	\$886
Provision for allowance to reduce inventories to market value	1,030	181	-	1,211
Gain(losses) on financial assets and liabilities at fair value through profit or loss	3,959	(2,004)	-	1,955
Net defined benefit liability – non-current	6,335	829	-	7,164
Remeasurement on defined benefit plans	5,264	-	2,989	8,253
Exchange differences on translation of foreign operations	150,997	-	40,591	191,588
Provision-warranties	8,815	1,249	-	10,064
Investment income under equity method	(124,338)	124,338	-	-
Land appreciation tax	(47,428)	-	-	(47,428)
Unrealized sales revenue				
Deferred tax expense/(income)		<u>\$121,446</u>	<u>\$43,580</u>	
Net deferred tax assets/(liabilities)	<u>\$8,667</u>			<u>\$173,693</u>
Reflection in balance sheet as follows:				
Deferred tax assets	<u>\$180,433</u>			<u>\$221,121</u>
Deferred tax liabilities	<u>\$(171,766)</u>			<u>\$(47,428)</u>

(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 2019 and 2018, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD5,658,683 thousand and NTD5,038,112 thousand respectively.

(d) The assessment of income tax returns

As at 31 December 2019, the tax authorities have assessed income tax returns of the Company through 2017.

(22) 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	
	2019	2018
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	\$1,292,531	\$389,787
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	303,617	304,017
Basic earnings per share (NTD)	\$4.26	\$1.29

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 Tech. Netherland B.V.	Subsidiary
Johnson Health Tech. UK Ltd.	Subsidiary
Johnson Health Tech. Retail, Inc	Subsidiary
Johnson Health Tech. Philippines, Inc	Subsidiary
Johnson Industries (Shanghai) Co., Ltd.	Subsidiary
Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary
Johnson Health Tech. UAE L.L.C	Subsidiary
Johnson Industrial do Brasil Ltda	Subsidiary
Johnson Health Tech. GmbH	Subsidiary

Significant transactions with related parties

A. Sales

	For the years ended 31 December	
	2019	2018
Johnson Health Tech. North America, Inc.	\$4,388,453	\$3,560,039
Johnson Health Tech. Retail, Inc.	1,177,058	492,579
Johnson Health Tech. Netherland B.V.	866,826	758,807
Others	4,033,593	3,161,044
Total	<u>\$10,465,930</u>	<u>\$7,972,469</u>

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	
	2019	2018
Johnson Industries (Shanghai) Co., Ltd.	\$4,857,614	\$3,805,722
Johnson Health Technology (Shanghai) Co., Ltd.	514,976	435,016
Others	137,346	87,231
Total	<u>\$5,509,936</u>	<u>\$4,327,969</u>

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 2019	31 December 2018
Johnson Health Tech. North America, Inc.	\$2,201,967	\$1,643,835
Johnson Health Tech. Retail Inc	1,073,681	1,019,717
Johnson Industrial do Brasil Ltda	388,625	245,726
Johnson Health Tech. Netherland B.V.	302,132	529,947
Others	878,681	863,020
Total	<u>\$4,845,086</u>	<u>\$4,302,245</u>

D. Other accounts receivable, net

	As at	
	31 December 2019	31 December 2018
Johnson Health Tech. Retail Inc.	\$503,490	\$129
Johnson Industrial do Brasil Ltda	218,636	192,774
Johnson Health Tech. UAE L.L.C	129,346	89,414
Johnson Industries (Shanghai) Co., Ltd.	71,796	147,315
Johnson Health Tech. Philippines, Inc.	34,388	35,025
Others	82,124	83,892
Total	<u>\$1,039,780</u>	<u>\$548,549</u>

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 2019	31 December 2018
Johnson Industries (Shanghai) Co., Ltd.	\$2,404,964	\$2,906,721
Others	247,788	267,677
Total	<u>\$2,649,752</u>	<u>\$3,174,398</u>

F. Other payables, net

	As at	
	31 December 2019	31 December 2018
Johnson Health Technology (Shanghai) Co., Ltd.	\$259,296	\$271,594
Johnson Health Tech. North America, Inc.	134,593	225,739
Others	178,614	246,175
Total	<u>\$572,503</u>	<u>\$743,508</u>

G. Expenses

	For the years ended 31 December	
	2019	2018
Johnson Health Tech. North America, Inc.	\$473,778	\$523,087
Johnson Health Tech. Netherland B.V	105,583	-
Johnson Health Tech. UK Ltd	91,418	81,836
Johnson Health Tech. GmbH.	29,602	157,735
Others	153,038	254,354
Total	<u>\$853,419</u>	<u>\$1,017,012</u>

H. Other Income

	For the years ended 31 December	
	2019	2018
Johnson Industries (Shanghai) Co., Ltd.	\$44,586	\$42,950
Johnson Health Technology (Shanghai) Co., Ltd.	12,056	13,191
Others	39,355	50,783
Total	<u>\$95,997</u>	<u>\$106,924</u>

I. Key management personnel compensation

	For the years ended 31 December	
	2019	2018
Short-term employee benefits	<u>\$ 36,465</u>	<u>\$36,628</u>

8. Assets pledged as security

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

	As at		Contents of secured debt
	31 December 2019	31 December 2018	
Property, plant and equipment - land	\$666,171	\$666,171	Syndicated loan / Secured loan
Property, plant and equipment - buildings(carrying value)	47,610	48,932	Syndicated loan / Secured loan
Other receivable - deposit	4,314	4,314	Engineering/Credit Card of Enterprise/LC loan / Notes payable
Total	<u>\$718,095</u>	<u>\$719,417</u>	

9. Commitments and contingencies

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

The contracts of the Company as at 31 December 2019 and 2018 are as follows:

A. As at 31 December 2019:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2019
Company A	Auto storage equipment	NTD57,500 thousand	NTD17,250 thousand
Company B	Auto storage plant engineering	NTD90,640 thousand	NTD45,320 thousand
Company C	Auto storage plant engineering	NTD7,968 thousand	NTD2,390 thousand
Company D	Auto storage plant engineering	NTD12,460 thousand	NTD3,738 thousand

B. as at 31 December 2018:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2018
Company A	Auto storage equipment	NTD57,500 thousand	NTD17,250 thousand
Company B	Auto storage plant engineering	NTD90,640 thousand	NTD22,660 thousand

(2) The Company issued guaranty notes as security for borrowings in the sum of NTD776,776 thousand as at 31 December 2019.

(3) The Company entered into financial guarantees to related parties as at 31 December 2019. Refer to Note 13(1)(b).

10. Losses due to major disasters

None.

11. Significant subsequent events

Considering the horizontal integration of the industry, the use of resources, the future global layout and the improvement of operational performance, the Company held a board meeting on 20 December 2019 and resolved to acquire 60% shares of Fuji Medical Instruments MFG. Co., Ltd, a subsidiary of Asahi Life & Health Corporation in Japan. An equity purchase and sale contract was entered into after the board meeting. Subsequently on 25 February 2020, upon obtaining consent from the Investment Commission, Ministry of Economic Affairs and completion of the settlement terms agreed upon in the purchase and sale contract, the Company acquired 180,000 shares of Fuji Medical Instruments MFG. Co., Ltd, which accounted for 60% of its common shares on 13 March 2020. The total amount of this investment transaction was JPY6.241 billion, at approximately JPY34,672 per share. Fuji Medical Instruments MFG. Co., Ltd.'s total outstanding common shares are not restricted shares.

12. Others

(1) Categories of financial instruments

	As at	
	31 December 2019	31 December 2018
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$5,216	\$5,132
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	716,980	616,514
Notes and trade receivable	5,436,637	4,884,405
Other receivables	1,056,251	570,493
Subtotal	\$7,209,868	\$6,071,412
Total	<u>\$7,215,084</u>	<u>\$6,076,544</u>

	As at	
	31 December 2019	31 December 2018
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$4,586,276	\$3,972,765
Commercial paper payable	149,917	-
Notes and accounts payable	3,950,545	4,401,417
Bonds payable (including current portion)	2,000,000	-
Long-term loans (including current portion)	792,590	2,090,900
Lease liability	63,496	(Note)
Subtotal	<u>11,542,824</u>	<u>10,465,082</u>
Financial liabilities at fair value through profit or loss:		
Held for trading	<u>17,129</u>	<u>14,908</u>
Total	<u>\$11,559,953</u>	<u>\$10,479,990</u>

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(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 activities. 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 2019	\$-	\$24,823
For the year ended 31 December 2018	\$-	\$11,433

(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 2019	\$-	\$1,579
For the year ended 31 December 2018	\$-	\$2,996

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2019	\$-	\$(901)
For the year ended 31 December 2018	\$-	\$(995)

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, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2019 and 2018 to increase/decrease by NTD799 thousand and NTD188 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 2019 and 2018, the credit concentration risk of other accounts receivables is insignificant.

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

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>>= 5 years</u>	<u>Total</u>
<u>As at 31 December 2019</u>					
Short-term borrowings	\$4,796,540	\$-	\$-	\$-	\$4,796,540
Commercial paper payable	150,000	-	-	-	150,000
Notes and accounts payable	3,950,545	-	-	-	3,950,545
Bonds payable	16,600	33,200	2,033,200	-	2,083,000
Long-term loans	162,096	653,947	-	-	816,043
Lease liabilities	29,675	32,847	5,238	-	67,760
<u>As at 31 December 2018</u>					
Short-term borrowings	\$3,975,029	\$-	\$-	\$-	\$3,975,029
Notes and accounts payable	4,401,417	-	-	-	4,401,417
Long-term loans	409,224	1,740,434	-	-	2,149,658

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the ended 31 December 2019:

	<u>Short-term borrowings</u>	<u>Commercial paper Payable</u>	<u>Bonds payable</u>	<u>Long-term loans</u>	<u>Lease liabilities</u>	<u>Lease liabilities</u>
As at 1 January 2019	\$3,972,765	\$-	\$-	\$2,090,900	\$-	\$6,063,665
Cash flows	613,511	149,917	2,000,000	(1,298,310)	(22,210)	1,442,908
Non-cash changes	-	-	-	-	85,706	85,706
As at 31 December 2019	<u>\$4,586,276</u>	<u>\$149,917</u>	<u>\$2,000,000</u>	<u>\$792,590</u>	<u>\$63,496</u>	<u>\$7,592,279</u>

Reconciliation of liabilities for the ended 31 December 2018:

	<u>Short-term borrowings</u>	<u>Commercial paper payable</u>	<u>Long-term loans</u>	<u>Total</u>
As at 1 January 2018	\$3,855,000	\$149,696	\$2,237,780	\$6,242,476
Cash flows	117,765	(149,696)	(146,880)	(178,811)
As at 31 December 2018	<u>\$3,972,765</u>	<u>\$-</u>	<u>\$2,090,900</u>	<u>\$6,063,665</u>

(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 of financial instruments measured at amortized cost

The carrying amount of the Company's financial instruments except cash and cash equivalents, trade receivables, accounts payable and other current liabilities, financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy

Please refer to Note 12(9) 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 2019 and 2018 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
<u>As at 31 December 2019</u>		
Forward currency contract	Buy USD 2,000	From 2020/01/23 to 2020/04/24
Forward currency contract	Buy USD 9,000	2020/04/23
Forward currency contract	Sell EUR 5,000	From 2020/02/27 to 2020/06/12
Forward currency contract	Sell EUR 24,000	From 2020/01/31 to 2020/08/06

Contract	Contract amount (in thousands)	Maturity
<u>As at 31 December 2018</u>		
Forward currency contract	Sell EUR 2,000	2019/01/03
Forward currency contract	Sell EUR 15,000	From 2019/03/29 to 2019/06/28

(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 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$5,216	\$-	\$5,216
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$17,129	\$-	\$17,129

As at 31 December 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$5,132	\$-	\$5,132
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$ 14,908	\$-	\$ 14,908

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2019 and 2018, 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 2019			31 December 2018		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
<u>Financial assets</u>						
<u>Monetary item:</u>						
USD	\$184,650	29.9800	\$5,535,807	\$140,181	30.6900	\$4,302,157
EUR	20,988	33.6300	705,826	29,617	35.0300	1,037,499

	As at					
	31 December 2019			31 December 2018		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
<u>Financial liabilities</u>						
<u>Monetary item:</u>						
USD	\$81,151	29.9800	\$2,432,907	\$93,616	30.7900	\$2,882,450
EUR	15,120	33.6300	508,486	19,851	35.4300	703,310
JPY	990,250	0.2761	273,408	524,320	0.2802	146,914
CNY	60,017	4.2940	257,713	59,745	4.5410	271,301

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 (loss) gain for the years ended 31 December 2019 and 2018 were NTD(79,932) thousand and NTD46,131 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

(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. (Vietnam) Company Limited	Other receivable-related parties	Yes	\$1,421	\$1,421	\$1,421	3%	1	\$8,252	For business operation	\$-	-	-	\$1,825,955	\$3,651,911
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Other receivable-related parties	Yes	42,714	42,714	42,714	3%	1	141,637	For business operation	-	-	-	1,825,955	3,651,911
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Canada Inc.	Other receivable-related parties	Yes	7,155	7,155	7,155	3%	1	285,460	For business operation	-	-	-	1,825,955	3,651,911
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (H.K.) Ltd	Other receivable-related parties	Yes	8,579	-	-	3%	1	89,803	For business operation	-	-	-	1,825,955	3,651,911
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Philippines, Inc.	Other receivable-related parties	Yes	30,175	30,175	30,175	3%	1	44,685	For business operation	-	-	-	1,825,955	3,651,911
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UAE LLC	Other receivable-related parties	Yes	118,879	118,879	118,879	3%	1	310,697	For business operation	-	-	-	1,825,955	3,651,911

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 Industrial do Brasil Ltda.	Other receivable-related parties	Yes	204,033	204,033	204,033	3%	1	541,630	For business operation	-	-	-	1,825,955	3,651,911
0	Johnson Health Tech. Co., Ltd.	Style Retail Vietnam Company Limited	Other receivable-related parties	Yes	91	6	6	3%	1	44	For business operation	-	-	-	1,825,955	3,651,911
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. TRADING Ltd	Other receivable-related parties	Yes	498,752	498,752	498,752	3%	1	1,669,637	For business operation	-	-	-	1,825,955	3,651,911
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Romania SA	Other receivable-related parties	Yes	385	-	-	3%	1	14,862	For business operation	-	-	-	1,825,955	3,651,911
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Other receivable-related parties	Yes	55,566	54,630	-	-%	2	-	For business operation	-	-	-	1,825,955	3,651,911

Note 1: Code "1" represents business relationship between the two companies.

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

Note 2: Financing limit for each individual counterparty was set at 20% of their net worth indicated in the most recent financial report

Note 3: Total financing was limited to 40% of the Company's net worth indicated in the most recent financial report.

Note 4: 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.

(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 2)	Limit of total financing amount (Note 3)
													Item	Value		
2	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Technology Co., Ltd.	Other receivable-related parties	Yes	\$608,600	\$ 608,600	\$282,360	1%	2		-For business operation	-	-	-	\$882,905	\$882,905
3	Johnson Health Tech. (Vietnam) Co., Ltd.	Style Retail Vietnam Company Limited	Other receivable-related parties	Yes	30,880	30,880	19,761	3%	2		-For business operation	-	-	-	31,328	31,328

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

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

Note 2: J&S Trading Co., Ltd.’s financing limit for a counterparty were set at 20% of the net worth indicated in the most recent financial report. Johnson Health Technology (Shanghai) Co., Ltd.’s and Johnson Health Tech. Japan Co., Ltd.’s financing limit for a counterparty was set at 40% of the net worth of the most recent financial report.

Note 3: Total financing was limited to 40% of the Company’s net equity.

Note 4: 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.

B. 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 financial statements	Limited of guarantee 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. France	3	\$9,129,776	\$415,050	\$300,300	\$-	\$-	3.29	\$22,824,440	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	3	9,129,776	766,548	585,770	189,448	-	6.42	22,824,440	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	3	9,129,776	775,990	759,944	9,494	-	8.32	22,824,440	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	3	9,129,776	609,430	465,410	72,162	-	5.10	22,824,440	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	3	9,129,776	524,000	503,280	62,675	-	5.51	22,824,440	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co., Ltd.	3	9,129,776	58,100	55,620	-	-	0.61	22,824,440	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	3	9,129,776	186,600	180,180	57,057	-	1.97	22,824,440	Y	N	N
0	Johnson Health Technology Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	3	9,129,776	164,300	157,750	68,337	-	1.73	22,824,440	Y	N	N

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 financial statements	Limited of guarantee 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 Technology Co., Ltd.	Johnson Health Tech. Canada Commercial Inc.	3	9,129,776	299,910	288,690	132,075	-	3.16	22,824,440	Y	N	N
0	Johnson Health Technology Co., Ltd.	Johnson Health Tech. Retail Inc.	3	9,129,776	311,000	300,300	-	-	3.29	22,824,440	Y	N	N
0	Johnson Health Technology Co., Ltd.	Johnson Health Tech. Italia SPA	3	9,129,776	155,500	150,150	67,660	-	1.64	22,824,440	Y	N	N
0	Johnson Health Technology Co., Ltd.	Johnson Industrial do Brasil Ltda.	3	9,129,776	23,325	-	-	-	0.00	22,824,440	Y	N	N

Note 1: 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.

Note 2: Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.

Note 3: The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

(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 financial statements	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.	Lease Servicing Center, Inc.	1	9,129,776	23,850	20,155	20,155	-	0.22	22,824,440	N	N	N
1	Johnson Health Tech. North America, Inc.	United Leasing, Inc	1	9,129,776	40,010	34,338	34,338	-	0.38	22,824,440	N	N	N
1	Johnson Health Tech. North America, Inc.	Macrolease Corporation	1	9,129,776	171,050	165,165	41,569	-	1.81	22,824,440	N	N	N
1	Johnson Health Tech. North America, Inc.	Johnson Health Tech. Retail Inc.	1	9,129,776	229,125	225,225	30,461	-	2.47	22,824,440	N	N	N
2	Johnson Health Tech. Australia Pty., Ltd	CE Finance(TL Rentals)	1	9,129,776	448	423	423	-	0.00	22,824,440	N	N	N
2	Johnson Health Tech. Australia Pty Ltd.	Eclipx Commercial	1	9,129,776	5,763	1,459	1,459	-	0.02	22,824,440	N	N	N
2	Johnson Health Tech. Australia Pty., Ltd	FlexiCommer cial	1	9,129,776	520	-	-	-	0.00	22,824,440	N	N	N

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 financial statements	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)										
3	Johnson Health Tech. France	IKB Leasing	I	9,129,776	17,673	14,698	14,698	-	0.16	22,824,440	N	N	N
4	Johnson Health Tech. Canada Commercial Inc.	Meridian OneCap Credit Corp	I	9,129,776	20,945	13,331	13,331	-	0.15	22,824,440	N	N	N
5	Johnson Health Tech. Iberica. S.L.	SG Equipment Finance Iberia, E.F.C., S.A.	I	9,129,776	62,675	62,675	62,675	-	0.69	22,824,440	N	N	N
6	Johnson Health Tech. GmbH	PEAC Finance	I	9,129,776	15,889	2,714	2,714	-	0.03	22,824,440	N	N	N
7	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	I	9,129,776	1,373,561	1,373,561	-	-	15.04	22,824,440	N	N	N

Note 1: 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.

Note 2: Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.

Note 3: The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

C. Securities held as at end of the period (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 period: None

E. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the period: None

F. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the period: None

G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the period:

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 at end of the period:

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

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	Accounts Receivable USD73,548 (NTD2,201,967) Other Receivable USD 13 (NTD389)	1.78	\$-	\$-	\$814,115	\$-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherland B.V.	Investee Company	Accounts Receivable EUR 9,018 (NTD302, 625) Other Receivable EUR 33 (NTD1,111)	2.08	-	-	\$-	-
Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Investee Company	Accounts Receivable USD 12,987 (NTD338, 625) Other Receivable USD 7,303 (NTD218,636)	0.94	-	-	\$-	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UAE LLC	Investee Company	Accounts Receivable USD 6,064 (NTD181,220) Other Receivable USD 4,312 (NTD129,346)	1.01	-	-	\$20,966	-

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. Canada Inc.	Investee Company	Accounts Receivable USD 5,299 (NTD158,376) Other Receivable USD 361 (NTD11,004)	1.20	-	-	\$-	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Trading, Inc.	Investee Company	Accounts Receivable USD 36,295 (NTD1,073,681) Other Receivable USD 16,423 (NTD503,490)	1.11	-	-	\$56,805	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Indirect investment under equity method	Accounts Receivable USD 55,016 (NTD1,652,146) EUR 14,344 (NTD485,260) JPY 962,094 (NTD267,558)	1.81	-	-	\$750,768	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Indirect investment under equity method	Accounts Receivable USD 3,001 (NTD89,970) CNY 1,724 (NTD7,403) Other Receivable USD 1,666 (NTD7,154)	1.41	-	-	\$149	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Indirect investment under equity method	Accounts Receivable USD 6,176 (NTD185,456) JPY 26,986 (NTD7,505) EUR 240 (NTD8,110) Other Receivable CNY 60,000 (NTD259,140)	2.39	-	-	\$193,690	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Indirect investment under equity method	Accounts Receivable USD 3,580 (NTD25,169)	4.65	-	-	\$110,606	-

I. Transaction of derivative financial instruments:

Please refer to Note 12(8).

J. Significant inter Company transactions between consolidated entities are as follows:

(amounts exceeding the lower of NTD100 million or 20% of the capital stock)

No (Note 1)	Company name	Counter party	Nature of relationship 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	4,388,453	The same commercial terms as with a general customer	17.30%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	2,201,967	The same commercial terms as with a general customer	8.17%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	421,952	The same commercial terms as with a general customer	1.66%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	92,184	The same commercial terms as with a general customer	0.34%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	658,451	The same commercial terms as with a general customer	2.60%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	86,089	The same commercial terms as with a general customer	0.32%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherland B. V.	1	Sales	866,826	The same commercial terms as with a general customer	3.42%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherland B. V.	1	Receivables from related parties	284,747	The same commercial terms as with a general customer	1.06%

No (Note 1)	Company name	Counter party	Nature of relationship 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. France SAS	1	Sales	351,233	The same commercial terms as with a general customer	1.38%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. France SAS	1	Receivables from related parties	20,899	The same commercial terms as with a general customer	0.08%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Australia Pty., Ltd.	1	Sales	352,073	The same commercial terms as with a general customer	1.39%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Australia Pty., Ltd.	1	Receivables from related parties	46,853	The same commercial terms as with a general customer	0.17%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	300,830	The same commercial terms as with a general customer	1.19%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	388,625	The same commercial terms as with a general customer	1.44%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	218,636	The same commercial terms as with a general customer	0.81%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co., Ltd.	1	Sales	631,163	The same commercial terms as with a general customer	2.49%

No (Note 1)	Company name	Counter party	Nature of relationship relationship (Note 2)	Inter company transactions			Percentage of consolidated total gross sales or total assets (%) (Note 3)
				Financial statements item	Amount	Terms	
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co., Ltd.	1	Receivables from related parties	6,301	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Canada Inc.	1	Sales	170,784	The same commercial terms as with a general customer	0.67%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Canada Inc.	1	Receivables from related parties	158,376	The same commercial terms as with a general customer	0.59%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Iberica. S.L.	1	Sales	294,766	The same commercial terms as with a general customer	1.16%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Iberica. S.L.	1	Receivables from related parties	39,595	The same commercial terms as with a general customer	0.15%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia SPA	1	Sales	186,171	The same commercial terms as with a general customer	0.73%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia SPA	1	Receivables from related parties	79,860	The same commercial terms as with a general customer	0.30%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UAE L.L.C	1	Sales	164,926	The same commercial terms as with a general customer	0.65%

No (Note 1)	Company name	Counter party	Nature of relationship 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. UAE L.L.C	1	Receivables from related parties	181,220	The same commercial terms as with a general customer	0.67%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UAE L.L.C	1	Other accounts receivable	129,346	The same commercial terms as with a general customer	0.48%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Trading, Inc	1	Sales	1,177,058	The same commercial terms as with a general customer	4.64%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Trading, Inc	1	Receivables from related parties	1,073,681	The same commercial terms as with a general customer	3.98%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Trading, Inc	1	Other accounts receivable	501,869	The same commercial terms as with a general customer	1.86%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Purchases	4,857,614	The same commercial terms as with a general customer	19.15%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Payables to related parties	2,404,964	The same commercial terms as with a general customer	8.93%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	514,976	The same commercial terms as with a general customer	2.03%

No (Note 1)	Company name	Counter party	Nature of relationship 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	Payables to related parties	201,071	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Other payables to related parties	259,296	The same commercial terms as with a general customer	0.96%
1	Johnson Health Tech. North America, Inc.	Johnson Health Tech. Co., Ltd.	2	Purchases	4,388,453	The same commercial terms as with a general customer	17.30%
1	Johnson Health Tech. North America, Inc.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	2,201,967	The same commercial terms as with a general customer	8.17%
2	Johnson Health Tech. UK. Ltd.	Johnson Health Tech. Co., Ltd.	2	Purchases	421,952	The same commercial terms as with a general customer	1.66%
2	Johnson Health Tech. UK. Ltd.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	92,184	The same commercial terms as with a general customer	0.34%
3	Johnson Health Tech. Gmbh	Johnson Health Tech. Co., Ltd.	2	Purchases	658,451	The same commercial terms as with a general customer	2.60%
3	Johnson Health Tech. Gmbh	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	86,089	The same commercial terms as with a general customer	0.32%

No (Note 1)	Company name	Counter party	Nature of relationship relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
4	Johnson Health Tech. Netherlands B.V.	Johnson Health Tech. Co., Ltd.	2	Purchases	866,826	The same commercial terms as with a general customer	3.42%
4	Johnson Health Tech. Netherlands B.V.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	284,747	The same commercial terms as with a general customer	1.06%
5	Johnson Health Tech. France	Johnson Health Tech. Co., Ltd.	2	Purchases	351,233	The same commercial terms as with a general customer	1.38%
5	Johnson Health Tech. France	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	20,899	The same commercial terms as with a general customer	0.08%
6	Johnson Health Tech. Australia Pty., Ltd.	Johnson Health Tech. Co., Ltd.	2	Purchases	352,073	The same commercial terms as with a general customer	1.39%
6	Johnson Health Tech. Australia Pty., Ltd.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	46,853	The same commercial terms as with a general customer	0.17%
7	Johnson Industrial do Brasil Ltda	Johnson Health Tech. Co., Ltd.	2	Purchases	300,830	The same commercial terms as with a general customer	1.19%
7	Johnson Industrial do Brasil Ltda	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	388,625	The same commercial terms as with a general customer	1.44%

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)
7	Johnson Industrial do Brasil Ltda	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	218,636	The same commercial terms as with a general customer	0.81%
8	Johnson Health Tech. Japan Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Purchases	631,163	The same commercial terms as with a general customer	2.49%
8	Johnson Health Tech. Japan Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	6,301	The same commercial terms as with a general customer	0.02%
9	Johnson Health Tech. Canada Inc.	Johnson Health Tech. Co., Ltd.	2	Purchases	170,784	The same commercial terms as with a general customer	0.67%
9	Johnson Health Tech. Canada Inc.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	158,376	The same commercial terms as with a general customer	0.59%
10	Johnson Health Tech. Iberica. S.L.	Johnson Health Tech. Co., Ltd.	2	Purchases	294,766	The same commercial terms as with a general customer	1.16%
10	Johnson Health Tech. Iberica. S.L.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	39,595	The same commercial terms as with a general customer	0.15%
12	Johnson Health Tech. Italia SPA	Johnson Health Tech. Co., Ltd.	2	Purchases	186,171	The same commercial terms as with a general customer	0.73%

No (Note 1)	Company name	Counter party	Nature of relationship relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
12	Johnson Health Tech. Italia SPA	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	79,860	The same commercial terms as with a general customer	0.30%
13	Johnson Health Tech. UAE L.L.C	Johnson Health Tech. Co., Ltd.	2	Purchases	164,926	The same commercial terms as with a general customer	0.65%
13	Johnson Health Tech. UAE L.L.C	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	181,220	The same commercial terms as with a general customer	0.67%
13	Johnson Health Tech. UAE L.L.C	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	129,346	The same commercial terms as with a general customer	0.48%
14	Johnson Health Tech. Trading, Inc	Johnson Health Tech. Co., Ltd.	2	Purchases	1,177,058	The same commercial terms as with a general customer	4.64%
14	Johnson Health Tech. Trading, Inc	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	1,073,681	The same commercial terms as with a general customer	3.98%
14	Johnson Health Tech. Trading, Inc	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	501,869	The same commercial terms as with a general customer	1.86%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Sales	514,976	The same commercial terms as with a general customer	2.03%

No (Note 1)	Company name	Counter party	Nature of relationship relationship (Note 2)	Inter company transactions			Percentage of consolidated total gross sales or total assets (%) (Note 3)
				Financial statements item	Amount	Terms	
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Receivables from related parties	201,071	The same commercial terms as with a general customer	0.75%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Other accounts receivable	259,296	The same commercial terms as with a general customer	0.96%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Purchases	185,550	The same commercial terms as with a general customer	0.73%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Payables to related parties	95,901	The same commercial terms as with a general customer	0.36%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Sales	1,262,793	The same commercial terms as with a general customer	4.98%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Receivables from related parties	108,078	The same commercial terms as with a general customer	0.40%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Sales	4,857,614	The same commercial terms as with a general customer	19.15%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Receivables from related parties	2,404,964	The same commercial terms as with a general customer	8.93%

No (Note 1)	Company name	Counter party	Nature of relationship relationship (Note 2)	Inter company transactions			Percentage of consolidated total gross sales or total assets (%) (Note 3)
				Financial statements item	Amount	Terms	
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Sales	185,550	The same commercial terms as with a general customer	0.73%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Receivables from related parties	95,901	The same commercial terms as with a general customer	0.36%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Purchases	1,262,793	The same commercial terms as with a general customer	4.98%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Payables to related parties	108,078	The same commercial terms as with a general customer	0.40%

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

Note 2: Code “1” represents transactions between the parent company and a subsidiary.

Code “2” represents transactions between a subsidiary and the parent company.

Code “3” represents transactions between subsidiaries.

Note 3: 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.

(2) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as at end of the period, net income(loss) of the investee company and investment income(loss) recognized for the period:

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	\$7,102,174	\$7,226,845	-	100.00%	\$10,888,918	\$423,424	\$506,528	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Vietnam) Company Limited	Unit 2302, Lim Tower9-11 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	Selling cardiovascular and weight training equipment	92,706 (USD 2,900)	63,465 (USD 1,950)	-	100.00%	31,328	(17,055)	(17,055)	
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%	74,647	5,731	5,731	
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%	13,464	(57,442)	(57,442)	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%	206,710	9,614	4,272	
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 37,150)	-	100.00%	784,709	(302,861)	(302,861)	Note 1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair development, manufacturing and trading	20,813 (JPY 75,000)	20,813 (JPY 75,000)	4,859	78.95%	11,430	(11,577)	(9,140)	

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 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%	(11,811)	1,195	1,195	
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	391,611 (USD 12,607)	-	-	100%	374,174	(6,703)	(6,703)	
Johnson Health Tech. Co., Ltd.	Johnson Health Electronic (Viet Nam) Company Limited	LO CN-23, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, Vietnam	Manufacturing and selling cardiovascular and weight training equipment	110,736 (USD 3,568)	-	-	100%	107,552	(264)	(264)	
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)	-	-	100%	14,908	(1,954)	(1,954)	
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%	276,517	9,614	Not applicable	
Johnson International Holding Corp., Ltd.	J&S Trading Co., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Selling cardiovascular and weight training equipment	179,714 (USD 6,050)	179,714 (USD 6,050)	6,050,000	100.00%	266,605	17,215	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%	881,955	(62,716)	Not applicable	

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. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	407,720	30,165	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)	977,877 (USD 30,723)	446,175	99.99%	605,155	49,545	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Japan Co., Ltd.	Yasuda Bldg. 2F, 3-3-8 Kaigan Minato-ku Tokyo 108-8435 Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	99.78%	444,853	121,388	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%	85,173	21,647	Not applicable	
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%	18,135	149	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Italia S.P.A.	Zona Industriale Campolungo 11, 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%	474,863	34,856	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)	37,072 (USD 1,108)	1,100	100.00%	33,541	1,729	Not applicable	

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. Netherland B.V.	Vleugelboot 14 Houten Utrecht 3991 CL Netherlands	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	434,021	56,324	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%	(11,149)	940	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair development, manufacturing and trading	5,493 (USD 166)	5,493 (USD 166)	400	21.05%	3,048	(11,577)	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%	216,317	35,252	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%	140,744	23,274	Not applicable	
Johnson International Holding Corp., 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)	2,964,838 (USD 89,722)	-	100.00%	1,605,139	96,251	Not applicable	
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 (USD 18,505)	573,150 (USD 18,505)	20,715,330	100.00%	280,771	11,434	Not applicable	

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. Poland Sp. z o.o.	ul. Dzialkowa, 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%	98,129	5,648	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Suite 23.02B, Lim Tower, No.9-11 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	Selling cardiovascular and weight training equipment	12,512 (USD 395)	12,512 (USD 395)	-	100.00%	(6,122)	7,460	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%	(32,986)	(24,942)	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%	691,990	(106,100)	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%	362,645	(87,285)	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%	99,594	(24,295)	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%	67,784	(116,318)	Not applicable	

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. Canada Inc.	Johnson Health Technologies Canada Commercial Inc.	10401,boul.Ray Lawson,Anjou,Quebec H1J 1M3	Selling cardiovascular and weight training equipment	147,811 (USD 4,554)	147,811 (USD 4,554)	6,000,001	100.00%	13,464	(57,442)	Not applicable	
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)	306,814 (USD 10,036)	-	100.00%	198,211	(32,508)	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%	857	1,597	Not applicable	
Johnson Health Tech. Netherland B.V.	Johnson Health Tech. Denmark Aps	Hestehaven 21 M. 5260 Odense S.	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	73,607	(9,859)	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	52,988 (EUR 1,496)	52,988 (EUR 1,496)	14,960	99.73%	41,587	(4,537)	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	4,242 (EUR 120)	4,242 (EUR 120)	-	99.00%	28,056	6,765	Not applicable	

Note 1: Current investment income from investees recognized by the Company included investment gain / loss recognized by these investees from their reinvestment.

Note 2: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from concurrent/upstream transactions.

(1) Information on investments in mainland China

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

(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 Taiwan	Investment Flows		Ending accumulated outflow of investment from Taiwan	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as at end of the period	Accumulated inward remittance of earnings as at end of the period
					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 (USD22,500)	\$ (33,041)	100%	\$ (33,041)	\$2,943,018	\$ -
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 (USD2,000)	32,937	100%	32,937	2,311,086	\$ -
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 (USD2,350)	(1,305)	100%	(1,305)	35,926	\$ -
Joyful Trading (Shanghai) Co., Ltd.	Selling food	\$29,905 (USD 950)	Indirect investments through JIH (BVI)	\$29,905 (USD 950)	\$ -	\$ -	\$29,905 (USD950)	(2,083)	100%	(2,083)	6,766	\$ -

Note 1: Indirect investment in Mainland China was made through Johnson International Holding Corp. Ltd.

Note 2: The financial statements were certificated by the public accountants of the parent company in Taiwan.

Note 3: 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 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender's net accounts value × 60%
NTD914,320 (USD 27,800)	NTD2,501,053 (USD 76,450)	NTD5,477,866

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.