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

股票代號 Stock Code 1736

一一一年度年報
2022 ANNUAL REPORT

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證期會指定資訊申報網站之網址：https://mops.twse.com.tw
Securities & Futures Institute
Specified Info Publication Website

刊印日期：中華民國一一二年六月九日
Printed on： June 9, 2023

I. Spokesman for the Company：

Name：May Lo

Title：Vice President

Tel：886-4-25667100

E-mail：elsalin@johnsonfitness.com

II. Acting Spokesman for the Company：

Name：Elsa Lin

Title：Manager, General Administration Office

Tel：886-4-25667100

E-mail：elsalin@johnsonfitness.com

III. Headquarter and Factory：

Address：No.999, Sec2, DongDa Rd., Daya Dist., Taichung City 428, Taiwan(R.O.C.)

Tel：886-4-25667100

Fax：886-4-25667534

IV. Stock Transfer Agent

Taishin Securities Company Limited Stock Transfer Agency Department

Address：B1., No. 96,Sec. 1, Jianguo N. Rd.,Zhongshan Dist., Taipei City 104 , Taiwan (R.O.C.)

Tel：886-2-25048125

Website：https://www.tssco.com.tw

V. Certified Public Accountant and Accounting Firm for Latest Years of Financial Statements

CPA Name：Chen, Ming Hong & Huang, Yu Ting

Accounting Firm：Ernst & Young, Taiwan

Address：26F., No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung City 407 , Taiwan (R.O.C.)

Tel：886-4-22598999

Website：https://www.ey.com

VI. Name of Exchange Place for Listing and Trades of Overseas Securities and Way of Searching for Overseas Securities：Not Applicable.

VII. Company Website：https://www.johnsonfitness.com.tw

I. Letter to Shareholders

1. 2022 Business Results

(1) Operations Profile

In 2022, Johnson Health Tech achieved a new high in revenue with NT$33.6 billion, an increase of NT$2.8 billion compared to last year, representing a growth rate of 9.2%.

Compared to the impact of the COVID-19 pandemic and the chaos in the shipping industry since 2020, 2022 remains a challenging year for the fitness equipment supply industry. The effects of China's lockdown, the Ukraine-Russia conflict, global interest rate hikes, and consumer tightening have all directly impacted the company's business strategy and costs, making the growth pace and profit expectations more conservative.

Johnson Health Tech continues to focus on its core business and treads carefully, with years of deep cultivation and layout gradually bearing fruit. In the commercial market, the company not only continues to break through with first-line gym customers, but also aggressively increases its supply share, widening the gap in market share with its competitors. The group's revenue continues to grow, and currently, Johnson Health Tech has become the champion of the commercial market. In the next three years, the company aims to continue advancing towards its goal of a global market share of 50%, building a high wall that its competitors cannot cross. As for the household market, due to the impact of macroeconomic conditions such as inflation and interest rate hikes, the end consumer market has cooled, and there is greater pressure on the growth of the company's business. However, it has returned to a more stable trend before the pandemic. Johnson Health Tech has been integrating its online and offline physical stores and e-commerce platforms and actively launching new digital products while expanding its customer base to commercial gym members, continuously seeking new opportunities in the household market.

(2) Financial Performance

Johnson Health Tech's 2022 consolidated revenue reached NTD 33.6 bn., which increased by 9.2% from last year's NTD 30.8 bn. The net profit after tax in 2022 amounted to NTD 430 mn. with the earnings per share of NTD 1.42.

The 2022 profit margin was 43%, decreasing by 2% from the previous year. In 2022, the operating income(loss) margin was (0.6%), compared to 0.5% the previous year. The after-tax net profit margin for 2022 was 1.3%, which is an increase of 1.2% compared to the previous year's after-tax net profit margin of 0.1%.

The Consolidated Financial Statements (Unit: NTD in thousand)

Item \ Year	2022	2021	Increase/Decrease Rate
Operating Revenue	33,612,947	30,779,328	9.2%
Operating costs	19,006,576	16,873,072	12.6%
Operating margin	14,606,371	13,906,256	5.0%
Operating expenses	14,821,305	13,752,068	7.8%
Operating Profit (Loss)	(214,934)	154,188	-239.4%
Non-operating income and expenses	518,540	9,512	5351.4%
Profit before tax (Loss)	303,606	163,700	85.5%
Total income tax expense (Gains)	78,665	64,331	22.3%
Net income of continuing operation of the period (net loss)	224,941	99,369	126.4%
Net income (net loss) attributed to the owners of the parent	429,024	38,148	1024.6%
Net income (net loss) attributed to the non-controlling interests	(204,083)	61,221	-433.4%
Total comprehensive income attributable to stockholders of the parent	754,701	-531,277	-242.1%
Total comprehensive income attributable to non-controlling interests	(110,336)	-11,233	882.2%
Basic earnings per share (NTD)	1.42	0.13	992.3%

(3) Future Research and Development Strategies:

Main points for new product research and development:

Commercial products:

1) The development of top-tier gym products and smart commercial weight training equipment will enable the Matrix brand to gain a greater market share in the high-end fitness market.
2) The development of group training equipment will assist fitness centers in offering a wider variety of group fitness classes.
3) The development of the commercial second brand, Vision, will meet the needs of the fitness market in developing countries and allow entry into the low-budget gym market.

Household products:

1) Development of e-commerce household fitness equipment sales channels.
2) Promotion of fitness apps and software linked with Horizon household fitness equipment to provide additional value-added features.
3) Development of smart household fitness equipment to offer a wider range of digital content.
4)) Development of digital content that can be subscribed and used across different platforms.

2. Overview of 2023 business plan, future development and the impacts of the external competitive environment, regulatory environment, and overall business environment

(1) 2023 Business plan summary

1) Sale Division

1. Business Market:
   a. Matrix: promotion of new aerobic products
   b. Expansion of key international clients, or of significant national businesses
   c. Building rental resources
   d. Strategic mergers and acquisitions opportunities.
2. Household Market:
   a. Strengthening product's competitive edges, or e-commerce/content products
   b. Advancing digital content business, strengthening digital marketing, establish new business model
   c. Expanding new retail sales channel
3. Massage chair market:
   a. Increasing Japan's market share
   b. Increasing global market share
   c. Escalating Fuji Corporation's profitability
   d. Developing new strategic products.

2) Product development strategy
   i. Establishing external strategic partners
   ii. Reinforcing products and the R&D Division

3) Manufacturing
   i. Strengthening each production base's competition advantages
   ii. Increasing self-made ratio
   iii. Increasing key component unit development and production

4) Management
   i. Reducing operating costs
   ii. Accelerating cash turnover rate
   iii. Strengthening the operating team

(2) Impact of the external competitive environment, regulatory environment, and overall business environment

In terms of the external competitive environment, currently the international supply chain in the commercial market has almost entered a tripartite era of domination. Although Johnson Health Tech has already taken a strong foothold in major global fitness club customers, it still needs a more flexible business strategy to maintain a stable supply ratio and respond to fast or slow replacement demand. In addition, there is still room for Johnson Health Tech to strive for business in the mid-market, such as schools, construction projects, and the military, which is also an important direction for balancing business quality. The biggest challenge in the household market currently lies in the cooling of consumer spending. The only way to break through is to continue developing new products and improving cost advantages to stimulate purchasing demand and increase performance. In addition, entering the sports community that does not purchase hardware equipment with digital products will determine the future development of the household market.

Regarding the regulatory environment, Johnson Health Tech continues to comply with the regulatory requirements of various countries, including EN957 of the European Union, ASTM F1250 of the United States, JIS T1214 of Japan, and AS 4092, among others. Among them, the EN957 established by the European Union is the most rigorous and has developed complete application methods for various types of fitness equipment. All products produced by Johnson Health Tech comply with the standards of the EN957 directive to ensure the safety of consumers during use. In terms of sustainable ESG management and carbon emissions, Johnson Health Tech follows legal regulations to gradually implement necessary measures. However, these issues will inevitably have an impact on business strategy and cost. Johnson Health Tech considers improving human health as its corporate mission and takes responsibility in environmental sustainability issues. Johnson Health Tech will fulfill its relevant duties and responsibilities as a crucial part of its core corporate values.

The overall business environment has been impacted by the outbreak of COVID-19, which has raised people's awareness and emphasis on public health policies and physical and mental well-being. In the post-pandemic era, the concept and trend of exercise and fitness will only continue to deepen and improve, as exercise remains the most effective and only remedy for improving people's physical and mental health. Despite facing various external challenges over the past three years, Johnson Health Tech has established a strong foundation for its business operations, with high-quality commercial clients, a wide range of retail and home channels, and a product development team that understands the market well. While Johnson Health Tech may continue to face challenges such as economic downturns and high operating costs, the company is confident that it can maintain its competitive advantage in an environment where people highly value their health and well-being, and seize excellent opportunities for development.

Johnson Health Tech is about to enter a period of higher growth. The challenges of the future may still be difficult, but they are also full of opportunities. It is not easy for a Taiwan-based enterprise to build a brand, and it is even more rare to become an international brand. Our company aims to become an industry leader and is constantly striving to move forward. It is an honor and a pleasure to work with all shareholders to create a bright future together. Please continue to support and guide the Johnson Group. Thank you!

Johnson Health Tech. Co., Ltd.

Chairman Peter Lo

II. Company Overview

1. Date of Founding: 7th of October 1975

2. Company History

1975	* Founding of Johnson Metallic Industrial Co., Ltd. * Registered capital of NTD 4 million, deals with dumbbell/barbell production and sales.
1976	* Collaborated with the US manufacturer IVENCO, started to produce weightlifting equipment, and three years later becoming the largest supplier in the world.
1986	* Partnered with US supplier ROSS Fitness to produce AIRBIKE, five years later 90% of the fitness equipment from world famous companies such as UNIVERSAL, TUNTURI, SCHWINN, TURE, OMRON, MIZUNO are being manufactured by Johnson.
1987	* Capital increase of NTD 26 million, with the paid-in capital reaching NTD 30 million.
1995	* Founding of specialty store with its own brand "Vision."
1996	* Passed ISO 9001 Certification
1997	* Passed Japan's GS Security Association Certification
1998	* Won Taiwan Excellence Award * Received the U.S.' "Best Buy" nomination * Capital increase, surplus capital increase, and capital reserve transferred to common stock with a total amount of NTD 84 million, with the paid-in capital amounting to NTD 14 million.
1999	* Initiating mass merchandise market with its own brand "Horizon" * Working with 65 agencies in over 60 countries around the world * Won the Taiwan Excellence Award for the second time
2000	* To allow for overseas investment stocks, Johnson Health Tech established JOHNSON INTERNATIONAL HOLDING CORP. LTD. (shorthand JIH), putting investment in American brand marketing cooperation EPIX, INC. and British marketing company, STYLE FITNESS UK, LTD. * Cash and surplus capital transferred to common stocks amounting to NTD 196 million, with the paid-in capital amounting to NTD 310 million. * Conducting initial public offering * Won the 11th National Quality Award * Won the 9th National Invention Award, Bronze Metal * Won the 3rd Rising Star Award * Won the National Award of Excellence for the third time * Founding of Johnson Health Technology (Shanghai) Co., Ltd, a subsidiary in Shanghai
2001	* The inauguration of Johnson Group's headquarters and building
2002	* Registration of the marketing subsidiary in the Mainland China- Johnson International Group in Shanghai. * Won the 2nd Industrial Sustainable Development Award * Establishment of the club market and its own brand, "Matrix" * Renaming of Johnson Metallic Industrial Co., Ltd. into "Johnson Health Tech Co., Ltd." * Ranked 438th among Taiwan's top 1000 manufacturers by Common Wealth Magazine * Received the United States’ FDA Certification * Joined Taiwan Medical and Biotech Industry Association * Direct investment in the US brand marketing companies HORIZON

FITNESS INC. and MATRIX FITNESS SYSTEMS INC., and in the German marketing company, HORIZON FITNESS GMBH.

2003
* Initiated public offerings
* Ranked 338th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Founding of Johnson CAVA fitness training chain stores in Taiwan
* Founding of the subsidiary in France
* Founding of the subsidiary in Spain

2004
* Ranked 358th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Founding of the subsidiary in Japan
* Founding of the subsidiary in Thailand
* Won the 2nd Annual Golden Root Award
* Won Taiwan's TSMA Award

2005
* The 30th Annual Ceremony of the founding of Johnson Health Tech. Co.,Ltd.
* Ranked 261st among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Founding of the subsidiary in Italy
* Founding of the subsidiary in Malaysia
* Products ranked as the top 3 best fitness brand for the US fitness equipment retail suppliers
* Received the "Best Buy" nomination in the U.S.
* Won the National Excellence Design Award
* Won Taiwan's Product Invention Award

2006
* Ranked 218th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Nominated as the top 10 International Brand
* Won Taiwan's Excellence Award, Silver
* Microsoft MVP Award
* Vision's product won the 19th "Best Buy" Award
* Vision won North America's bestselling brand award in treadmill and fitness bikes for two consecutive years
* Vision headed the top 3 best fitness equipment for the US fitness retailers
* Completion of North America's R&D center
* Founding of the marketing and manufacturing subsidiaries in Brazil
* Founding of Johnson Industries (Shanghai) Co., Ltd.

2007
* Ranked 230th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Nominated as the top 10 International Brand for the second time
* Won Taiwan's Excellence Award, Golden and Silver
* Vision ranked as North America's bestselling brand of treadmills for three consecutive years
* Completion of the subsidiary building in France

2008
* Capital amounted to NTD 1905.5 million.
* Ranked 233rd among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Nominated as Taiwan's top 20 International Brand
* Won Taiwan's Excellence Award, Silver
* Vision's product won North American market's 25th "Best Buy" Award
* Completion of Household subsidiary office building in Germany
* Founding of the UK's commercial marketing subsidiary, Matrix Fitness System Ltd.
* Founding of the Germain subsidiary, World of Leasing GmbH

2009
* Capital amounted to NTD 1943.65 million.

* Ranked 251st among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Formed an alliance with Taiwan's Panasonic
* Won Taiwan's Excellence Award, Silver
* Matrix's product won International Excellence Design Award
* North America's four subsidiaries merged

Johnson Health Tech. North America, Inc.

2010
* Ranked 272nd among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Nominated as Taiwan's top 20 International Brand
* Matrix's G7 weight training product won the International Excellence Design Award
* Matrix's Krankcycle product won the "2010 Innovation Award"
* Became the 3rd largest commercial fitness equipment manufacturer globally
* Founding of the subsidiary in Australia
* The UK's two marketing subsidiaries merged as Johnson Health Tech UK Limited.
* Johnson International Corp. in Shanghai and Johnson Health Technology (Shanghai) Co., Ltd. merged as Johnson Health Technology (Shanghai) Co., Ltd.

2011
* Capital amounted to NTD 1,993,018,980.
* Ranked 250th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Won Taiwan's Excellence Award, Silver
* Nominated as Taiwan's top 20 International Brand
* Obtained Japan's FUJIIRYOKI massage chair's exclusive agency in Chinese-speaking zones

2012
* Capital amounted to NTD 2,003,815,000.
* Ranked 215th among Taiwan's top 1000 manufacturers by Common Wealth Magazine
* Won Taiwan's Excellence Award, Innovation Product Excellence Award
* Nominated as Taiwan's top 20 International Brand
* Constructing global online shopping platform
* Founding of branch in Korea

2013
* Capital amounted to NTD 2,014,480,000.
* Ranked 228th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
* Products awarded the US' 50th "Best Buy"
* Won the 1st Prize in fitness equipment category for "Businessman's idealist brand"
* Nominated as Taiwan's top 20 International Brand
* Initiating the charitable event, "Running for Love"
* Founding of the subsidiary in Vietnam
* Founding of the subsidiary in Portland

2014
* Capital amounted to NTD 3,024,170,000.
* Ranked 206th among Taiwan's top 2000 manufacturers by Common Wealth Magazine
* Received Germany's "Best Buy 50" nomination
* Nominated as Taiwan's top 20 International Brand
* Won Taiwan's Excellence Award, Innovation Product Excellence Award
* Ranked as the 1st fitness equipment specialty store channel supplier in the world
* Founding of the subsidiary in Greece

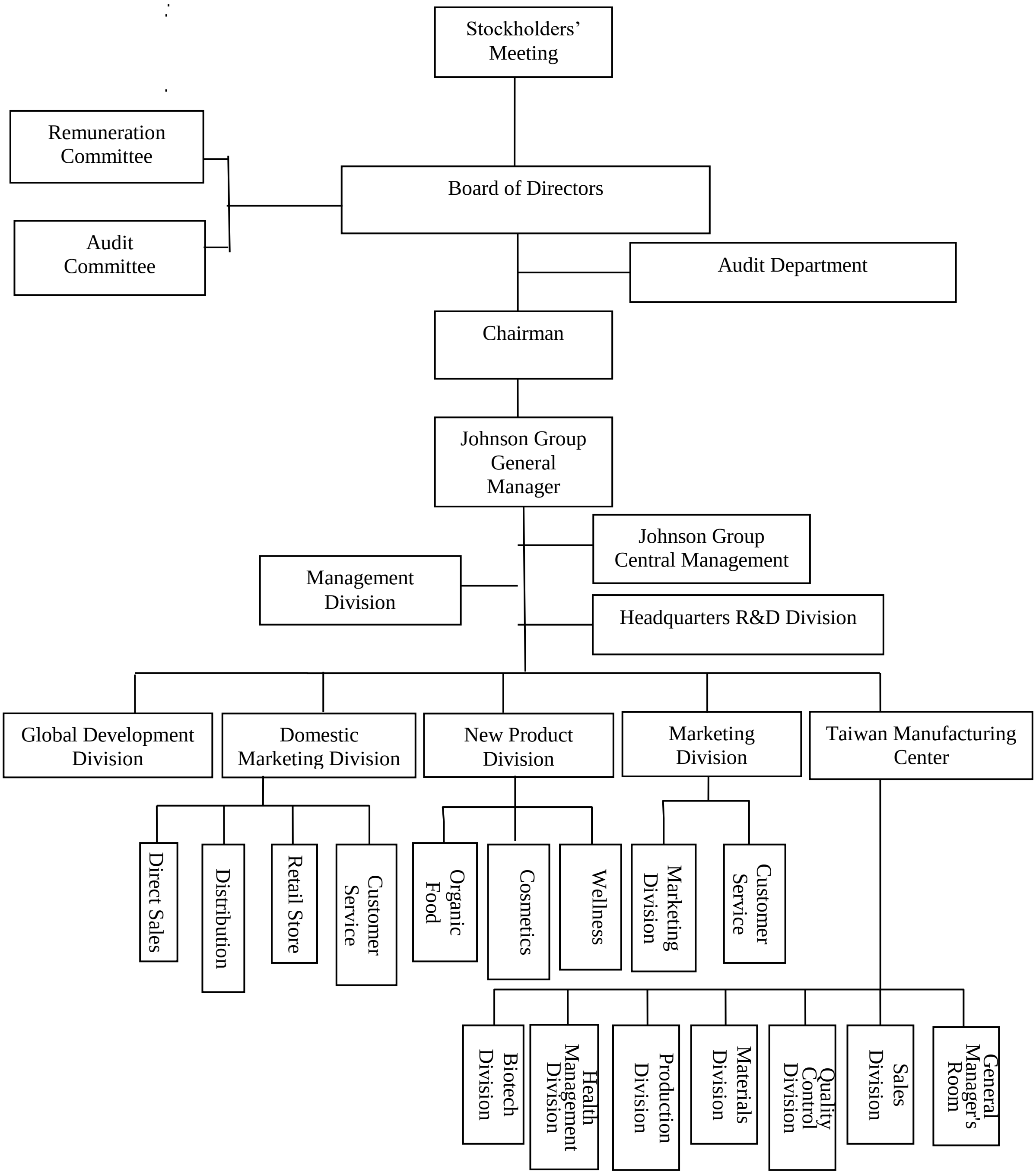
2015	* Capital amounted to NTD 3,040,170,000. * Ranked 194th among Taiwan's top 2000 manufacturers by Common Wealth Magazine * Nominated as Taiwan's top 20 International Brand * Won the 24th National Quality Award & the 3rd Excellence Medium-Sized Enterprise Award * Won Taiwan's Excellence Award, 1 Golden and 3 Silver prizes * Founding of the subsidiary in the Philippines * Founding of the subsidiary in Dubai * Founding of the subsidiary in Mexico * Founding of the subsidiary in Canada * Acquired and merged the US 2nd wind
2016	* Ranked 161st among Taiwan's 2000 manufacturers by Common Wealth Magazine * Nominated as Taiwan's top 20 International Brand * Won Taiwan's Excellence Award, Silver prize and Service prize * Acquired & merged the US Leisure * Acquired & merged the US retailer, Busy Body * Founding of the subsidiary in Denmark
2017	* Ranked 176th among Taiwan's top 2000 manufacturers by Common Wealth Magazine * Nominated as Taiwan's top 20 International Brand * Massage chair product won three major design awards globally, IF * Won Taiwan's Excellence Award, Achievement prize * Shanghai Johnson received the nomination for Excellent Enterprise in Jiading District * Matrix successfully entered Bolivia Club market
2018	* Ranked 162nd among Taiwan's top 2000 manufacturers by Common Wealth Magazine * Matrix S-Force Performance Trainer received award in 2018 * Received Japan's Good Design (G-Mark) Award * Received ISPO Award, 2018 Gold Winner * Received Taiwan Excellence Award, Highest Honor-Gold Prize * Won the 18th Prize in 2018 Taiwan's International Brand ranking * Matrix Functional Training received the first prize review by Europe's professional fitness magazine, Body-LIFE * Won Plus X Award by nomination for Best Customer Satisfaction
2019	* Ranked 141st among Taiwan's top 2000 manufacturers by Common Wealth Magazine * Nominated Taiwan's top 20 International Brand * Massage chair product received the world's four major selections, Good Design Award * Product received Taiwan's Excellence Award, Silver prize * Founding of Vietnam's manufacturing plant * Founding of the subsidiary in Russia *
2020	* Won the 17th prize for Taiwan's International Brand * Acquired Japan's FUJIIRYOKI * Founding of the subsidiary in Indonesia * Founding of the subsidiary in Czech Republic
2021	* Ranked 136th among Taiwan's top 2000 manufacturers by Common Wealth Magazine * Product received the FIBO AWARD-INNOVATION Product Innovation Award * Product received the highest honor of Taiwan Excellence Award - Gold Award * Ranked 637th in the Forbes Global Best Employers Ranking * Won the 17th prize for Taiwan's International Brand

	* Founding of the subsidiary in Turkey * Founding of the subsidiary in South Africa * Founding of the FIT subsidiary in Thailand * Founding of the Digital subsidiary in UK
2022	* Ranked 129th among Taiwan's top 2000 manufacturers by Common Wealth Magazine * Product received the PLUS X AWARD 2022 Best Customer Satisfaction Award * Product received Taiwan's Excellence Award, Silver prize * Won the 18th prize for Taiwan's International Brand * Founding of the subsidiary in Korea (Abolish the branch in Korea) * Founding of the subsidiary in India * Founding of the Digital subsidiary in Japan

III. Corporate Governance

1. Organizational Structure

(1) Company Organizational Structure



(2) Main Division's Businesses

1) Central Management Division: formulating the corporate medium- to long-term goal and strategy planning, coordinating and managing the subsidiaries' operational development, and offering production, marketing, R&D, management system, etc., and their counseling and establishment

2) Audit Division: Auditing corporate internal asset and safety measurement, and internal operational efficiency; checking the goal and execution progress of each operational event, and ensuring the effective operations of the corporate internal control system; ascertaining the company follows all legal regulations and offering advice for improvement.

3) Headquarters R&D Center: New product development and old product improvement, testing key technologies and component automation, and managing the testing system and R&D technology data.

4) Management Division: In charge of corporate general affairs, personnel and payroll, financial accounting and financial reports providing, and other industrial safety and sanitary issues.

5) Marketing Division: In charge of market expansion, marketing planning, product exploration and development, and after-sale services.

6) Customer Service Division: building up customers' self-maintaining capacity, enhancing customer satisfaction and facilitating quality improvement.

7) Marketing Division: brand development, elevating product image and international popularity; hosting various advertisements, expositions, and promotion activities; collecting district competitors and conducting product analysis.

8) New product Division: Expanding non-fitness healthy & leisure product markets, featuring massage chair as the main-force product, promoting cosmetics and organic healthy food as the main force in Johnson's business enterprise.

9) Domestic Marketing Division: Serving Taiwan's local clients, in charge of domestic market exploration and sales affairs or customer service, etc.

10) General Manager's Room: Taking charge of Taiwan's manufacturing plant, overall operational management and commercial use, market exploration and planning, guiding all of the divisions in Taiwan's plant.

11) Sales Division: In charge of domestic and international clients and orders; customer exploration and maintenance, product sales and marketing, shipment affairs and custom reporting.

12) Quality Control Division: Ensuring the quality of component suppliers, online resembling, and product delivery, analyzing and giving advice for improving defective products

13) Materials Division: Purchasing raw materials and molds, cooperating with suppliers in exploration and management, dealing with bonded warehouse affairs.

14) Production Division: Administering production affairs and completing the assigned production planning and goal.

15) Health Management Division: In charge of production scheduling and managing finished product inventory, materials control and defective products maintaining.

16) Biotech Division: Integrating R&D design and production planning, setting standard production process handbook, assisting in research breakthrough and production stalemate.

17) Global Development Division: In charge of global commercial market exploration, assisting overseas subsidiaries and agencies to build the marketing models for the commercial market, managing and connecting large-scale key account client relationships and after-sales services.

2. Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branch Officers Information

(1) Directors and Supervisors Information

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Chairman	Taiwan	Peter Lo	Male 82	2020.6.10	3 Year	1998. 11.30	61,229,933	20.17%	61,229,933	20.17%	12,776,199	4.21%	0	0%	Economics major, Fu Jen Catholic University Customs Official, Ministry of Finance	Chairmen of the following subsidiaries: USA, Europe, Asia, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Deputy Chairman Director Director Director	Cindy Lo Jason Lo Teresa Lo May Lo	Spouse Father-Son Father-Daughter Father-Daughter	A majority of the Directors not serve concurrently as an employee or managerial officer
Deputy Chairman	Taiwan	Cindy Lo	Female 80	2020.6.10	3 Year	1998. 11.30	12,776,199	4.21%	12,776,199	4.21%	61,229,933	20.17%	0	0%	Economics major, Soochow University Teacher of Chu Jen Junior High School	Chairmen of the following subsidiaries: USA, Europe, Asia, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Chairman Director Director Director	Peter Lo Jason Lo Teresa Lo May Lo	Spouse Mother-Son Mother-Daughter Mother-Daughter	N/A
Director	Taiwan	Jason Lo	Male 55	2020.6.10	3 Year	1998. 11.30	84,704,121	27.90%	84,704,121	27.90%	13,453,859	4.43%	885,365	0.29%	MBA of Long Island University, New York General Manager, Johnson Health Tech Co., Ltd.	Chairmen of the following subsidiaries: USA, Europe, Asia, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Chairman Deputy Chairman Director Director Manage-ment Division Associate	Peter Lo Cindy Lo Teresa Lo May Lo Crista Lin	Father-Son Mother-Son Brother-Sister Brother-Sister Spouse	A majority of the Directors not serve concurrently as an employee or managerial officer

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Director	Taiwan	Ya-Kang, Wang	Male 79	2020.6.10	3 Year	2005.6.24	0	0%	0	0%	0	0%	0	0%	Major in Transportation and Communication Management Science, National Cheng Kung University Master of Urban Planning, National Chung Hsing University Director of Small and Medium Enterprise Administration, Ministry of Economic Affairs Director of Bureau of Industry, Ministry of Economic Affairs Director of Department of Commerce, Ministry of Economic Affairs Secretary-General of Taiwan's National Federation of Industries Chairman of Taiwan Textile Research Institute	Review Specialist of Public Construction Mission, Executive Yuan Consultant of Taiwan Textile Research Institute Independent Director of Feng Hsin Steel Co., Ltd. Independent Director of Eclat Textile Co., Ltd. Independent Director of Wisher Industrial Co., Ltd. Wah Lee Industrial Corp. Independent Director Singtex Industrial Co., Ltd. Director	N/A	N/A	N/A	N/A
Director	Taiwan	Spencer Hsieh	Male 74	2020.6.10	3 Year	2008.6.25	39,428	0.01%	39,428	0.01%	236,353	0.08%	0	0%	Graduated from National Chia-Yi Industrial Vocational High School Director of IBT Management Corp. Founder of the Entrepreneur Club, Taichung IMBA, Ling Tung University Consultant	Director of Dongguan You'erfa Shoe Materials Co.,Ltd. Director of Udefa Enterprise Co., Ltd. Director of Udifa Enterprise Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	May Lo	Female 50	2020.6.10	3 Year	103.6.24	17,190,413	5.66%	17,195,413	5.66%	289,538	0.10%	0	0%	Economics BS, National Chengchi University MBA of Long Island University, New York Vice General Manager of Johnson Health Technology (Shanghai) Co., Ltd.	Vice General Manager of Sales at Headquarter	Chairman Deputy Chairman Director Director General Manager	Peter Lo Cindy Lo Jason Lo Teresa Lo Sean Juo	Father-Daughter Mother-Daughter Brother-Sister Sister-Sister Spouse	N/A
Director	Taiwan	Teresa Lo	Female 53	2020.6.10	3 Year	2017.6.22	14,936,094	4.92%	14,936,094	4.92%	101,350	0.03%	0	0%	South Bank University MSC Master of International Trade Director of Johnson Health Tech Co., Ltd.	Director of Darwin optical Co., Ltd.	Chairman Deputy Chairman Director Director	Peter Lo Cindy Lo Jason Lo May Lo	Father-Daughter Mother-Daughter Brother-Sister Sister-Sister	N/A

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Director	Taiwan	Jung Ren, Fu	Male 60	2020.6.10	3 Year	2017.6.22	42,960	0.01%	42,960	0.01%	0	0%	0	0%	Accounting PhD, National Chengchi University Master of Finance, National Taiwan University Accounting major, National Yunlin University of Science and Technology Director Accounting major, National Yunlin University of Science and Technology Professor Fulbright Visiting Scholar, USA	Accounting major, Chaoyang University of Technology Professor	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Chao-Tang, Yue	Male 70	2020.6.10	3 Year	2014.6.24	0	0%	0	0%	1,001,954	0.33%	0	0%	Master of Accounting, National Chengchi University Diwan & Company Partnership Accountant, Firm Director, Director (Note: Diwan & Company is now renamed to Ernst & Young Global Limited)	Director of Tien-Yeh Accounting Firm Visiting Professor of Accounting, National Chung Hsing University Visiting Professor of Accounting and Information, Asia University Independent Director & Auditing Committee and Compensation Committee Organizer of Feng Hsin Steel Co., Ltd. Director of Great Eastern Resins Industry Co., Ltd. Independent non-executive director of Stella International Holdings Limited, Hong Kong	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Vincent Chen	Male 58	2020.6.10	3 Year	2005.6.24	0	0%	0	0%	0	0%	0	0%	MBA, National Sun Yat-Sen University 1st Taiwan Corporal Award (for Youth) Entrepreneur Award Excellent alumnus, National Sun Yat-Sen University Director of HSBC Private Equity (Asia) Limited Chairman & General Manager of Tong Lung Metal Industry, Co., Ltd.	Supervisor & General Manager of Silex Private Equity LTD	N/A	N/A	N/A	N/A

<table>
<tr><th rowspan="2">Title (1)</th><th rowspan="2">Nationality or Place of Registration</th><th rowspan="2">Name</th><th rowspan="2">Gender Age</th><th rowspan="2">Inauguration Date (2)</th><th rowspan="2">Duration</th><th rowspan="2">Date of Inauguration (2)</th><th colspan="2">Holding of Shares in Office</th><th colspan="2">Holding of Shares at Present Time</th><th colspan="2">Holding of Shares under Spouse or minor children</th><th colspan="2">Holding of Shares in other's name</th><th rowspan="2">Major Experiences/Education</th><th rowspan="2">Position Held Currently or in other company</th><th colspan="3">Directors, Directors, or Supervisors who are spouse or second-degree relative</th><th rowspan="2">Note (3)</th></tr>
<tr><th>Number of Shares</th><th>Shareholding Rate</th><th>Number of Shares</th><th>Shareholding Rate</th><th>Number of Shares</th><th>Shareholding Rate</th><th>Number of Shares</th><th>Shareholding Rate</th><th>Title</th><th>Name</th><th>Relationship</th></tr>
<tr><td>Independent Director</td><td>Taiwan</td><td>Yih-Horng, Lin</td><td>Male 65</td><td>2020.6.10</td><td>3 Year</td><td>2008.6.25</td><td>174,000</td><td>0.06%</td><td>174,000</td><td>0.06%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>Physical Therapy, National Taiwan University
Postgraduate Medicine, Kaohsiung Medical University
Health Services Administration, China Medical University
Industrial Engineering and Enterprise Information, Tunghai University
Associate Dean of Cheng Ching Hospital
Director of Division of Cardiovascular Surgery, Cheng Ching Hospital
Attending physician of Department of Surgery, National Taiwan University Hospital
Member of Foundation Institutional Review Board, Cheng Ching Hospital
Member of Evaluation of medical products, Joint Commission of Taiwan
Member of Joint Commission of Taiwan
Master of Healthcare Administration, Asia University
Assistant Professor</td><td>Dean of Yihong Clinic
Assistant Professor of Industrial Engineering, Tunghai University</td><td>N/A</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
</table>

Note 1: The names of the institutional shareholders and their representatives shall be listed (where the representatives are noted, the shareholders shall also be indicated): not applicable in this company.

Note 2: Year/Month/Date

Note 3: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (information such as increasing the number of independent director seats, and a majority of the directors may not serve concurrently as an employee or managerial officer.)

Director Information

Conditions / Name	Professional qualifications & Experience	Independent situation	If serving as Independent Director of other public offering companies (Number of company)
Chairman Peter Lo	With more than five years of work experience, is the founder and chairman of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Deputy Chairman Cindy Lo	With more than five years of work experience, currently the deputy chairman of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director/ General Manager Jason Lo	With more than five years of work experience, currently the general manager of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director/ Deputy General Manager May Lo	With more than five years of work experience, currently the deputy general manager of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director Teresa Lo	With more than five years of work experience, currently the director of Darwin optical Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director Ya-Kang, Wang	With more than five years of work experience, served as the Director General of the Industrial Development Bureau, Director General of the Department of Commerce, etc. Currently the consultant of Taiwan Textile Research Institute. Independent Director of Feng Hsin Steel Co., Ltd.	1. Not an employee of the company or any of its affiliates. 2. Not a director or supervisor of the company or any its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the	4

	Independent Director of Wah Lee Industrial Corp. Independent Director of Wisher Industrial Co., Ltd. Independent Director of Eclat Textile Co., Ltd.	company or ranking in the top 10 in holdings. 4. Not a (1) Manager or (2) (3) spouse, second-degree relative, or third-degree lineal relative by blood 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. 6. Not a director, supervisor or employee of other companies whose majority of shares with voting rights are controlled by the same person. 7. Not a director, supervisor or employee of other companies or institutions that is the same person or spouse as the chairman, general manager or equivalent of the company. 8. Not holding a spousal or second-degree relative relationship with any other directors. 9. Not applicable to any item speculated in the Company Act, Article 30.	
Director Spencer Hsieh	With more than five years of work experience, served as the director of IBT Management Corp and the founder of the Taichung Entrepreneur Club, etc. Currently the Director of Dongguan You'erfa Shoe Materials Co., Ltd.		N/A
Director Jung Ren, Fu	With more than five years of work experience, served as planning specialist at the Energy Commission (Now the Bureau of Energy), associate professor of business administration at the National Yunlin University of Science and Technology, etc. Currently professor at Chaoyang University of Technology		N/A
Independent Director Yih-Horn g, Lin	With more than five years of work experience, served as the associate dean of Cheng Ching Hospital, the director of division of Cardiovascular Surgery at Cheng Ching Hospital, attending physician of Department of Surgery at the National Taiwan University Hospital, etc. Currently the dean of Yihong Clinic	1. Not an employee of the company or any of its affiliates. 2. Not a director or supervisor of the company or any its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 4. Not a (1) Manager or (2) (3) spouse, second-degree relative, or third-degree lineal relative by blood 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or	N/A
Independent Director Chao-Tan g, Yue	With more than five years of work experience, served as visiting professor of accounting at the National Chung Hsing University and of accounting and information at Asia University, independent non-executive director of Stella International Holdings Limited, Hong Kong, etc.		2

<table>
<tr><td></td><td>Currently the director of Tien-Yeh Accounting Firm, director of Great Eastern Resins Industry Co., Ltd., independent director of Feng Hsin Steel Co., Ltd.</td><td rowspan="2">that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. Not a director, supervisor or employee of other companies whose majority of shares with voting rights are controlled by the same person.
7. Not a director, supervisor or employee of other companies or institutions that is the same person or spouse as the chairman, general manager or equivalent of the company.
8. Not a professional individual, nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, providing auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company.
9. Not applicable to any item speculated in the Company Act, Article 30.</td><td></td></tr>
<tr><td>Independent Director Vincent Chen</td><td>With more than five years of work experience, 1st Taiwan Corporal Award (for Youth) Entrepreneur Award, Excellent alumnus of the National Sun Yat-Sen University, the director of HSBC Private Equity (Asia) Limited and chairman & general manager of Tong Lung Metal Industry, Co., Ltd.
Currently the supervisor & general manager of Silex Private Equity LTD</td><td>N/A</td></tr>
</table>

Diversity and independence of the board of directors:

1. Diversification of the board of directors: The board of directors of Johnson Health Tech consists of eleven members with operating experience or professional fields, three of whom are independent directors. Each of the members of the board of directors has knowledge, experience and professional judgment and is highly relied on by Johnson Health Tech. The directors of the company have diverse backgrounds, including professional fields such as different industries, academia, and business, also including three female directors.

2. Independence of the board of directors: Among the eleven directors of the company, there are three independent directors, and it is stated that the board of directors is independent, and reasons provided to explain whether there are no items 3 and 4 of Article 26-3 of the Securities and Exchange Act Prescribed matters, including the description of the relationship between directors, supervisors, or between directors and supervisors as spouses and relatives within the second degree of kinship.

(2) General Manager, Deputy General Manager, Associates Information of Supervisors from Every Branch and Sub-branch 2023/04/30

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are spouse or second-degree relative			Note (2)
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Occupation	Name	Relationship	
Chief Executive Officer	Taiwan	Jason Lo	Male	1999.03.10	84,704,121	27.90%	13,453,859	4.43%	885,365	0.29%	MBA of Long Island University, New York	Chairmen of the regional subsidiaries of Johnson Group in the America, Europe, Asia, and other regions.	Management Division Associate	Crista Lin	Spouse	A majority of the directors not serve concurrently as an employee or managerial officer
Taiwan factory General Manager	Taiwan	Sean Juo	Male	2010.01.01	281,538	0.09%	17,279,910	5.69%	0	0%	Master Mechanical Engineering, National Taiwan University	N/A	Deputy General Manager	May Lo	Spouse	N/A
Marketing Division Vice President	Taiwan	Jean Hung	Female	2002.02.18	159,525	0.05%	0	0%	0	0%	Accounting major, National Chung Hsing University	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	Max Yen	Male	2003.02.01	37,987	0.01%	0	0%	0	0%	Master of Industrial Engineering, Tunghai University Manager of Victor Taichung, General Management Division Falcon Machine Tools, General Management Division	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	May Lo	Female	2010.01.01	17,195,413	5.66%	289,538	0.10%	0	0%	BS Economics, National Chengchi University; MBA Long Island University, NY	N/A	General Manager	Sean Juo	Spouse	N/A

2023/04/30

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are a spouse or second-degree relative			Note 2
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Occupation	Name	Relationship	
R&D Division Vice President	Taiwan	Pendy Liao	Male	2006.01.01	108,701	0.04%	404	0%	0	0%	Master of Materials Engineering, Feng Chia University	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	William Chu	Male	2010.01.01	0	0.00%	0	0%	0	0 %	Master of International Business, National Taiwan University Deputy Operating Officer of K.H.S. Musical Instrument Co.,Ltd. Chief Financial Officer of Show Chwan Hospital	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	Vic Chen	Male	2012.04.02	3,000	0.00%	0	0%	0	0%	Master Information Science, Colorado State University General Manager of Panasign Co.,Ltd/Deputy Director of Retail Division, Fujitsu Taiwan/Deputy General Manager of Expert & Honesty Information Limited	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	William Poon	Male	2007.01.01	23,055	0.01%	0	0%	0	0%	MBA, University of Southern Queensland Associate Manager of Sales Division, New Bright International Group Limited	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	Philip Lai	Male	2015.02.09	84	0.00%	40	0%	0	0%	Mechanical Engineering, National Cheng Kung University General Manager of Rexon Industrial Corp. Ltd.	N/A	N/A	N/A	N/A	N/A
Management Division senior manager	Taiwan	Crista Lin	Female	2004.02.01	13,453,859	4.43%	84,704,121	27.90%	885,365	0.29%	MBA of Long Island University, New York Auditor of Deloitte Accounting Office	Supervisor of JHT Japan	General Manager	Jason Lo	Spouse	N/A

2023/04/30

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are a spouse or second-degree relative			Note 2
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Occupation	Name	Relationship	
Accounting Division senior manager	Taiwan	Jacky Lee	Male	2015.08.11	12,000	0%	0	0%	0	0%	Master of Business Administration, Tunghai University Ernst & Young Global Limited Manager of Auditing Division	N/A	N/A	N/A	N/A	N/A
R&D Division senior manager	Taiwan	Henry Chen	Male	2015.02.05	17,643	0.01%	0	0%	0	0%	Master of Engineering Science of National Cheng Kung University Associate Manager of Universal Scientific Industrial Co., Ltd.	N/A	N/A	N/A	N/A	N/A
Financial Director substitute & Head of Corporate Governance	Taiwan	James Chan	Male	2020.02.28	5,000	0.%	0	0%	0	0%	Master of Finance,National Chung Hsing University Accounting supervisor, Nan Ya Plastics Corporation	N/A	N/A	N/A	N/A	N/A
Asia Digital Marketing General Manager	Taiwan	Hsiao-Tzu, Fang	Female	2022.08.01	5,000	0%	0%	0%	0%	0%	Master of Business Administration, National Chengchi University Deputy General Manager of Pili International Multimedia Deputy Director of Operations at ETlife Online Division Yahoo! APAC Mobile TW Team Lead	N/A	N/A	N/A	N/A	N/A
Global Consumer Marketing Manager	Taiwan	An-Ping, Lin	Male	2022.05.01	0%	0%	0%	0%	0%	0%	Master of International Business, National Taiwan University CEO of GroupM General Manager of Wunderman Group General Manager of Leo Burnett Taiwan	N/A	N/A	N/A	N/A	N/A
Audit Department senior manager	Taiwan	Jerry Chen	Male	2022.03.22	0%	0%	0%	0%	0%	0%	Executive Master of Business Administration in International Finance, National Taipei University WAH LEE INDUSTRIAL CORP. Audit Manager KENMEC MECHANICAL ENGINEERING CO., LTD. Audit Associate BANK SINOPAC COMPANY LIMITED First Class Audit	N/A	N/A	N/A	N/A	N/A

Note 1: Year/Month/Date

Note 2: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (information such as increasing the number of independent director seats, and a majority of the directors may not serve concurrently as an employee or managerial officer.)

3. Remuneration of Directors, Supervisors, General Manager, Deputy General Manager during the most recent fiscal year

(1) Regular Director's & Independent Director's remuneration

Unit: NTD in Thousand

Title	Name	Director Remuneration								Total sum & Net profit rate after-tax for the total sum of A, B, C, D Note 9		Part-time remuneration								Total sum & Net profit rate after-tax for the total sum of A, B, C, D, E, F, G (Note 10)		Remuneration from parent or non-subsidiary transferred investment business (Note 11)
		Remuneration (A) Note 2		retirement pension (B)		Supervisor remuneration (C) Note 3		Execution expense (D) (Note 4)				Remuneration, bonus, special expense (E) (Note 5)		Retirement pension (F)		Employee remuneration (G) (Note 6)						
																The Company		Companies in the consolidated financial report (Note 7)				
		The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The company	Companies in the consolidated financial report (Note 7)	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	Companies in the consolidated financial report (Note 7)	
Chairman	Peter Lo	-	-	-	-	600	600	36	36	636/ 0.15%	636/ 0.15%	1,575	1,575	-	-	-	-	-	-	2,211/ 0.52%	2,211/ 0.52%	-
Deputy Chairman	Cindy Lo	-	-	-	-	600	600	36	36	636/ 0.15%	636/ 0.15%	1,575	1,575	-	-	-	-	-	-	2,211/ 0.52%	2,211/ 0.52%	-
Director	Jason Lo	-	-	-	-	600	600	36	36	636/ 0.15%	636/ 0.15%	5,901	5,901	-	-	-	-	-	-	6,537/ 1.52%	6,537/ 1.52%	-
Director	Ya-Kang, Wang	-	-	-	-	600	600	24	24	624/ 0.15%	624/ 0.15%	-	-	-	-	-	-	-	-	624/ 0.15%	624/ 0.15%	-
Director	Spencer Hsieh	-	-	-	-	600	600	36	36	636/ 0.15%	636/ 0.15%	-	-	-	-	-	-	-	-	636/ 0.15%	636/ 0.15%	-
Director	May Lo	-	-	-	-	600	600	30	30	630/ 0.15%	630/ 0.15%	2,702	2,702	-	-	-	-	-	-	3,332/ 0.78%	3,332/ 0.78%	-
Director	Teresa Lo	-	-	-	-	600	600	30	30	630/ 0.15%	630/ 0.15%	-	-	-	-	-	-	-	-	630/ 0.15%	630/ 0.15%	-
Director	Jung Ren, Fu	-	-	-	-	600	600	36	36	636/ 0.15%	636/ 0.15%	-	-	-	-	-	-	-	-	636/ 0.15%	636/ 0.15%	-
Independent Director	Vincent Chen	-	-	-	-	800	800	60	60	860/ 0.20%	860/ 0.20%	-	-	-	-	-	-	-	-	860/ 0.20%	860/ 0.20%	-
Independent Director	Yih-Horng, Lin	-	-	-	-	800	800	90	90	890/ 0.21%	890/ 0.21%	-	-	-	-	-	-	-	-	890/ 0.21%	890/ 0.21%	-
Independent Director	Chao-Tang, Yue	-	-	-	-	800	800	90	90	890/ 0.21%	890/ 0.21%	-	-	-	-	-	-	-	-	890/ 0.21%	890/ 0.21%	-

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the relationship with the

remuneration amount according to the responsibilities, risks, investment time and other factors:

(1) The remuneration paid to directors in the fiscal year 2022 of the company refers to the distribution of director remuneration. Such remuneration is provided based on the duties and responsibilities of the directors and is linked to the reasonable fairness of performance risk and income. The Board of Directors is authorized to determine the remuneration based on assessments and considerations by the Remuneration Committee in accordance with industry standards.

(2) The company's articles of association also specify that director remuneration shall not exceed 5% of the annual profit. The principles for the distribution of remuneration are as follows: (a) Taking into account the ongoing effectiveness of the operations in the current year, with priority given to the interests of shareholders and employees; (b) Independent directors who serve on functional committees bear the responsibility of participating in committee meetings and making decisions, therefore their remuneration is higher than that of general directors.

2. Except as disclosed in the table above, the remuneration received by the directors of the company in the most recent year for providing services (such as serving as a consultant for non-employees of the parent company / all companies listed in the financial report / reinvestment enterprises, etc.): None.

Remuneration Range

Directors' Remuneration Brackets	Name of Director			
	Total amount of A+B+C+D		Total amount of A+B+C+D+E+F+G	
	The company (Note 8)	Companies in the consolidated financial report Company (Note 9) H	The company (Note 8)	Companies in the consolidated financial report Company (Note 9) I
Below 1,000,000	Peter Lo Cindy Lo Ya-Kang, Wang Vincent Chen Yih-Horng, Lin Spencer Hsieh Chao-Tang, Yue May Lo Jason Lo Jung Ren, Fu Teresa Lo	Peter Lo Cindy Lo Ya-Kang, Wang Vincent Chen Yih-Horng, Lin Spencer Hsieh Chao-Tang, Yue May Lo Jason Lo Jung Ren, Fu Teresa Lo	Ya-Kang, Wang Vincent Chen Yih-Horng, Lin Spencer Hsieh Chao-Tang, Yue Jung Ren, Fu Teresa Lo	Ya-Kang, Wang Vincent Chen Yih-Horng, Lin Spencer Hsieh Chao-Tang, Yue Jung Ren, Fu Teresa Lo
1,000,000 (included)～2,000,000 (not included)	-	-	-	-
2,000,000 (included)～3,500,000 (not included)	-	-	Peter Lo Cindy Lo May Lo	Peter Lo Cindy Lo May Lo
3,500,000 (included)～5,000,000 (not included)	-	-	-	-
5,000,000 (included)～10,000,000 (not included)	-	-	Jason Lo	Jason Lo
10,000,000 (included)～15,000,000 (not included)	-	-	-	-
15,000,000 (included)～30,000,000 (not included)	-	-	-	-
30,000,000 (included)～50,000,000 (not included)	-	-	-	-
50,000,000 (included)～100,000,000 (not included)	-	-	-	-
100,000,000above	-	-	-	-
Total sum	11	11	11	11

Note 1: Directors' names should be listed individually (corporate shareholder's name and the representative's name should be listed separately), and each item payment is disclosed by the total sum. Fill this out and the succeeding forms (3-1) (3-2) if you’re the Director and the General Manager or person of an equivalent post (Deputy General Manager).

Note 2: Directors’ remuneration of the recent year (including Chairman payroll, duty allowance, requirement pension, various bonuses, etc.)

Note 3: Directors’ remuneration certified and allocated by the Board of Directors in recent years

Note 4: Directors’ execution fees allocated in the recent years (including transportation fees, special expenses, various allowances, apartments, vehicles, and other physical offerings, etc.) If the house, vehicle or other transportation means, and special personal expenses are provided, the company shall disclose all the information including the property type, costs, imputed rents, fuel, and other expenses. Provided the driver is allocated, the company shall provide notes to disclose driver's remuneration, but is not counted in the remuneration.

Note 5: Where the Director serves as employee (including General Manager, Deputy General Manager, employee of an equivalent position), the remuneration, duty allowance, retirement pension, various bonuses, transportation fees, special expenses, stipend, apartments, vehicles, and other physical offerings shall be disclosed. If the house, vehicle or other transportation means, and special personal expenses are provided, the company shall disclose all the information including the property type, costs, imputed rents, fuel, and other expenses. Provided the driver is allocated, the company shall provide notes to disclose driver's remuneration, but is not counted in the remuneration. Additionally, according to IFRS 2 "Share-Based Payments Arrangement," the remuneration shall include information on employee stock option certificates, cash capital increase into stocks, etc.

Note 6: Where the Director serves as employee in recent years (including General Manager, Deputy General Manager, other Managers and Employees), and receives remuneration (including stock and cash), the company shall disclose the allocated employee remuneration approved by the recent Board of Directors meeting. If the amount cannot be estimated, this year's allocated amount shall be calculated by the actual allocated rate of the last year, and the attachment form 6 shall be filled.

Note 7: It shall be reported in the incorporated statement the total amount of the company's Director remuneration from all other companies (including this company)

Note 8: The company shall pay the total sum to each Director, and disclose the name of the director in the salary range.

Note 9: It shall be reported in the incorporated statement the total amount of the company's Director remuneration from all other companies (including this company)

Note 10: Net profit after-tax refers to the profit received in the recent years; if adopting IFRSs, the company shall report its net profit after-tax by the individual financial statements.

Note 11: a. This column shall specify the company director's remuneration received from non-subsidiary reinvestment businesses. b. Where the company Director receives remuneration from non-subsidiary reinvestment, this remuneration amount shall be incorporated into payment range I and be renamed as "All Re-invested Businesses" c. Remuneration refers to the payments made to the company's Director who serves as Director, Supervisor, Manager of non-subsidiary reinvestment businesses (including the payment for the employee, Director, or Supervisor) and all other relevant sales or execution expenses.

The remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) Director Remuneration Items are as below:

a. Remuneration: Total amount will be allocated in accordance with the company's regulations, and it will take into account the director's individual contribution to and participation in the company's operation.

b. Retribution: Salary and bonus included, based on the Director's degree of responsibility, involvement in the company and in consideration of the industry's salary scale.

c. Retirement pension

d. Execution expense: Transportation fee and stipend, and on-duty vehicle

(2) General Manager & Deputy General Manager Remuneration items are as below:

a. Fixed Retribution: salary and stipend included, payment of which are made in accordance with the position salary scale.

b. Variable remuneration: year-end bonus and employee remuneration

c. Retirement pension

d. Adjustment of fixed and variable remuneration, payment of which are based on the yearly review of individual/company performance.

(3) Process of remuneration establishment: the company's remuneration made to the Director, General Manager, and Deputy General Manager based on the Company's Act, relevant regulation and the industry's standards and risks. Approved by Retribution & Salary Committee and the decision of the Board of Directors' meeting.

(2) Remuneration for General Manager and Deputy General Manager

Unit: NTD in Thousand

<table>
<tr><th rowspan="3">Position</th><th rowspan="3">Name</th><th colspan="2">Salary (A)
(Note 2)</th><th colspan="2">retirement pension (B)</th><th colspan="2">Bonus & Special expenses, etc.(C)
(Note 3)</th><th colspan="4">Remuneration Amount for Employee(D) (Note 4)</th><th colspan="2">A、B、 C & D total sum and rate in the net profit after tax （%）
(Note 8)</th><th rowspan="3">Remuneration from non-subsidiary transfer business investment or parent (Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies involved in financial statement (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies involved in financial statement (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies involved in financial statement (note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies involved in financial statement (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial report</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>Chief Executive Officer</td><td>Jason Lo</td><td rowspan="12">44,909</td><td rowspan="12">44,909</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">44,909
10.5%</td><td rowspan="12">44,909
10.5%</td><td rowspan="12">N/A</td></tr>
<tr><td>Taiwan General Manager</td><td>Sean Juo</td></tr>
<tr><td>General Manager</td><td>Hsiao-Tzu, Fang</td></tr>
<tr><td>Senior Vice President</td><td>Jean Hung</td></tr>
<tr><td>Global Chief Operating Officer</td><td>Max Yen</td></tr>
<tr><td>Vice President</td><td>May Lo</td></tr>
<tr><td>Chief Audit Executive</td><td>William Chu</td></tr>
<tr><td>Global Chief Technology Officer</td><td>Pendy Liao</td></tr>
<tr><td>Vice President</td><td>Philip Lai</td></tr>
<tr><td>Vice President</td><td>William Poon</td></tr>
<tr><td>Vice President</td><td>Vic Chen</td></tr>
<tr><td>Vice President</td><td>An-Ping, Lin</td></tr>
</table>

Remuneration Range

Remuneration Range of Individual General Manager & Deputy General Manager	Names of General Manager & Deputy General Manager	
	The Company(Note 6)	All the company involved in the financial statement (E) (Note 7)
Below 1,000,000	-	-
1,000,000 (included)～2,000,000 (not included)	-	-
2,000,000 (included)～3,500,000 (not included)	Jean Hung William Chu Sean Juo May Lo Pendy Liao Philip Lai William Poon Vic Chen Hsiao-Tzu, Fang An-Ping, Lin	Jean Hung William Chu Sean Juo May Lo Pendy Liao Philip Lai William Poon Vic Chen Hsiao-Tzu, Fang An-Ping, Lin
3,500,000 (included)～5,000,000 (not included)	Max Yen	Max Yen
5,000,000 (included)～10,000,000 (not included)	Jason Lo	Jason Lo
10,000,000 (included)～15,000,000 (not included)	-	-
15,000,000 (included)～30,000,000 (not included)	-	-
30,000,000 (included)～50,000,000 (not included)	-	-
50,000,000 (included)～100,000,000 (not included)	-	-
100,000,000above	-	-
Total sum	12	12

Note 1：General Manager's and Deputy General Manager's names shall be listed separately, and each remuneration amount shall be disclosed by way of total sum; if Director is the same person as General Manager or Deputy General Manager, it shall be named in this table and the ones above, 1-1, 1-2-1, or 1-2-2.

Note 2：Refers to the salary, occupational allowance, retirement pension for General Manager and Deputy General Manager in recent years.

Note 3：Refers to various bonuses, incentives, traffic fees, special expenses, stipends, apartments, vehicles, etc., and other concrete offers or other remuneration amounts. If house, vehicle, traffic fees or exclusive expenses are included, the remuneration shall be disclosed based on the nature of the property, cost, and rental computed by actual or fair market price, fuel, and other payments. Provided the driver is allocated, the company shall provide notes to disclose driver's remuneration, but is not included in the remuneration. Furthermore, all the payment in accordance with IFRS2 "Share-based Payment Transaction," including issuance of employee stock option certificates, new restricted shares for subscription by employees, and stock subscription involved in cash capital increase, etc., shall be computed into the remuneration.

Note 4：Refers to remuneration (including stock and cash) amount approved by the Board of Directors of the latest years given to General Manager and Deputy General Manager. If the amount cannot be estimated, it is computed in accordance with the rate of the actual allocated amount from last year, and be noted in enclosed Tables 1-3.

Note 5：The consolidated financial report shall disclose all of the company's (and other companies') total remuneration amount paid to the company's General Manager and Deputy General Manager.

Note 6：The report shall disclose the total sum of the company's remuneration paid to each General Manager and Deputy General Manager by the name and remuneration range.

Note 7： The consolidated financial report shall disclose all companies' (including the company's) remuneration paid to the company's General Manager and Deputy General Manager by their names and remuneration range.

Note 8：The account of the net profit after tax refers to the company's individual financial statements in recent years.

Note 9：a. This column shall specify remuneration amounts paid to the company's General Manager and Deputy General Manager from non-subsidiary transfer business investment or parent company (if not applicable, please note N/A).

b. If the company's General Manger and Deputy General Manager receive remuneration from non-subsidiary transfer business investment or parent, the remuneration amounts shall be incorporated into the remuneration range's E column, which is named as "parent company's or all other transfer investment businesses."

c. Remuneration refers to the money, occupational executive expenses, or any relevant fees paid to the company's General Manager and Deputy General Manager, who are also acting as Director, Supervisor, or Manager (including employee, director, supervisor) of the non-subsidiary transfer investment or the parent business.

(3) There's no significant discrepancy in the company's remuneration paid to a Director, Supervisor, General Manager, and Deputy General Manager in the recent two years. This remuneration is not in connection with the company's profit or loss; instead, it depends on the recipient's level of participation in the company's operation, or on his or her contribution to the company. The numeration is paid in reference to the standard salaries paid in the same industry.

Employee in charge of the manager's remuneration and allocation: Not applicable.

4. Corporate Governance

(I) Operation of the Board of Directors

In 2022, the Board of Directors has convened for 6 times (A). The attendance situation is as follows:

Title	Name	Number of attendance (B)	Number of delegation to attend	Attendance Rate(%) (B/A)	Note
Chairman	Peter Lo	6	0	100%	
Deputy Chairman	Cindy Lo	6	0	100%	
Independent Director	Vincent Chen	5	1	83%	
Independent Director	Yih-Horng, Lin	6	0	100%	
Independent Director	Chao-Tang, Yue	6	0	100%	
Director	Jason Lo	6	0	100%	
Director	Spencer Hsieh	6	0	100%	
Director	Ya-Kang, Wang	3	2	50%	
Director	May Lo	5	1	83%	
Director	Teresa Lo	5	1	83%	
Director	Jung Ren, Fu	6	0	100%	

Other noteworthy matters:

1. Securities and Exchange Act, Article 14, Item 3:

Date of Meeting (Year/Number)	Agenda	Decision from the Independent Director and the Company's treatment
2022/03/22 (8th Meeting of the 16th Board)	● Allocation of remuneration for employees and Directors in 2021 ● 2021 Financial Report CPA Independence and Suitability Assessment ● Internal audit manager appointment case ● Subsidiary funding loan case	Approved by all Independent Directors
2022/05/10 (10th Meeting of the 16th Board)	● Amendment of the "Operating Procedures for Lending Funds to Others" case ● Subsidiary's credit and financing demands endorsement and guarantee case ● Discussion of repurchasing its own shares for the purpose of transferring them to its employees	Approved by all Independent Directors
2022/08/09 (11th Meeting of the 16thBoard)	● Subsidiary's credit limit endorsement and guarantee case.	Approved by all Independent Directors
2022/09/26 (12th Meeting of the 16thBoard)	● Subsidiary funding loan case.	Approved by all Independent Directors
2022/11/08 (13th Meeting of the 16th Board)	●Audit Plan for 2023 ●Case of the Company providing endorsement and guarantee for subsidiary's credit limit	Approved by all Independent Directors

2. The effort of directors in preventing a "conflict of interest": it shall clarify the name of the Director and agenda content concerning the reason for the conflict of interest and the voting outcome: Not applicable.
3. The company has established the Remuneration Committee, the operation of which is available in this Annual Report, Chapter 4, which stipulates that the Committee's composition, duty, and operation shall be disclosed to the public.

4. Execution and Results of Board of Director & Audit Committee Evaluation

Johnson Health Tech Co., Ltd.

2022 Annual Board and Audit Committee Self-Evaluation Results

I. Source Authority: The company's "Guidelines for Board of Director Performance Evaluation"

II. Evaluation Cycle: The company's Board of Director & Audit Committee would conduct internal performance evaluation at least once a year.

III. Evaluation Period: 2022/01/01~2022/12/31

IV. Evaluation Scope: Evaluation on the entire Board, Audit Committee and individual board member

V. Evaluation Method: Board's self-evaluation, Audit Committee Operational Performance self-evaluation and board member's self-evaluation. The scale of evaluation is divided into 5 levels, ranging as such: Perfect (5), Excellent (4), Good (3), Average (2), Unsatisfactory (1).

VI. Evaluation Agenda: 2022 Board of Directors & Audit Committee internal performance assessment results reported the following:

i. Board of Directors Self-Evaluation on performance assessment:

This evaluation contained 5 major areas, including 37 evaluation indexes, which proved that the Board maintained satisfactory and sustainable governance and surveillance of the company's strategies, able to shoulder and deal with significant businesses and risk management, could also build an appropriate internal control system. The results showed that the overall Board operation is satisfactory, meeting the requirements of the company.

5 Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Level of Participation in Company Operation	11	4.82
B. Advancement of BOD Decision Quality	12	4.85
C. BOD Composition & Structure	5	4.82
D. Director Election & Continuation of Education	4	4.78
E. Internal Control	5	4.84

ii. Board Member's Self-Evaluation on Performance:

The Board member's performance evaluation contains 6 areas, including 20 assessments, which proved that there was a positive assessment results regarding each assessment and operation effect, as shown in the following.

6 Major Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Management of Company Objectives & Missions	3	4.85
B. Awareness of Director Duties	2	4.94
C. Level of Participation in Company Operation	7	4.79
D. Internal Relationship Management and Communication	2	4.78
E. Director Expertise and Continued Education	3	4.93
F. Internal Control	3	4.93

iii. Audit Committee's Self-Evaluation on Operational Performance:

This evaluation contained 5 major areas, including 22 evaluation indexes, which proved that the Board maintained satisfactory and sustainable governance and surveillance of the company's strategies, able to shoulder and deal with significant businesses and risk management, could also build an appropriate internal control system. The results showed that the overall Board operation is satisfactory, meeting the requirements of the company.

5 Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Level of Participation in Company Operation	4	4.00
B. Awareness of the Audit Committee's Duties	6	4.83
C. Advancement of Audit Committee Decision Quality	6	4.83
D. Audit Committee Composition & Member selection	3	5.00
E. Internal Control	3	5.00

iv. Performance self-evaluation of the Compensation Committee:

The evaluation indicators of the Compensation Committee contained 5 major areas, including 22 evaluation indexes. The evaluation results are shown in the table below, indicating that the attendance rate of the Compensation Committee is 100%. The members of the Compensation Committee have a clear understanding of the nature of the company's industry, and they evaluate and supervise the company's operations and provide professional advice. The overall operation is excellent, which meets the requirements of corporate governance.

5 Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Level of Participation in Company Operation	4	4.80
B. Awareness of the Compensation Committee's Duties	5	4.90
C. Advancement of Compensation Committee Decision Quality	7	4.80
D. Compensation Committee Composition & Member selection	3	5.00
E. Internal Control	3	4.80

(II)Audit Committee Operation

2022 Audit Committee's Number of Meetings, as of the publication of this report: 6 (A), independent director attendance record shown as below:

Title	Name	Actual Attendance Number (B)	Number of Delegations to Attend	Actual Attendance Rate (%) (B/A)	Note
Independent Director	Chao-Tang, Yue	6	0	100%	
Independent Director	Vincent Chen	5	1	83%	
Independent Director	Yih-Horng, Lin	6	0	100%	

I. Other Matters:

i. Securities and Exchange Act, Article 14 Item 5

Date of Meeting （Year/Number）	Agenda	Suggestions from the Audit Committee and the Company's Response
2022/03/22 (8th Meeting of the 2nd Board)	●2021 Financial Statement & Operation Report ●2021 results of internal control self-evaluation, described in the "Internal Control Statements" ●Internal Audit Manager Appointment Case ●Amendment to certain provisions of "Asset Acquisition or Disposal Procedure" and "Endorsement and Guarantee Handling Measures" cases. ● Subsidiary Credit Line & Guarantee Case ● Subsidiary funding loan case ● Subsidiary's overdue accounts payable transferred to the capital loan	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2022/05/10 (10th Meeting of the 2nd Board)	● 2022 Q1 Financial Statement ● Amendment of "Operating Procedures for Loans to Others" Case ● Endorsement guarantee of subsidiary's credit and financing needs Case	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2022/08/09 (11th Meeting of the 2nd Board)	● 2022 Q2 Financial Statement ● Internal Audit Supervisor Change ● Subsidiary's overdue accounts payable transferred to the capital loan	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2022/09/26 (12th Meeting of the 2nd Board)	● Subsidiary funding loan case	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2022/11/08 (13th Meeting of the 2nd Board)	● 2022 Q3 Financial Statement ● 2023 Audit Plan	Approved unanimously by all the audit reviewers and submitted for BOD resolution

ii. Any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors: N/A

II. Independent Director as an interested party and required to enter recusal: N/A

III. Communication between Independent Director and internal audit supervisor and accountants (regarding matters of the company's finance, business condition, and their results):

(i) The company's internal audit director reports on the audit business to the independent directors at the audit committee meeting every quarter and communicates the audit report results and the execution status of its follow-up reports with the committee members.

Discussions among Independent Directors and Internal Audit Supervisors are as follows:

Date	Discussion nature and topic content	Communication outcome
2022/03/22	● Internal audit performance in Q4 of 2021 ● Internal control statement of 2021	no comments.
2022/05/10	● Internal audit report for Q1 of 2022	no comments.
2022/08/09	● Internal audit report for Q2 of 2022	no comments.
2022/11/08	● Internal audit report for Q3 of 2023	no comments.

(ii) The company's Certified Public Accountants report to the independent directors on the results of their audit or review of the financial statements of the company and its domestic and overseas subsidiaries, as well as the internal control audit results, during each quarterly Audit Committee meeting. They also communicate whether there are any adjustments to financial statements or changes in accounting standards that affect the recording method. The communication between them is good.

Discussions among Independent Directors and Certified Public Accountants are as follows:

Date	Discussion nature and topic content	Communication outcome
2022/03/22	Audit report on the 2021 consolidated and individual financial statements and internal control audit results.	no comments.
2022/05/10	Review report on the Q1 2022 consolidated financial statements and internal control audit results.	no comments.
2022/08/09	Review report on the Q2 2022 consolidated financial statements and internal control audit results.	no comments.
2022/11/08	Review report on the Q3 2022 consolidated financial statements and internal control audit results. Audit report by the accountant (presented to the independent directors only) Report on financial statement audit matters and audit plan.	no comments.

IV. Annual Work Plan of the Audit Committee:

i. Financial audit report
ii. Reviewing the internal audit report
iii. Reviewing Company regulation & procedure
iv. Reviewing Company endorsement and loans to others
v. Communication with the internal audit supervisor and certified public accountants

iii. Discrepancies & Reasons of Company Operation Compared to Corporate Governance Principles for TWSE/TPEx Listed Companies

Evaluation Item	Operation (Note 1)			Reasons for Discrepancies with the Corporate Governance Principles
	Y	N	Summary	
I. Whether does the Company comply with the Corporate Governance Principles by establishing and revealing its own governance guidance?	V		The company has established corporate governance principles, and disclosed the principles on the Company Website and Market Observation Post System.	N/A
II. Ownership structure and the rights and interests of shareholders				
i. Has the company established internal operating procedures to handle shareholder proposals, inquiries, and disputes, and implement accordingly?	V		i. The company has established a spokesperson and stock affairs authority to deal with relevant issues.	N/A
ii. Does the company retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders?	V		ii. The company has retained the information of the Director, Manager, and major Shareholders whose shares are higher than 10 percent of the market value.	N/A
iii. Does the company build and execute the risk control and firewall mechanism toward the affiliated enterprises?	V		iii. The company has established an internal control system in accordance with "The operating procedures related to affiliated persons, specific companies, and corporate businesses."	N/A
iv. Does the company adopt internal rules prohibiting company insiders from trading securities using information not disclosed in the market?	V		iv. The company establishes the "Prevention of internal trading of securities regulation procedures," which regulates all employees', managers', and directors' behaviors not to conduct internal trading based on his or her information or position; it has conducted periodical promulgation and internal education trading regarding this matter.	N/A
III. Board of Director Composition and Duties				
i. Whether the Board of Director has established a diversified principle and follow-through plan	V		i. The company has established "Board of Director Election Guidelines," which stipulate that director election shall	N/A

			adopt the nomination system, considering not only the candidate's competence but also his or her contribution to the company's features. Currently, the company's director members involve those who specialize in finance, accounting, business management, and medicine, and other various expertise and knowledge. There are three female directors and three independent directors. This demography realizes the diversified policy of the company, as well as its goal and execution. See more information in Enclosure #1.	
ii. Besides the Remuneration Committee and Audit Committee, is the company willing to establish other sorts of committees?		V	ii. This company has established the Remuneration Committee and Audit Committee, and would establish any other committees when requested based on the law.	Referred to in the Summary
iii. Does the company establish BOD performance assessment guidelines and other evaluation methods, through which the company conducts assessment regularly every year, and reports the assessment to the Board of Directors, and through which the consideration of re-electing the individual directors and his or her remuneration is made?	V		iii. The company has established BOD performance assessment guidelines and conducted such assessment regularly every year, and afterwards reported the results to the Board of Directors.	N/A
iv. Does the company evaluate the certified public accountant's independency regularly?	V		iv. The company has delegated the Audit Committee to regularly evaluate the certified public accountant's independency, and report the evaluation results to the BOD.	N/A
IV. Does the TWSE/TPEx listed company allocate an appropriate number of managerial people, and assign the governing supervisors, who are in charge of the managerial affairs (including but not limited to offering necessary information to Directors and Supervisors, helping them comply with the law, organizing BOD & shareholder meetings, and preparing BOD & shareholder meeting minutes) ?	V		The company appointed a governing supervisor, and has established part-time supervisors in charge of governance, with duties including (1) holding shareholder meetings and organizing relevant events in accordance with the law; (2) formulating BOD agenda and notifying people of the meeting, meanwhile offering directors enough information to understand the contents of the meeting agenda, and providing the interested parties with reminders and follow-ups after the meeting; (3) handling the processes and relevant events within the deadlines	N/A

			for any change of the company's registration as required by law.	
V. Does the company establish a communicative channel with its interested party (including but not limited to shareholders, employees, clients, suppliers, etc.), set up communication area for the interested party on the company website, and respond with appropriation the social responsibility issues concerned by the interested party?	V		This company has maintained a sustained communicative channel with its interested parties including banks, creditors, employees, customers, and suppliers, as well as other affiliated enterprises. Also, it has set up an interested party area on the company's website.	N/A
VI. Does the company entrust a professional third party with its shareholder meeting affairs?	V		The company has entrusted Taishin Securities Co., Ltd.'s Stock Agency Department to deal with its shareholder meeting affairs.	N/A
VII. Public Information				
i. Does the company establish a website to disclose its financial affairs and governing information?	V		i. The company can disclose its information via the company website (https://www.johnsonfitness.com.tw) anytime.	N/A
ii. Does the company adopt other exposure methods (such as English website, delegating agency to collect and disclose company information, executing the spokesperson system, putting up the corporate briefing onto the company website)?	V		ii. The company has established the spokesperson and stock transfer agency to disclose its information as required by the law, and also hold corporate briefing occasionally and put relevant information onto the company website for public reference.	N/A
iii. Does the company file for an annual financial report within 2 months after the end of the fiscal year, and publicize and file the 1st, 2nd, 3rd financial reports and monthly operations report in advance of the deadline required?		V	iii. The company has filed the fiscal financial reports in accordance with the audit results and within the required deadline, but due to the time of processing and preparation, it cannot file for the 1st, 2nd, 3rd financial reports and monthly operation report within 2 months in advance of the deadline required.	Referred in Summary
VIII. Does the company provide additional information for disclosing the management and operations of the company (including but not limited to employee rights, hiring concerns, investor relationship, supplier relationship, interested party rights, and director or supervisor continuation of education, risk control policy and risk assessment	V		This company has operated in accordance with honesty principles and fulfilling social responsibilities so as to create the best rights and interests for its stockholders and employees; the company has sent out a notification to directors and supervisors regarding participating in the relevant professional knowledge advancement courses from time to time, and it has purchased responsibility insurance for directors (including independent	N/A

and prevention, client policy execution, company's acquisition insurance for directors and supervisors, etc.)?			directors) since 2005. Besides, the company's directors have a high self-discipline to conduct self-disqualification when involved in an issue of interest, thus helping promote the governance of the company.	
IX. Please explain in accordance with the recently publicized company governance review results by the Taiwan Stock Exchange, indicating the areas of improvements as well as the areas to be improved.	V		This company has disclosed relevant information in accordance with the requirement of the competent authority and has continually maintained and revised its company website. In the future, it will promote further the governance policy and prioritize those issues needed to be improved in a timely manner.	Completed in accordance with the competent authority

Enclosure 1

i. Diversified policy of Board of Director members:

The company's BOD is composed in accordance with its business development and the ratios of its major shareholders, which result in the running of the appropriate number of 7 to 11 members or above of the director seats. The members of the BOD shall consider its diversified composition and establish accordingly, appropriate policies regarding its operation, business type, and including, but not limited to, the following criteria:

a. The basic conditions and values: gender, age, nationality, and cultural considerations.
b. Professional knowledge and techniques: professional background (law, accounting, industry, and finance), professional skills, and industrial experiences, etc.

The BOD member shall acquire the normal occupational knowledge, skills, and integrity to execute his or her duties. To reach the company's ideal governing objectives, the BOD shall possess the following skills or abilities:

1. Business judgment ability
2. Accounting and financial analysis ability
3. Management or operating ability
4. Crisis management skills
5. Industrial knowledge
6. International market vision
7. Leadership and decision-making ability

ii. Goal of having diverse Board of Director members:

The number of female members or female independent directors shall occupy more than 25 percent.

iii. The execution of a diversified policy for BOD members:

Title	Name	Gender	Business judgment	Finance Accounting	Operating Management	Crisis Management	Industrial knowledge	International Vision	Leadership Decision Making
Chairman	Peter Lo	Male	V		V	V	V	V	V
Deputy Chairman	Cindy Lo	Female	V		V	V	V	V	V
Director	Jason Lo	Male	V	V	V	V	V	V	V
Director	Ya-Kang, Wang	Male	V		V	V	V	V	V
Director	Spencer Hsieh	Male	V		V	V	V	V	V
Director	May Lo	Female	V	V	V	V	V	V	V

Director	Teresa Lo	Female	V		V	V	V	V	V
Director	Jung Ren, Fu	Male	V	V	V	V	V	V	V
Independent Director	Chao-Tang, Yue	Male	V	V	V	V	V	V	V
Independent Director	Vincent Chen	Male	V	V	V	V	V	V	V
Independent Director	Yih-Horng, Lin	Male	V		V	V	V	V	V

Current conditions:
This company is now composed of 11 BOD members who have a diverse and rich professional background in finance, accounting, industrial management, and medicine, and among whom three are female directors (accounting for 27.3%) and another three are independent directors (accounting for 27.3%), and therefore the females represent more than half of the BOD seats, with age range between 50~82. In sum, the company’s current director composition meets the goal of its diversified policy in terms of their respective knowledge, skills, number of representations, and the rate of female directors or independent directors.

iv. Operation of Remuneration Committee:

(1) Information on the Members of the Remuneration Committee

<table>
<tr><th>Position (Note 1)</th><th>Name</th><th>Conditions
Professional qualifications & Experience (Note 2)</th><th>Independent situation</th><th>If serving as Independent Director of other public offering companies (Number of company)</th></tr>
<tr><td>Independent Director (Organizer)</td><td>Yih-Horng, Lin</td><td>Lecturer or above in public and private colleges and universities</td><td rowspan="3">1. Comply with the Securities and Exchange Act, Article 14 Item 6 and the relevant provisions of "Measures for the Establishment and Exercise of Powers of the Compensation Committee of Companies Listed on Stocks or Trading at the Business Office of Securities Firms".
2. No remuneration for providing business, legal, financial, accounting, and other services to the company or its affiliates in the last two years</td><td>N/A</td></tr>
<tr><td>Independent Director</td><td>Chao-Tang, Yue</td><td>Lecturer or above in public and private colleges and universities
Accountant
Possesses work experience in business, law, finance, accounting, or other required fields</td><td>3</td></tr>
<tr><td>Others</td><td>Shu-Wen, Lin</td><td>Possesses work experience in business, law, finance, accounting, or other required fields</td><td>1</td></tr>
</table>

Note 1：Position is Independent Director, or others respectively (if it is the organizer, please add a note).

Note 2：For independent directors, please refer to “Directors and Supervisors Information” in this annual report (pages 11-14).

(2) Operations Information of the Remuneration Committee

I. The company’s Remuneration Committee has three members.

II. Term of the Committee: 2020/06/10~2023/06/09

In 2022, the Remuneration Committee had convened 3 times (A), and the information on the members’ qualification, attendance, and matters under discussion is as follows:

2-1 Member Qualification & Attendance Record:

<table>
<tr><th>Occupation</th><th>Name</th><th>Actual number of attendance (B)</th><th>Number of delegation to attend</th><th>Actual attendance rate (%) (B/A) (Note)</th><th>Note</th></tr>
<tr><td>Organizer</td><td>Yih-Horng, Lin</td><td>3</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Member</td><td>Shu-Wen, Lin</td><td>3</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Member</td><td>Chao-Tang, Yue</td><td>3</td><td>0</td><td>100%</td><td></td></tr>
<tr><td colspan="6">Other matters:
I. Suggestions denied or revised by BOD: N/A
II. Situations containing the members’ disapproval or reservation of opinions regarding the Remuneration Committee resolution, with written records or statements: N/A</td></tr>
</table>

2-2 Matters of discussion and resolution result, with the company's treatment of the member's opinions

Main Matters of Discussion:

Date of Meeting (Year/Time)	Agenda
2022/03/26 (6th Meeting of the 4th Board)	(1) 2021 Actual Distribution of the Manager Remuneration (2) Report on the remuneration of senior managers in each subsidiary company.
2022/05/10 (7th Meeting of the 4th Board)	3rd time repurchasing of stocks and transferring to employees
2022/11/08 (8th Meeting of the 4th Board)	(1) 2023 Distribution Principles of the Manager Remuneration (2) 2023 Manager Performance Assessment System

Resolution: All the matters discussed were approved unanimously.

Treatment of member's opinions: N/A

v. Discrepancies and Reasons for the Company's Implements Compared to the Sustainability Principles for TWSE/TPEx Listed Companies

Evaluation Items	Operations			Discrepancies and Reasons compared to the Sustainability Principles for TWSE/TPEx Listed Companies
	Y	N	Summary	
I. Does the company establish a governance structure to promote sustainable development and a full- or part-time division for promoting corporate sustainability, to be executed by senior managers and be reported back to the Board of Directors?	V		Referred to in this report, "VI Environmental, Social, and Governance (ESG)" Execution: On April 29, 2022, the Sustainability Development (ESG) Committee was established, chaired by the director and CEO of the company, Jason Lo, with department heads serving as committee members. On May 11, 2022, the ESG Committee reported on its annual plan and mid-to-long-term plan schedule to the board of directors. Supervision by the board of directors: 1. ESG progress is listed as a regular reporting item for the board of directors. 2. The planned schedule should be adjusted according to the global layout of the Qiaoshan Group, rather than just meeting the minimum requirements set by the Financial Supervisory Commission.	N/A
II. Does the company, in accordance with the materiality principle, conduct risk assessments of environmental, social, and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	V		Referred to in this report, "VI Environmental, Social and Governance (ESG)". Sustainability Report Chapter 3.5.2 Risk Management Mechanism: The Company's risk identification and management mechanism, and the results of risk identification and response strategies (including sustainability issues, risk items, explanations, and response measures). ESG classification of each risk item: Governance: Geopolitical risks, cybercrime and information security Environment: Global climate change Social: Risk of delayed goods delivery.	N/A
III. Environmental Issues			Referred to in this report, "VI-a, Environmentalism, Security, and Hygiene Control".	
i. Does the company build an environmentally friendly management system based on its industrial characteristics?	V		i. Chapter CH0.2 of the sustainability report: Establish relevant short, medium, and long-term strategies for sustainable development goals.	N/A
ii. Does the company endeavor to elevate energy efficiency, and adopt recycled materials causing low impacts on the environment?	V		ii. Chapter CH1.5 of the sustainability report: In June 2022, the company launched an automatic warehouse rooftop solar power generation device to reduce environmental impact.	N/A
iii. Does the company evaluate the latent risk and opportunity of the environmental changes to its current and future development, and thereby adopt related measurements?	V		iii. Chapter CH1.4 of the sustainability report: Adopt the TCFD framework to assess the risks and opportunities of climate change for the company, summarize the results of risk and opportunity identification, response measures, and management objectives.	N/A
iv. Does the company collect statistics on its gas emissions for global warming over the past 2 years, on its water consumption and waste production, and then establish energy, coal, greenhouse gas, water, or waste reduction management policies?	V		iv. Chapters CH1.4.2, CH1.6, and CH1.7 of the sustainability report: The report includes the company's greenhouse gas emissions, water consumption, and total waste weight for the past two years, and relevant short, medium, and long-term strategies have been established in Chapter CH0.2 of the sustainability report for sustainable development goals.	N/A

IV. Social Issues i. Does the company, in accordance with the law and International Bill of Human Rights, establish relevant governance policies and procedures?	 V		The CH2 section of the sustainability report "Practicing Happy Living" includes, but is not limited to, the following six needs. i Referred to in this report "IV. II. 5. Human Rights." In accordance with the International Bill of Human Rights, the company has established relevant governance policies and procedures, which are disclosed on the Company Website. Chapter 2.3 Human Rights in the sustainability report: The Company has developed a human rights policy applicable to the entire group, which was approved by the general manager of the group headquarters. The Company's existing human rights management measures are further explained as follows: 1. Advocating human rights issues in new employee training - covering human resource policies, employment, compensation and benefits, labor relations, occupational safety, correction, and prevention measures for anti-human trafficking policies, with a completion rate of 100% in 2022. 2. Establishing sexual harassment prevention and related complaint mechanisms - formulating a "Prohibition of Workplace Sexual Harassment Statement", publishing gender equality announcements on the intranet, establishing a Sexual Harassment Complaints Handling Committee to handle complaints and prevent sexual harassment. 3. Employee communication and satisfaction - holding labor-management meetings every quarter, as well as organizing new employee seminars, conducting employee satisfaction surveys, and having an employee suggestion box to continuously listen to employees' opinions. 4. The Company will introduce human rights due diligence investigations in the future.	 N/A
ii. Does the company establish and implement reasonable employee benefit services (including salary, leave, and others) and reflect on the employee salaries its business performance and achievement?	V		ii. Referred to in this report, "V. v Labor-Management Relationships" In the sustainability report, CH2.1.3 Compensation and Performance Evaluation states that the company has designed a comprehensive compensation system that exceeds the market starting salary, and offers other bonuses and rewards for outstanding employees, including performance bonuses, proposal bonuses, periodic incentive bonuses, and profit-sharing bonuses. In CH2.1.4 Employee Benefits, the report mentions that the company provides benefits that exceed the Labor Standards Act, such as more vacation days, group insurance, employee meals, a gym, massage chair area, and company-sponsored activities for employees.	N/A
iii. Does the company provide employees with a safe and healthy work environment, and conduct safety and health education for its employees?	V		iii. Referred to in this report, "IV. I. vii. Work Environment and Employee Safety Protection"	N/A
iv. Does the company build an effective career proficiency development program for its employees?	V		iv. The company HR Division has established employee education training and development programs based on individual career proficiency and position.	N/A

			Sustainability Report 2.2.1 Talent Development: A talent development blueprint has been formulated to provide exclusive learning and development plans for employees of various functional levels and supervisors. The training covers new employee orientation, professional skills training, general skills development, managerial skills development, and elite training. The total training hours for employee career development reached 16,205 hours, with a total participation of 17,444 employees.	
v. Regarding its products and services related to customer health and safety, to client privacy, and to marketing and labeling, etc., does the company comply with relevant regulations and international certification, and accordingly establish relevant policies on customer or client protection rights and complaint procedures?	V		v. The company has publicized its complaint channel on the Company Website. https://www.johnsonhealthtech.com/tw/zht/contact-us	N/A
vi. Does the company establish supplier management policy, demanding its suppliers to comply with regulations on environment protection, career safety and hygiene, labor rights, etc.	V		vi. Publicized on the Company Website. https://www.johnsonfitness.com.tw/public/files/download/2D66385D12306.pdf	N/A
V. Does the company compile a corporate sustainability report in reference to the standard International Report or Index, in order to disclose the company's non-financial information? Does the above-mentioned report receive certification or guarantee from the third party certifying unit?	V		The company follows the Global Reporting Initiative (GRI) GRI Sustainability Reporting Standards 2021 and other guidelines such as the Sustainability Accounting Standards Board (SASB), and includes the Task Force on Climate-related Financial Disclosures (TCFD) framework to compile and publish the first Sustainability Report in 2022. The report is independently verified by a third-party audit firm BSI using the AA1000AS assurance standard. The company will continue to issue Sustainability Reports annually in both Chinese and English languages.	N/A

VI. If the company has established an independent corporate social responsibility rule in reference to the " Corporate Sustainability Best Practice Principles for TWSE/GTSM Listed Companies," it shall state clearly its operating situations and ways of discrepancy as below:

The Company has established an Environmental, Social, and Governance (ESG) Committee and developed policies, commitments, and strategic objectives for each aspect of ESG.

The Company can also evaluate the implementation of practical guidelines for sustainable development, the preparation of sustainability reports, and the establishment of internal control systems for verification and assurance to strengthen its organizational structure for sustainable management and promote the implementation of relevant strategies.

VII. Other information related to the company's implementation of corporate sustainability: N/A.

Referred to in the Company Website and this report, "VI. Environmental, Social and Governance (ESG)"

vi.Reasons and Implementation of and Discrepancies with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Items	Operation			Reasons for and Discrepancies with "Ethical Corporate Management Principles"
	Y	N	Summary	
I. Establishment of an Ethical Management Policy and Program				
i. Does the company establish an ethical management policy approved by the BOD, and disclose in Regulations and public documents its policy and measurement, as well as the guarantee of such management from BOD and senior managers?		V	i. This company has complied with laws and rigorous ethical standards to be an ethical corporation. Besides observing the law, it upholds the business culture of "Honesty, Profession, and Ambition," and establishes relevant ethical policies to realize these morals. Also, the company has built a sustained governance and risk control mechanism, aspiring to become a sustainable business. But currently, the company does not yet have any ethical management principles approved by the BOD, which is yet to be established.	Referred to in the Summary
ii. Does the company build unethical behavior and risk evaluation mechanisms, to analyze its business scopes which may contain activities of unethical or risky activities, and further establish counter-dishonesty programs to prevent any cause, in accordance with the "Ethical Corporate Management Principles," Article 7, Item 2.	V		ii. The Internal audit unit has conducted preventive measures to ensure the company's ethical management, in order to reach its financial, management, and operational accuracy, accountability, and timeliness. The audit unit also reviews the employee behavior based on relevant policies and standards, and conducts audit based on the annual audit plan approved by the BOD, and finally reports the results and improvement measures to the BOD and management supervisors.	N/A
iii. Does the company conduct prevention programs against dishonesty by establishing relevant procedures, guidelines, breach and punishment, and complaint system, and reviewing the program regularly to realize its effect?	V		iii. The company has established the standard, "Director and Manager Ethical Behavior Principles."	N/A
II. Execution of Ethical Management				
i. Does the company evaluate business partners' records of unethical conduct and stipulate honesty as a term of condition in the contract?	V		i. This company has established rigorous disciplines of conduct and ethical principles, to ensure that employees do not engage in fraud, misconduct, information leakage or fabrication, etc., and to demand employees not to accept any manufacturer's invitation for socializing and bequeathing of money or property.	N/A
ii. Does the company establish a corporate ethical management promotion unit under the Board of Directors, which operates to report the company's ethical management policy, preventive program for dishonest conduct, and supervision implementation.		V	ii. This company doesn't report to BOD its management policy and preventive measures for dishonest conduct. But the BOD has established various supervisory units, such as the Remuneration Committee, Internal Audit Unit, etc. Besides the Legal Division, each unit supervisor and the internal auditor would report to the BOD the company's anti-fraud policy. Under the supervision of the BOD, the company's CEO, Financial Supervisor, and internal audit supervisor would ensure the company's sustainable operations on the premise of honesty.	Referred to in the Summary
iii. Did the company establish any preventive channel against the conflicts of interest policy, and provide a suitable complaint channel to enforce the policy?	V		iii. This company has provided a suitable channel of complaint to execute this policy.	N/A

iv. Does the company implement an ethical management and establish an effective accounting system and internal control system, and to formulate auditing plan based on the internal audit unit's risk assessment, and to delegate accountants to execute auditing on any suspicious dishonesty conduct?	V		iv. The company has established an effective accounting system and internal control system, which would conduct regular auditing from time to time.	N/A
v. Does the company organize internal and external ethical management educational training?	V		v. This company has held regularly and arranged employees to participate in relevant external training courses regarding this topic.	N/A
III. Company Operation on the Whistle-Blowing System				
i. Did the company establish a concrete whistle-blowing and incentive system to set up a convenient whistle-blowing channel, and appoint an appropriate specialist to deal with the accused?	V		The company has established a relevant system and thereof implemented the rule.	N/A
ii. Did the company establish a standard procedurefor the whistle-blown matter, and adopt a follow-up measure and confidential mechanism after the investigation?	V		The company has established a relevant system and thereof implemented the rule.	N/A
iii. Does the company adopt a measure for protecting the whistle-blower from being subject to inappropriate disciplinary actions due to whistle-blowing?	V		The company has established a relevant system and thereof implemented the rule.	N/A
IV. Reinforcement of Information Disclosure Does the company disclose its ethical management principles and the effect of implementation on the Company Website and Market Observation Post System?	V		The company has established a Company Website to disclose relevant information.	N/A
V. If the company establishes an independent regulation in reference to "Ethical Corporate Management Principles for TWSE/GTSM Listed Companies," it shall state clearly its operation and the discrepancies with the said principles: The company has yet established an ethical management principle, but the relevant matters are already implemented in other management guidelines.				
VI. Other Information on the Operation of the Company's Ethical Management 1. The company has held supplier conventions regularly, to prevent the need for suppliers to invite the company's employees for socialization or gift them with money or property. 2. The company has established "Director and Manager Ethical Behavior Principles." 3. The company has established "Prevention of Insider Trading Operating Procedures," which prevent the company's employees, managers, directors, and anyone who can obtain insider information based on his or her occupation from engaging in insider trading, and which help conduct regular internal educational training and promulgation.				

vii. Disclosure of the company’s governance principles: (1) The company has established an official website; regarding its financial business and governance information. Go to the Market Observation Post System website.

viii. Other important information regarding the promotion of the company’s management guidelines: The company has established “Director and Manager Ethical Behavior Guidelines.”

ix. Implementation of Internal Control

1. Internal Control Statement

Johnson Health Tech Co., Ltd.

Statement Regarding the Internal Control System

Date: 2023/03/14

On behalf of Johnson Health Tech, we hereby certify that this company implemented an internal control system in 2022 based on its self-evaluation results, and sought to make the following declarations:

I. The company had consciously established, implemented, and maintained an internal control system under the Board of Directors and Managers. The purpose of this system was to inform and report reliable, timely, and transparent rules and regulations to achieve the goals of enhancing the company's operating effects and efficiency (including profits, performance, and asset security), thus providing a reasonable protection of the company financial interests.

II. As any internal control system has an inherent limitation regardless of its comprehensiveness, the company's internal control system can only provide reasonable protection on the aforementioned three goals. Moreover, due to environmental and situational variations, the efficiency of the company's internal control system may change anytime. It is only when the company was imbedded with a self-monitoring mechanism that any flaw or weakness detected in the internal control system would the company be able to take corrective action.

III. The company would evaluate the effectiveness of its internal control system, in accordance with "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter referred to as "Governing Establishment"). The "Governing Establishment" divides the internal control system into 5 components by management control processes as follows: 1. Control Environment 2. Risk Evaluation 3. Control Operation 4. Information & Communication 5. Supervision Operation. Each composition contains several items. Please refer to the "Governing Establishment" for details.

IV. The company has adopted the aforementioned evaluation items, using them to assess the effectiveness of its internal control.

V. Based on its evaluation results, as of 2022/12/31, the company's internal control system (including its supervision and management on subsidiaries) has achieved aforementioned goals such as realizing the operation effects and efficiency, reporting reliable, timely, and transparent rules and principles, and enduring the effectiveness of internal control.

VI. The Statement would be part of the major contents of the company's annual report and handbook, available to the public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171, and 174 of the Securities & Exchange Act.

VII. This Statement has been approved by the Company's Board of Directors on 2023/03/14. Among the eleven attendants in the Board, no one held an antagonistic and disproving view, and all agreed to the contents of this Statement, upon which we thereby make this declaration.

Johnson Health Tech Co., Ltd.

Chairman: Peter Lo Signature

Chief Executive Officer: Jason Lo Signature

2. If the company delegates an accountant team to conduct the internal control system, it shall be disclosed by the delegated audit report: N/A

x. From recent years to the publication of this Annual Report, if there were any defects or violation of the internal control system's rules by the company or its internal staff who were published as such and which required improvement: N/A

xi. Important Resolutions made by the Board of Directors and Shareholders Meeting from recent years to the publication of this Annual Report

(1) This year's Shareholders Meeting was held on 2022/06/27, during which the proposals passed, and operation results were as follows.

Date	Motion Summary	Operation Status
2022.06.27	1. 2021 Business Operation Report and Financial Statement	Motion passed by vote
	2. 2021 Surplus Distribution	Motion passed by vote. The shareholder received NT$0.5/share in cash dividends this year, with total sum amounting to NTD$151,294,309. The ex-dividend date was on 2022/09/07, ex-dividend base date on 2022/09/16, and issuance date on 2022/10/07.
	3. Modification of Articles in "Procedures for Acquisition or Disposal of Assets"	Motion passed by vote and enforced after modification
	4. Modification of Articles in "Endorsement and Guarantee Handling Procedures"	Motion passed by vote and enforced after modification
	5. Modification of Articles in "Articles of Association"	Motion passed by vote and enforced after modification
	6. Modification of Articles in "Rules of Procedure for the General Meeting of Shareholders"	Motion passed by vote and enforced after modification
	7. Modification of Articles in "Procedures for loaning funds to others"	Motion passed by vote and enforced after modification

(2) Board of Directors' Important Resolutions

We hereby summarized the important resolutions made by the Board of Directors from 2022 to the publication date of this Annual Report as below:

I. BOD on 2022/03/22

- Approval of the 2021 Financial Statements
- Approval of the 2021 employee and director remuneration distribution
- Approval of the 2021 Financial Report with the evaluation of certified public accountant's independency and competence
- Approval of appointment of internal audit supervisor.
- Amendment to "Asset Acquisition or Disposal Procedure" and "Endorsement Guarantee Processing Method" of our company
- Subsidiary's endorsement guarantee case for credit line
- Subsidiary's funding loan case (short-term liquidity nature)
- Subsidiary's overdue accounts receivable transferred to funding loan case

Independent Directors' opinion: None.
Company's Response to Independent Directors' opinion: None.
Resolution: Motion passed unanimously by all attending directors.

II. BOD on 2022/03/28

- The Company's overdue payments of accounts that do not fall under the nature of a funding loan case
- Subsidiary's overdue accounts receivable transferred to funding loan case

  Independent Directors’ opinion: None.

  Company’s Response to Independent Directors’ opinion: None.

  Resolution: Motion passed unanimously by all attending directors.

III. BOD on 2022/05/10

- Approval of the 2022 First Quarter Financial Statements
- Approval of the 2021 surplus distribution
- Approval of the amendment to the "Company Bylaws" case
- Amendment to "Operating Procedures for Funding Loans to Others" of the Company
- Amendment to "Rules of Shareholders' Meeting Proceedings" of the Company
- Amendment to "Employee Stock Transfer Regulations for Share Repurchase" of the Company
- Subsidiary's endorsement guarantee case for credit line.

  Independent Directors’ opinion: None.

  Company’s Response to Independent Directors’ opinion: None.

  Resolution: Motion passed unanimously by all attending directors.

IV. BOD on 2022/08/09

- Approval of the 2022 Second Quarter Financial Statements
- Subsidiary's endorsement guarantee case for credit line

  Independent Directors’ opinion: None.

  Company’s Response to Independent Directors’ opinion: None.

  Resolution: Motion passed unanimously by all attending directors.

V. BOD on 2022/09/26

- Approval of the case of funding loans to subsidiary companies.

  Independent Directors’ opinion: None.

  Company’s Response to Independent Directors’ opinion: None.

  Resolution: Motion passed unanimously by all attending directors.

VI. BOD on 2022/11/08

- Approval of the 2022 Third Quarter Financial Statements
- Approval of the 2023 Operation Plans
- Establishment of "Internal Handling Procedures for Significant Information" of the Company
- The Company's endorsement guarantee case for the subsidiary's credit line

  Independent Directors’ opinion: None.

  Company’s Response to Independent Directors’ opinion: None.

  Resolution: Motion passed unanimously by all attending directors.

VII. BOD on 2023/03/14

- 2022 Financial Statements and Business Report
- 2022 employee and director remuneration distribution
- 2022 Financial Report with the evaluation of certified public accountant’s independency and competence
- Amendment to certain provisions of "Board Meeting Rules" of the Company.

  Independent Directors’ opinion: None.

  Company’s Response to Independent Directors’ opinion: None.

  Resolution: Motion passed unanimously by all attending directors.

VIII. BOD on 2023/05/11

- Approval of the financial statements for the first quarter of 2023.
- Approval of the profit distribution plan for the year 2022.

- Proposal for the comprehensive election of directors and presentation of director candidates.
- Intention to carry out a cash capital increase through the issuance of new shares and the issuance of the first domestic unsecured convertible bonds.
  Independent Directors' opinion: None.
  Company's Response to Independent Directors' opinion: None.
  Resolution: Motion passed unanimously by all attending directors.

Any other relevant important resolutions were made public on the Market Observation Post System as requested.

xii. If there's any different opinions with records or written statements made in regards with the important resolutions of the Board by directors or supervisors from the recent years until the publication of this Annual Report, it shall be noted thereby: None

xiii. Provided that any of the Chairperson, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Governing Supervisor, or R/D Supervisor resignations and dismissals from recent years to the publication of this Annual Report, it shall be summarized below: None.

5. Information on CPA Professional Fees

i. When non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees paid to them, the amounts of both audit and non-audit fees and the details of the non-audit services shall be disclosed.

Amount Unit: in NTD$ Thousand(K)

Name of Accounting Firm	Ernst & Young Global Limited	
Accountant 1	Chen, Ming Hung	
Accountant 2	Huang, Yu Ting	
Audit Period	2022/01/01~2022/12/31	
Audit Fees		5,630
Non-audit Fees	System Planning	0
	Business Registration	10
	Human Resource	0
	Others (Note)	0
	Sum	10
Total		5,640
Note	None.	

ii. When changing the accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: N/A.

iii. When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 15% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: N/A.

iv. 2022 non-audit fees were lower than audit fees.

6. Modification of CPA: N/A

7. Company's Chairman, General Manager, Financial or Accounting Manager who was employed in CPA's Accounting Office or its affiliated enterprises in the recent year : N/A.

<u>Assessment of CPA Independency</u>

Every year, the Company's Audit Committee evaluates the Certified Public Accountant's independency based on the following items, and reports the results to the Board of Directors:

i. Statement of CPA's Independency

ii. The CPA's audit or non-audit services shall first undergo the evaluation of the Audit Committee, to ensure his or her services' free of interference in the results of the auditing.

iii. The same CPA shall not serve for the company for more than seven years.

iv. The company will adopt a questionnaire to evaluate CPA's financial interests, business affiliations, and employment terms for determining his or her extent of independency.

As of 2023/03/14, the company completed evaluation of CPA's independency and competence, and had the results approved by the Board of Director. The evaluation contents were as follows:

2022 Certified Public Accounting Firm: Ernst & Young Global Limited

2022 Certified Public Accountant: Chen, Ming Hung, Huang, Yu Ting

Item	Evaluation Item of Independency	Y	N
1	CPA doesn’t have a major or direct financial interest with the company.	V	
2	CPA who signs the audit report has not provided any financing or guarantee for the company or its directors.	V	
3	CPA and audit team members have not held any significant positions with the company's directors, managers, or parties that could affect the audit for the past two years.	V	
4	CPA has not served as the company's legal representative or coordinated any conflicts with third parties in the past.	V	
5	CPA doesn’t keep a service with the company for more than 7 years continually	V	
6	CPA has no significant business relationship with the company.	V	
7	CPA has no potential employment relationship with the company.	V	
8	CPA has not held any significant positions with the company's directors, managers, or parties that could affect the audit within one year of leaving.	V	
9	CPA has not been subject to any disciplinary action by regulatory authorities or the accounting association, or any penalties under Article 37 item 3 of the Securities and Exchange Act.	V	
10	Whether the quality and timeliness of the audit and tax services meet the company's needs.	V	
11	Whether the CPA maintains good communication with the company's management and board of directors.	V	
12	Whether the CPA provides proactive recommendations for the company's systems and internal control during the audit and keeps records of them.	V	
13	Whether the CPA regularly updates the company on tax, securities regulations, and newly revised IFRS accounting standards.	V	
14	Whether the reimbursement of fees is reasonable compared to the industry standard.	V	

Conclusion:

We hereby verify that Ernst & Young Global Limited’s two CPAs, Chen, Ming Hung and Huang ,Yu Ting, fulfill the requirements of independency and competence based on their “Statement of Independency” and in accordance with the CPA Law, Article 47, and Code of Professional Ethics, No. 10.

8. Situations Involving Equity Transference or Pledge Conducted by Director, Supervisor, Managerial Officers and Shareholder with a Stake More Than 10%

(Unit: Stock)

Title	Name	2022		2023/01/01~2023/04/30	
		Shareholding Increase (Decrease)	Pledge of or change in equity interests Increase (Decrease)	Shareholding Increase (Decrease)	Pledge of or change in equity interests Increase (Decrease)
Chairman & Major shareholder	Peter Lo	0	0	0	0
Director & Chief Executive Officer, Major Shareholder	Jason Lo	0	0	0	0
Director	Cindy Lo	0	0	0	0
Director	Spencer Hsieh	0	0	0	0
Director	Ya-Kang, Wang	0	0	0	0
Director & Vice President	May Lo	5,000	0	0	0
Director	Jung Ren, Fu	0	0	0	0
Director	Teresa Lo	0	0	0	0
Taiwan Factory General Manager	Sean Juo	8,000	0	0	0
General Manager	Hsiao-Tzu, Fang	5,000	0	0	0
Vice President	Jean Hung	5,000	0	0	0
Vice President	Vic Chen	3,000	0	0	0
Vice President	Max Yen	10,000	0	0	0
Vice President	William Chu	(15,000)	0	(12,569)	0
Vice President	Pendy Liao	10,000	0	0	0
Vice President	William Poon	10,000	0	0	0
Vice President	Philip Lai	(2,000)	0	0	0
Vice President	An-Ping, Lin	0	0	0	0
Senior Manager	Crista Lin	5,000	0	0	0
Senior Manager	Henry Chen	3,000	0	0	0
Senior Manager & Head of Accounting Department	Jacky Lee	5,000	0	0	0
Senior Manager & Head of Audit Department	Jerry Chen	0	0	0	0
Independent Director	Yih-Horng, Lin	0	0	0	0
Independent Director	Vincent Chen	0	0	0	0
Independent Director	Chao-Tang, Yue	0	0	0	0
Financial Director substitute & Head of Corporate Governance	James Chan	5,000	0	0	0

Transfer of Equity Interests

Name	Reasons for Transfer	Date of Trading	Trading Counterparty	Relationship of Counterparty to the company, director, supervisor, or shareholder with a stake of more than 10 %	Number of Stocks	Trading Price
N/A						

Pledge of Equity Interests

Name	Reasons for Pledge	Date of Change	Trading Counterparty	Relationship of Counterparty to the company, director, supervisor, or shareholder with a stake of more than 10 %	Number of stock	Share-holding Rate	Pledge Rate	Pledge Amount
N/A								

9. Information on Relationships among the Top 10 Shareholders

Name	Shareholder		Spouse, Minor Children, who hold stock		Shares held under the names of other parties		Relationships of Shareholders with a stake of more than 10 % who are affiliated to Bulletin No. 6 or who are spouses, 2nd-degree relatives, etc.		Note
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Name	Relationship	
Jason Lo	84,704,121	27.90%	13,453,859	4.43%	885,365	0.29%	Peter Lo Cindy Lo Crista Lin May Lo Teresa Ya-Han Lo	Within 2nd-Degree of Consanguinity	
Peter Lo	61,229,933	20.17%	12,776,199	4.21%	0	0.00%	Cindy Lo Jason Lo May Lo Teresa Lo Ya-Han Lo	Within 2nd-Degree of Consanguinity	
May Lo	17,195,413	5.66%	289,538	0.10%	0	0.00%	Peter Lo Cindy Lo Jason Lo Teresa Lo	Within 2nd-Degree of Consanguinity	
Teresa Lo	14,936,094	4.92%	101,350	0.03%	0	0.00%	Peter Lo Cindy Lo Jason Lo May Lo	Within 2nd-Degree of Consangunity	
Crista Lin	13,453,859	4.43%	84,704,121	27.90%	885,365	0.29%	Jason Lo Ya-HanLo	Within 2nd-Degree of Consanguinity	
Cindy Lo	12,776,199	4.21%	61,229,933	20.17%	0	0.00%	Peter Lo Jason Lo May Lo Teresa Lo Ya-Han Lo	Within 2nd-Degree of Consanguinity	
Ya-Han Lo	9,105,402	3.00%	0	0.00%	0	0.00%	Peter Lo Cindy Lo Jason Lo Crista Lin	Within 2nd-Degree of Consanguinity	

Name	Shareholder		Spouse, Minor Children, who hold stock		Shares held under the names of other parties		Relationships of Shareholders with a stake of more than 10 % who are affiliated to Bulletin No. 6 or who are spouses, 2nd-degree relatives, etc.		Note
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Name	Relationship	
Qiao Tai Investment Co., Ltd.	4,552,330	1.50%	0	0.00%	0	0.00%	Peter Lo Cindy Lo Crista Lin May Lo	Chairman Director Director Supervisor	
Chiao Lian Technical Consultant Co.	3,094,888	1.02%	0	0.00%	0	0.00%	Jason Lo Cindy Lo Crista Lin May Lo	Chairman Director Director Supervisor	
Wan-Ting, Ceng	2,429,000	0.80%	0	0.00%	0	0.00%	N/A	N/A	

10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company

2023/03/31 Unit: Stock%

Investments in Other Companies	Investment in the Company		Entities Directly or Indirectly Controlled by Director, Supervisor, Manager		Consolidated Investment	
	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio
Johnson International Holding Corp. Ltd	－	100%	－	－	－	100%
Johnson Health Tech North America, Inc.	－	100%	－	－	－	100%
Johnson Health Tech UK Limited(Note 1)	－	44.43%	－	55.57%	－	100%
Johnson Health Tech. GmbH (Note 1)	－	－	－	99.77%	－	99.77%
Johnson Health Technology (Shanghai) Co., Ltd. (Note 1)	－	－	－	100%	－	100%
Johnson Health Tech Iberica S.L. (Note 1)	－	－	446,193	100%	446,193	100%
Johnson Health Tech Japan Co.,Ltd. (Note 1)	－	－	13,519	100%	13,519	100%
Johnson Health Tech France (Note 1)	－	－	－	100%	－	100%
Johnson Health Tech. (Thailand) Company Limited (Note 1)	－	－	2,000,000	100%	2,000,000	100%
Johnson Fitness Tech (Malaysia) Sdn. Bhd.	16,052,000	99.38%	100,000	0.62%	16,152,000	100%
Johnson Health Tech Italia S.P.A. (Note 1)	－	－	1,098,000	99.82%	1,098,000	99.82%
Johnson Health Tech. (Schweiz) GmbH (Note 1)	－	－	2,000	100%	2,000	100%
Johnson Health Tech Netherlands B.V. (Note 1)	－	－	18,100	100%	18,100	100%
Johnson Health Tech (HongKong) Limited	3,340,000	100%	－	－	3,340,000	100%
Johnson Industries (Shanghai) Co., Ltd. (Note 1)	－	－	－	100%	－	100%
Johnson Health Care Co., Ltd.	4,859	78.90%	401	21.10%	5,260	100%
Johnson Industrial Do Brasil Ltda. (Note 1)	－	－	－	100%	－	100%
World of Leasing GmbH (Note 1)	－	－	－	100%	－	100%
Johnson Health Tech. Australia Pty. Ltd. (Note 1)	－	－	20,715,330	100%	20,715,330	100%
Johnson Health Tech. Poland SP.Z.0.0 (Note 1)	－	－	33,840	100%	33,840	100%
Johnson Health Tech (Vietnam) Company Limited	－	100%	－	－	－	100%
Style Retail Vietnam Company Limited (Note 1)	－	－	－	100%	－	100%
Johnson F&B Management (Shanghai) Co., Ltd. (Note 1)	－	－	－	100%	－	100%
Joyful Trading (Shanghai) Co., Ltd. (Note 1)	－	－	－	100%	－	100%
Johnson Heasth Technologies, S.A.de C.V.	－	100%	－	－	－	100%
Johnson Health Tech Philippines, Inc.	－	100%	－	－	－	100%
Johnson Health Tech Retail, Inc.	－	100%	－	－	－	100%
Johnson Health Technologies Canada Inc.	－	100%	－	－	－	100%
Johnson Health Technologies Canada Commercial Inc. (Note 1)	－	－	－	100%	－	100%

Investments in Other Companies	Investment in the Company		Entities Directly or Indirectly Controlled by Director, Supervisor, Manager		Consolidated Investment	
	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio
Johnson Health Tech UAE L.L.C	—	100%	—	—	—	100%
Johnson Health Industry (Viet Nam) Company Limited	—	100%	—	—	—	100%
Johnson Health Tech Rus Limited Liability Company	—	100%	—	—	—	100%
Fuji Medical Instruments Mfg. Co., Ltd.	300,000	100%	—	—	300,000	100%
PT Johnson Health Tech Indonesia	—	100%	—	—	—	100%
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	—	99.99%	—	0.01%	—	100%
Johnson Health Tech SA Proprietary Limited	—	100%	—	—	—	100%
JHT FIT Company Limited	—	100%	—	—	—	100%
Johnson Health Tech Digital UK Ltd	—	100%	—	—	—	100%
Johnson Health Tech Korea Co., Ltd.	—	100%	—	—	—	100%
Johnson Health Tech India Pvt Ltd	—	100%	—	—	—	100%

Note 1: Company's subsidiaries

IV. Fundraising

1. Capital and Shares:

i. Source of Stocks

Unit: in NTD$ Thousand/Stock
2023/04/30

Year/Month	Issuance Price	Authorized Stock		Paid-up Capital		Note		
		Stock Number	Amount	Stock Number	Amount	Stock Source	Substitutive Capital Besides Cash	Other
1987.04	100	300,000	30,000	300,000	30,000	Cash Capital Increase NTD$ 14,000,000	N/A	N/A
1998.11	10	6,000,000	60,000	6,000,000	60,000	Cash Capital Increase NTD$ 30,000,000 (Note 1)	N/A	N/A
1998.12	10	11,400,000	114,000	11,400,000	114,000	Surplus Capital Increase NTD$ 30,000,000 (Note 2) Capital Increase NTD$ 24,000,000 (Note 2)	N/A	N/A
2000.07	10	50,000,000	500,000	31,000,000	310,000	Cash Capital Increase NTD$ 120,000,000 (Note 3) Surplus Capital Increase NTD$ 76,000,000 (Note 3)	N/A	N/A
2001.06	10	66,500,000	665,000	51,500,000	515,000	Cash Capital Increase NTD$ 50,000,000 (Note 4) Surplus Capital Increase NTD$ 155,000,000 (Note 4)	N/A	N/A
2002.05	10	145,500,000	1,455,000	70,000,000	700,000	Surplus Capital Increase NTD$ 185,000,000 (Note 5)	N/A	N/A
2003.07	10	165,500,000	1,655,000	84,000,000	840,000	Surplus Capital Increase NTD$ 140,000,000 (Note 6)	N/A	N/A
2004.08	10	165,500,000	1,655,000	105,000,000	1,050,000	Surplus Capital Increase NTD$ 210,000,000 (Note 7)	N/A	N/A
2005.08	10	167,500,000	1,675,000	126,450,000	1,264,500	Surplus Capital Increase NTD$ 214,500,000 (Note 8)	N/A	N/A
2006.08	10	185,000,000	1,850,000	155,101,250	1,551,013	Surplus Capital Increase NTD$ 286,512,500 (Note 9)	N/A	N/A
2007.08	10	250,000,000	2,500,000	186,501,500	1,865,015	Surplus Capital Increase NTD$ 314,002,500 (Note 10)	N/A	N/A
2008.08	10	250,000,000	2,500,000	190,550,000	1,905,500	Surplus Capital Increase NTD$ 40,485,000 (Note 11)	N/A	N/A
2009.08	10	250,000,000	2,500,000	194,361,000	1,943,610	Surplus Capital Increase NTD$ 38,110,000 (Note 12)	N/A	N/A
2011.08	10	250,000,000	2,500,000	199,301,898	1,993,018	Surplus Capital Increase NTD$ 49,408,980 (Note 13)	N/A	N/A
2012.08	10	250,000,000	2,500,000	200,381,533	2,003,815	Surplus Capital Increase NTD$ 10,796,350 (Note 14)	N/A	N/A
2013.08	10	250,000,000	2,500,000	201,448,032	2,014,480	Surplus Capital Increase NTD$ 10,664,990 (Note 15)	N/A	N/A
2014.08	10	350,000,000	3,500,000	302,417,270	3,024,172	Surplus Capital Increase NTD$ 1,009,692,380 (Note 16)	N/A	N/A
2015.08	10	350,000,000	3,500,000	304,016,617	3,040,166	Surplus Capital Increase NTD$ 21,120,868 (Note 17)	N/A	N/A
2019.05	10	350,000,000	3,500,000	303,616,617	3,036,166	Retired Treasury Stock NTD$ 4,000,000 (Note 18)	N/A	N/A

Note 1: Certification No. of cash capital increase for issuance of ordinary shares: 1998.11.17 (1998) B3R Document No. 258661

Note 2: Certification No. of cash capital increase for issuance of ordinary shares: 1998.12.21 (1998): EC Document No. 087141731

Note 3: Certification No. of cash capital increase for issuance of ordinary shares: 2000.07.04 (2000) TFS1 Document No. 55308

Note 4: Certification No. of cash capital increase for issuance of ordinary shares: 2001.07.11 (2001) TFS1 Document No. 144003

Note 5: Certification No. of surplus capital increase for issuance of ordinary shares: 2002.05.24 (2002) TFS1 Document No. 128470

Note 6: Certification No. of surplus capital increase for issuance of ordinary shares: 2003.07.30 (2003) TFSL Document No. 134502

Note 7: Certification No. of surplus capital increase for issuance of ordinary shares: 2004.07.26 (2004) EF1

Document No. 0930133365
Note 8: Certification No. of surplus capital increase for issuance of ordinary shares: 2005.07.29 EF1 Document No. 0940130917
Note 9: Certification No. of surplus capital increase for issuance of ordinary shares: 2006.07.17 EF1 Document No. 0950130934
Note 10: Certification No. of surplus capital increase for issuance of ordinary shares: 2006.07.17 EF1 Document No. 0960035874
Note 11: Certification No. of surplus capital increase for issuance of ordinary shares: 2008.07.23 EF Document No. 0970037149
Note 12: Certification No. of surplus capital increase for issuance of ordinary shares: 2009.08.17 EF Document No. 0980041027
Note 13: Certification No. of surplus capital increase for issuance of ordinary shares: 2011.08.11 EF Document No. 1000037465
Note 14: Certification No. of surplus capital increase for issuance of ordinary shares: 2012.08.15 EF Document No. 1010035879
Note 15: Certification No. of surplus capital increase for issuance of ordinary shares: 2013.07.30 EF Document No. 1020029537
Note 16：Certification No. of surplus capital increase for issuance of ordinary shares: 2014.07.04 EF Document No. 1030025378
Note 17：Certification No. of surplus capital increase for issuance of ordinary shares: 2015.07.28 EF Document No. 1040028513
Note 18: Latest certified public issuance or retirement date of stocks: 2019.05.28 EF Document No. 10801060790

Unit: Stock
2023/04/30

Stock Kind	Authorized Stock			Note
	Outstanding Stock	Unissued Stock	Total (Note)	
Registered Stock	303,616,617	146,383,383	450,000,000	The 20,000,000 stocks are retained for stock option certificates, including employee stock options and convertible bonds with stock options attached, etc.

ii. Shareholder Composition

Stock Transfer Suspension Date: 2023/04/30

Number\ Shareholder Composition	Government Agency	Financial Institute	Other Corporation	Individual	Foreign Agency & Outsider	Total
Number of People	1	10	31	11,867	118	12,027
Shareholding Number	12	1,236,858	11,742,716	265,411,962	25,225,069	303,616,617
Shareholding Ratio	0.00%	0.41%	3.87%	87.42%	8.31%	100.00%

iii. Public Ownership

2023/04/30

Shareholding Grade	Shareholder Number	Number of Share held	Shareholding Ratio
1 ～ 999	3,449	452,374	0.15%
1,000 ～ 5,000	7,016	13,367,182	4.40%
5,001 ～ 10,000	798	6,204,395	2.04%
10,001 ～ 15,000	229	2,903,051	0.96%
15,001 ～ 20,000	152	2,766,326	0.91%
20,001 ～ 30,000	119	3,017,796	0.99%
30,001 ～ 40,000	52	1,863,148	0.61%
40,001 ～ 50,000	43	1,977,811	0.65%
50,001 ～ 100,000	57	4,029,818	1.33%
100,001 ～ 200,000	38	5,135,506	1.69%
200,001 ～ 400,000	31	8,414,260	2.77%
400,001 ～ 600,000	10	5,495,561	1.81%
600,001 ～ 800,000	10	7,023,090	2.31%
800,001 ～ 1,000,000	4	3,568,269	1.18%
1,000,001 Above	19	237,398,030	78.19%
Sum	12,027	303,616,617	100.00%

iv. Major Shareholder List

2023/04/30

Stock / Name of Shareholder	Number of Share held	Shareholding Ratio
Jason Lo	84,704,121	27.90%
Peter Lo	61,229,933	20.17%
May Lo	17,195,413	5.66%
Teresa Lo	14,936,094	4.92%
Crista Lin	13,453,859	4.43%
Cindy Lo	12,776,199	4.21%
Ya-Han Lo	9,105,402	3.00%
Qiao Tai Investment Co., Ltd.	4,552,330	1.50%
Chiao Lian Technical Consultant Co.	3,094,888	1.02%
Wan-Ting, Ceng	2,429,000	0.80%

v. Market Price/Net Worth/Dividends Per Share for Past 2 Fiscal Years

Item			2021	2022	2023/01/01~ 2023/03/31 (Note 8)
Market Price Per Share (Note 1)	Highest		101.00	86.20	78.40
	Lowest		53.40	50.20	64.00
	Average		74.55	61.14	71.36
Net Worth Per Share (Note 2)	Before Distribution		27.93	31.21	
	After Distribution		27.43	30.61	
Dividend Per Share	Weighted Average Number of Share		303,616,617	303,616,617	
	Dividend Per Share (Note3)		0.13	1.42	
Dividend Per Share	Cash Dividend		0.50	0.60	
	Stock Dividend Distribution	bonus issue of shares from retained earnings	-	-	
		bonus issue of shares from capital reserve	-	-	
	Accumulated Unpaid Dividend (Note 4)		-	-	-
Analysis of Return on Investment	P/E Ratio (Note 5)		573.46	43.06	
	P/D Ratio (Note 6)		149.10	101.90	
	Cash Dividend Yield (Note 7)		0.67%	0.98%	

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Set forth the highest and lowest market prices per common share for each year, and calculate each year's average market price based upon that year's transaction value and transaction volume.

Note 2: Use the number of issued shares at year end as the basis and keep record in accordance with next year's distribution under the resolution of the board of directors or the next annual shareholders meeting.

Note 3: Provided that there's dividend distribution to be retroacted or adjusted, set forth the earnings per share before and after the adjustment.

Note 4: If the equity securities issuance conditions agree that any undistributed stock can be accumulated and distributed in the surplus year, the accumulated unpaid stocks shall be disclosed up to this year.

Note 5: P/E Ratio=average closing price per share this year/earnings per share

Note 6: P/D Ratio=average closing price per share this year/cash dividend per share

Note 7: Cash Dividend Yield=cash dividend per share/average closing price per share this year

Note 8: Net worth per share, earnings per share shall be calculated and reported up to the latest season of the publication of this Annual Report and verified by accountants; other tables shall be filled in with information up to the date of this annual report.

vi. Company Dividend Policy & Implementation:

Johnson Health Tech shall not pay dividends or bonuses, if there is no surplus earnings. The company has distributed cash dividends to its shareholders every year since 2003, seeking to maintain a steady and sustainable dividend policy. Generally, the company belongs to a gradually expanding business and environment, and only its reinvestment businesses are still developing. Due to its expansion and reinvestment plans, the company would distribute its shareholder dividends based on the principle of distributing 40%~80% of the net worth every year after estimating the legal reserve and special surplus reserve. The annual shareholder cash dividends shall not less than 10% of the total dividends. The recipient and ratio of the employee bonus shares shall be determined based on the “Regulations on Employee Dividends” authorized by the Board of Directors.

Johnson Health Tech motioned the 2022 Surplus Distribution Case on 2023/05/11 for the final resolution of the Board of Directors. Once the motion is passed by shareholder votes on 2023/06/28, it will be implemented thereof.

vii. The impact of the motion of this year’s share distribution on the Company’s business performance and earnings per share:

<table>
<tr><td colspan="3">Year
Item</td><td>2022</td></tr>
<tr><td colspan="3">Initial Paid in Capital Account</td><td>3,036,166,170</td></tr>
<tr><td rowspan="3">Share Distribution</td><td colspan="2">Dividend per share (Note 1)</td><td>0.60</td></tr>
<tr><td colspan="2">Surplus capital increase for shares allocated (Note 1)</td><td>-</td></tr>
<tr><td colspan="2">Capital surplus increase for shares allocated</td><td>-</td></tr>
<tr><td rowspan="7">Operating Performance Status</td><td colspan="2">N/A (Note 2)</td><td rowspan="7">N/A (Note 2)</td></tr>
<tr><td colspan="2">Operating Margin compared to the previous year</td></tr>
<tr><td colspan="2">Net Profit</td></tr>
<tr><td colspan="2">Net Profit compared to the previous year</td></tr>
<tr><td colspan="2">Earnings per share</td></tr>
<tr><td colspan="2">Earnings per share compared to the previous year</td></tr>
<tr><td colspan="2">Average rate of return on investment (reciprocal of P/E ratio</td></tr>
<tr><td rowspan="7">Estimated earnings per share and P/E ratio</td><td rowspan="2">Surplus capital increase for cash dividends</td><td>estimated earnings per share</td><td rowspan="7">N/A (Note 2)</td></tr>
<tr><td>Estimated average rate of return on investment</td></tr>
<tr><td rowspan="2">If no capital reserve increase</td><td>Estimated earnings per share</td></tr>
<tr><td>Estimated average rate of return on investment</td></tr>
<tr><td rowspan="3">If no capital reserve increase, but distributed surplus capital increase for cash dividends</td><td>Estimated earnings per share</td></tr>
<tr><td>Estimated average rate of return on investment</td></tr>
<tr><td></td></tr>
</table>

Note 1: In accordance with resolution in the 2023 Annual Shareholding Meeting; but cash dividends shall be resolved by Board of Directors in compliance with Company Act, Article 1, Paragraph 3, Article 30, and reported in Shareholder Meeting

Note 2: Based on the “Regulations Governing the Publication of Financial Forecasts of Public Companies,” the company doesn’t need to disclose its 2023 financial forecast information to the public.

viii Employee and Director Remuneration:

1. Percentage or scope of employee remuneration and director in articles of corporation by-law remuneration

   If the company earned profits this year, it shall allocate no less than 1% to remunerate employees, and no higher than 5% to remunerate the directors. However, if the company accumulates deficits, it shall reserve remuneration in advance. The employee remuneration may be paid in stock or cash, but the object of payment must meet the requirements of the employees.

2. The employee, director, or supervisor remunerations of this period were accumulated based on the allocation of stock and actual cash amounts; any discrepancies would be handled by accounting: Considering the rules of corporation by-laws and actual operating conditions, the company’s resolution to distribute employee and director remunerations this year amounted to NTD$ 17,200,000 which was the same as the estimated

amount last year.

3. Remuneration approved by the Board of Directors:

(1) Allocated remuneration amounts paid in cash or stock:

Unit: NTD in Thousand

	2022
Employee Cash remuneration	10,000
Director remuneration	7,200
Sum	17,200

(2) Earnings per share after the forecasted employee and director remuneration:

As employee and director remunerations are paid, they do not affect this period's net worth.

4. Surplus of last year allocated for employee and director remuneration

Allocation of the 2021 surplus:

Shareholder cash dividends:	151,294,000	(per share NTD$ 0.5)
Director remuneration:	7,200,000	
Employee remuneration:	3,000,000	

The actual allocation of employee and director remuneration is consistent to the estimated one.

ix. Repurchase of company stocks

1. Status of repurchasing of company stocks (completed)

Repurchase Number/Time	First Time	Second Time	Third Time
Repurchase purpose	Stock transferred to employees	Stock transferred to employees	Stock transferred to employees
Repurchase period	2016/03/22~ 2016/04/13	2019/07/26~ 2019/08/02	2020/03/23~ 2020/05/22
Repurchase price range	NTD$ 45~75	NTD$ 70~100	NTD$ 40~80
Repurchase stock kind & number	900,000 stocks	600,000 stocks	531,000 stocks
Repurchase stock Value	NTD$ 48,975,331	NTD$ 47,859,684	NTD$ 32,305,935
Number of retired or transferred stocks	900,000 stocks	0 stock	436,000 stocks
Accumulated number of stocks held	0 stock	600,000 stocks	95,000 stocks
Percentage of accumulated number of stocks held in total issued stocks (%)	0%	0.2%	0.03%

2. Repurchase stocks (under transaction): N/A

2. Corporate Bond

Kind of Company Loan		2019 First Time Secured Bond
Issuance Date		2019/08/29
Market Value		NTD$ 1 million
Place of Issuance and Transaction		Taipei Exchange (TPEx)
Issuance Price		Issuance in full value
Total Sum		NTD$ 2 billion
Interest		Fixed annual interest 0.83%
Period		5-year period, date of expiration: 2024/08/29
Guarantee Agency		Taiwan Cooperative Bank
Trustee		Taipei Fubon Commercial Bank
Underwriting Agency		Taiwan Cooperative Securities
Certified Public Lawyer		Far East Law Offices Chiu, Ya Wen
Certified Public Accountant		Ernst & Young Global Limited Chen, Ming Hung
Repayment method		5 years within the issuance date, One-off principal repayment upon maturity
Outstanding Principal		NTD $ 2 billion
Redemption or Prepayment Clause		None
Restriction Clause		None
Credit Evaluation Agency, Evaluation Date, Results		N/A
Other Rights	Transferred Stocks, Depository Receipt, Other valuable Securities (Exchange or Subscription) As of Today	None
	Issuance & Transfer Method (Exchange or Subscription)	None
Method of Issuance, Transfer, or Subscription, Issuance Conditions that might cause dilution and impact on shareholders' rights		None
Exchange and Trustee Agency		None

3. Preference Shares: None.

4. Depository Receipt: None.

5. Employee Stock Option & Restriction of Employee Ownership of New Stock: None.

6. Acquisition or Transfer Other Company's Issuance of New Stock: None.

7. Application of Funds: None.

V. Operation Overview

1. Business Contents:

i. Business Scope

The company belongs to the medical health equipment industry, whose main businesses include cardiopulmonary resuscitation fitness machine series and their research & development, designing, production, sales, and after-sales service. Its products include "electric treadmill," "vertical and reclining exercise bikes," "elliptical machine," "rowing machine," "stepper," "weight training machine," etc., plus electric massage chair series, and in addition to Japan Fujiiryoki's high-quality massage chairs and merchandise, also conducting research and producing home-made massage chairs.

1. Main businesses:
 (1) Medical equipment manufacturing
 (2) Medical equipment wholesale
 (3) Medical equipment retailer
 (4) Sports goods, athletic equipment manufacturing, wholesale & retailer
 (5) Mold manufacturing, wholesale and retail
 (6) Other mechanical and electrical equipment manufacturing (motor)
 (7) Electrical component manufacturing
 (8) Materials wholesale & retailer

2. Operating Proportion

Item Name	2022	2021
1. Fitness equipment	85.1%	82.1%
2. Electrical massage chair	14.8%	17.8%
3. Other	0.1%	0.1%
Sum	100%	100%

3. Current Company Products & Services

Current Main Products on the Market:

Product	Explanation
1.Electrical Treadmill	TM series product
2. Recumbent Exercise Bike	RB series product
3.Fitness Bike	CB、FC series product
4.Elliptical Machine	EP series product
5.Stepper	HS、CS series product
6.Rowing Machine	AR series product
7.Weight Training Machine	GM、FW、MS series product
8.Electrical Massage Chair	KMR、TSA series product
9.Other Merchandise	Export fitness machine (Fujiiryoki)、fitness merchandise

4. New Product Program Development
 (1) Matrix brand: developing electrical treadmill and weight training product for markets on upper class chain fitness club and international hotel
 (2) Johnson brand: developing electrical treadmill and elliptical machine for upper class fitness club

(3) Vision brand: series product for light club product line and upper class domestic special store
(4) Horizon brand: large-scale fitness supermarket series product, fitness utility special store new product
(5) R&D techniques for electrical massage chair
(6) R&D techniques for key component units

ii. Technology and R&D Overview

1. R&D expense amount in the recent years (consolidated statements):
(regulation: from the recent years to publication of this annual report)

To enhance the competitive edge of its products, this company focused on developing the homemade brands in order to buttress the global marketing channels. The following disclosed the R&D expenses from the recent 3 years to the publication of this annual report.

Unit: NTD in Thousand

Item \ Year	2023 Up to 3/31	2022	2021	2020
R/D expense	241,226	913,224	808,652	785,536
Net income	7,035,347	33,612,947	30,779,328	28,366,756
R/D expense/Net income (%)	3.43	2.72	2.63	2.77

Data source: provided by the CPA Financial Report

2. Fruits of Successful Technological or Product Development

Year	Fruits of Research & Development
2020	(1) Matrix Electrical Treadmill Series, 28 types (2) Matrix Fitness Bike & Elliptical Machine Series, 86 types (3) Matrix Strength Training Machine Series, 43 types (4) Vision Electrical Treadmill Series, 3 types (5) Vision Fitness Bike & Elliptical Machine Series, 6 types (6) Horizon Electrical Running Machine Series, 13 types (7) Horizon Fitness Bike & Elliptical Machine Series, 9 types (8) Inner Balance, Massage Chair Series, 2 types (9) SYNCA Massage Chair Series, 4 types (10) Johnson Massage Chair Series, 1 type
2021	(1) Matrix Electrical Treadmill Series, 45 types (2) Matrix Fitness Bike & Elliptical Machine Series, 29 types (3) Matrix Strength Training Machine Series, 12 types (4) Vision Electrical Treadmill Series, 5 types (5) Vision Fitness Bike & Elliptical Machine Series, 4 types (6) Horizon Electrical Running Machine Series, 21 types (7) Horizon Fitness Bike & Elliptical Machine Series, 8 types (8) Inner Balance, Massage Chair Series, 1 type (9) SYNCA Massage Chair Series, 2 types (10) Johnson Massage Chair Series, 6 types

2022	(1) Matrix Electrical Treadmill Series, 5 types (2) Matrix Fitness Bike & Elliptical Machine Series, 15 types (3) Matrix Strength Training Machine Series, 13 types (4) Vision Strength Training Machine Series, 1 type (5) Horizon Strength Training Machine Series, 1 type (6) Horizon Electrical Running Machine Series, 15 types (7) Horizon Fitness Bike & Elliptical Machine Series, 9 types (8) Fujiiryoki Massage Chair Series, 3 types (9) Johnson Fitness Bike & Elliptical Machine Series, 1 type (10) Johnson Massage Chair Series, 2 types

3. Future R&D Projects and Estimated Expenses

(1) Recent-Year R&D Projects: The company's mass production of its new products was scheduled based on its project development progress, and the second half will be devoted to the development of new products for the next year.

(2) Projects for the Future 3 Years

Item	Product Development Strategy	Main Product	Estimated invested capital (USD)
1	Electrical control component research & development	Motor/ Control Board	15 million
2	New generation HMI platform development	Embedded console	35 million
3	Integrated audio-visual multimedia & wireless functions	CV full series	8 million
4	Cloud technology application development	Interactive console	10 million
5	Online video streaming development	CV full series	15 million
6	AI development	CV full series	25 million
7	New model business machine development (Project 1)	CV full series	50 million

(3) Impact Factors for Future Research Successes:

A. Hiring human resources on electrical control, or institute and product managers.
B. Key component and key technology development, such as motor, control panel, generator, running board, running belt, and scroll wheel, etc.
C. Hiring AI, Web, APP human resources
D. R&D project progress management

iii. Long- and Short-Term Business Development Projects:

1. Short-Term:

(1). CV & weight training new product development & old product improvement
(2). Light club product line and upper-class domestic special store series new product launch
(3). European & American large-scale channels series for the launch of new product, athletic product chain stores and special stores

2. Long-Term:

(1). Commercial fitness club and international chain hotel business development

(2). New product business division performance and channel expansion

(3). Continuance of store, channel acquisition & merger in order to consolidate the market share

2. Market & Production Overview

i. Market Analysis

1. Major Product Marketing Regions (Calculated as Consolidated Revenue):

Unit: USD in million

Year / Region	2022		2021	
	Amount	Proportion	Amount	Proportion
American Region	535	47.5%	484	44.1%
European Region	288	25.5%	253	23.1%
Asian Region	266	23.6%	315	28.7%
Domestic Marketing	38	3.4%	45	4.1%
Sum	1,127	100%	1,097	100%

2. Future Market Supply & Demand Condition and Upward Trend

i. Future Market Upward Trend

According to the 2019 research statistics provided by the International Health, Racquet & Sports Club Association, IHRSA, the number of people worldwide who own a fitness membership was 184 million, amounting to USD$ 96 billion revenues, for a total of over 210,000 clubs. IHRSA also predicted in 2018 that the number of people in 2030 joining fitness clubs would reach the target of 230 million. Although 2020-2021 was disrupted by the COVID-19 epidemic, the public realized the importance of strengthening their own resistance to the virus, so the goal remains unchanged. As the research institute and the industry forecasted, as of 2030, the global fitness equipment industry is likely to maintain a 6% natural growth in business. Moreover, the Asian Market, which used to have a low penetration rate of the fitness population, is expected to be the major growth area in the future.

【2020-2024 Global Interactive Fitness Market】

According to the results accumulated from Allied Market Research, the global fitness equipment market scale is expected to grow up to USD$ 15.4 billion in 2028, with the growth of CAGR reaching 0.3%. Among the trend, Asia-Pacific region makes the fastest growth, especially with the growth of such new market demands coming from India and China. However, currently, the European and American countries still occupy the largest fitness equipment consumption market in the world, accounting for 60% of the global market share, and also the largest export countries for Taiwan.

Note worthily, the major growth momentum of the fitness equipment industry in the future few years would still be claimed by the commercial areas. Nonetheless, in the post-pandemic era, the global domestic fitness equipment market has increased due to people’s growing awareness of the healthy lifestyle and higher personal disposable income. Accordingly, the North American region has occupied a dominant place in the market. Other trends that led to the dominance of the North American market include the wearable equipment used for self-monitoring and for simulation teamwork, the two of which have blurred the boundary of domestic training and club exercising, and thus spur the clients’ demand for domestic fitness equipment. It is expected that, as of 2027, the global domestic fitness equipment market will increase by 7.8% in compound annual growth rate.

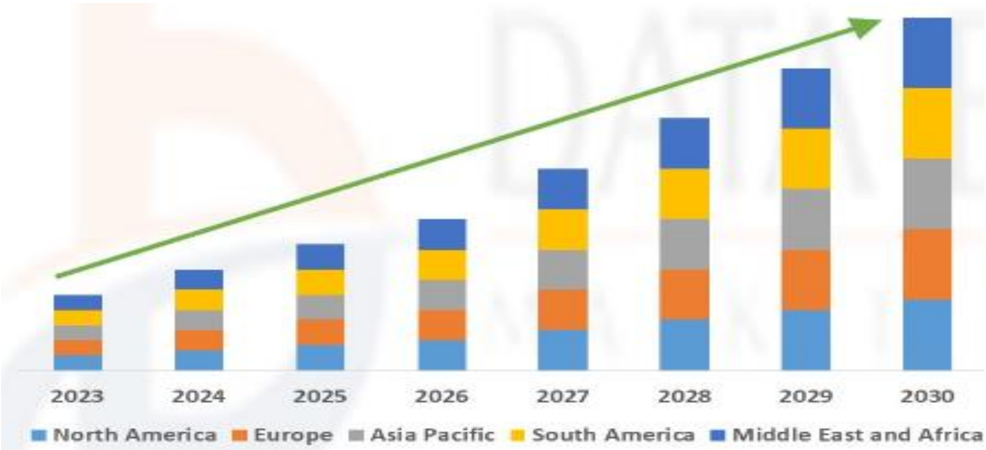
With rising consumer concerns toward health and fitness, the number of populations who do exercise surged. In addition to the polarized development of global fitness clubs, the fitness industry in Taiwan flourished quickly. Despite being relatively slow when compared to other Asian countries, the Taiwanese government has participated in the industry by planning to construct more national gymnastic centers in the future few years. Consequently, the upward potential of this industry is worthy of our attention.

(2) Industry development trend

According to the latest global fitness trend ranking provided by ACSM (American College of Sports Medicine), the top 10 global fitness activity trends in 2023 are ranked as the following: Wearable technology, bodyweight training, senior fitness programs, functional fitness training, outdoor activities, high-intensity interval training, sports-specific training, hiring certified fitness professionals, personalized training, etc.

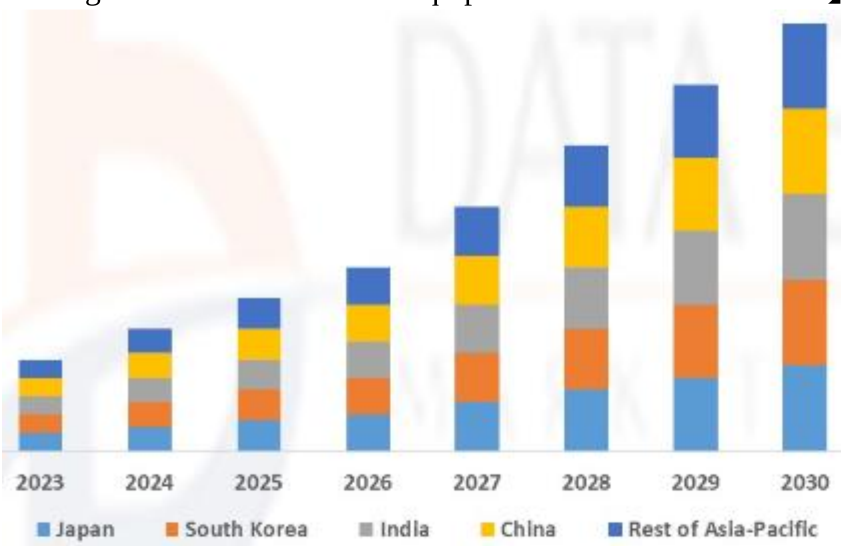
Global fitness equipment market types can be divided into cardiovascular training equipment, weight training equipment, and other equipment, and also into types of users (domestic consumers, fitness club users, and other commercial users) and areas. The cardiovascular training equipment fall into the following categories: running machine, elliptical machine, and stationary bike, rowing machine, etc. The weight training category covers light upper body and light lower body, back, and abdomen training equipment, whose accessories include the mat and dumbbell. Domestic consumers are users at home, in apartments or larger gymnasiums. Other commercial users go to hotels, offices, hospitals, medical centers, and public institutions.

It is worth noting that as the global pandemic situation improves and policies are relaxed in various countries, people's fitness habits and needs have changed. Most people have returned to the gym and given up on exercising at home. Home fitness has dropped out of the Top 10 and fitness facilities have returned to the pre-pandemic trend, which has also pushed up the rankings of free weight training (No. 4 → No. 2) and bodyweight training (No. 8 → No. 3).



Data Bridge predicts that the global fitness equipment market is expected to further grow to $17.5 billion by 2030, with a compound annual growth rate of 7.0% from 2023 to 2030. The market has been studied for North America, Europe, Asia Pacific, South America, Middle East and Africa regions. North America leads in terms of market share. The increase in disposable income and rapid growth in the economy in the Asia-Pacific region resulted in unhealthy lifestyles such as sitting for a long time and additional expenses in fast food. These poor lifestyles escalated disease incidence such as obesity, diabetes, high blood pressure, and other bone diseases. People are becoming aware of the long-term effects of such diseases and have encouraged each other to stay healthy by doing exercises in the gym or stadium. This trend also has something to do with the increase of the youthful populations and gentrification trend in a developing economy.

【Data bridge - Asia Pacific Fitness Equipment Market Size Forecast】



The original report stated that the Asia-Pacific fitness equipment market is expected to grow to around $3.4 billion by 2030 and will grow at a compound annual growth rate of 8.1%.

The forecast future industrial trend is as follows:

1). Under the impact of the European and American fitness sports market, in addition to the technological advancement as a drive for losing weight and for reducing the difficulty of workout, people who don't exercise no longer feel resistant to nor are fearful of the idea.

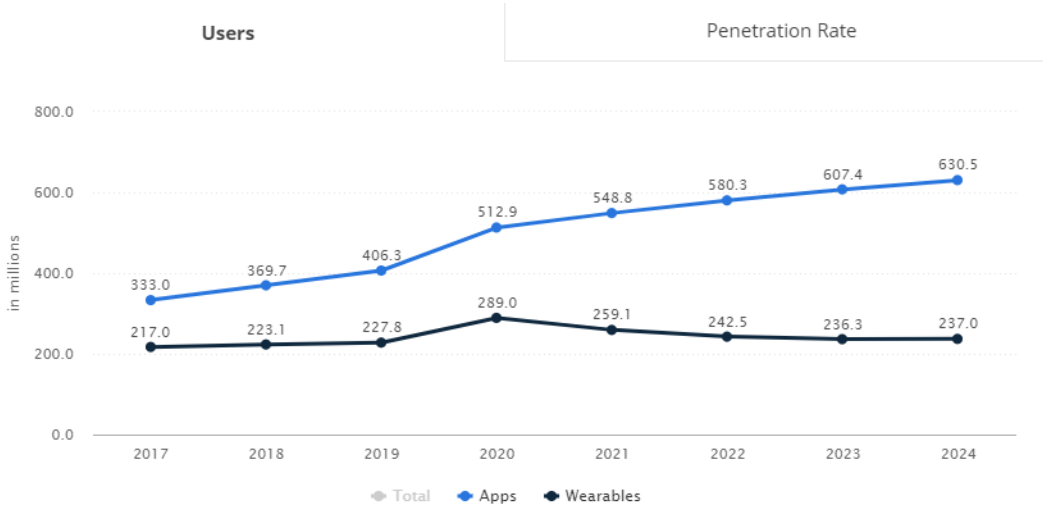
2). The function of the fitness equipment is no longer limited to exercises. It gradually goes beyond to the rehabilitation and health care areas. Likewise, the user populations expand from the youth to the aged. Especially with the increasing diversification of fitness equipment, which indicates that the product is not subject to polarized pricing, users of different levels can find different incentives to cope with their needs.

3). The concept of health care becomes a popularized idea. Other than the high regard from public institutions and schools, many large-scale enterprises also start to establish fitness & leisure equipment for the use of employees. In recent years, more and more households and construction developers pride themselves in owning the fitness centers as a selling point. This emphasis on fitness centers shows that the awareness of sports and fitness is gaining traction in Asia.

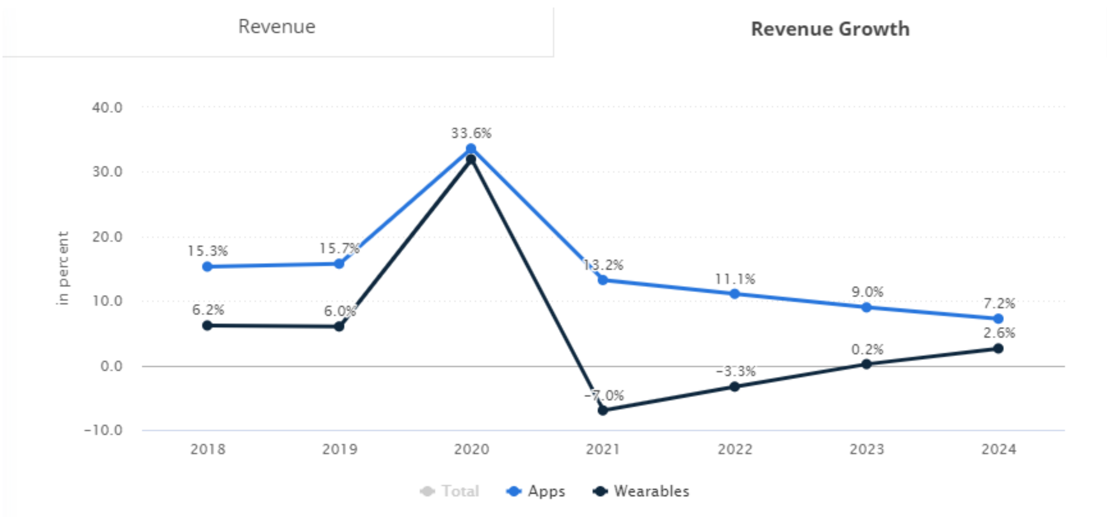
4). With the advancement of technology, the user experience in fitness equipment has improved significantly, such as by incorporating games or an achievement system into its user experience, or by spurring the users' desire or motivation for exercises. For example, this year's bestselling but under-supplied product, Nintendo Switch brand, "Ring Fit Adventure," opened up much business opportunities and potentials.

5). As wearable smart devices such as the smart watches have grown mature and popular nowadays, keeping fit is no longer shown through slowly losing weight or having body curve. With the help of the smart devices, users nowadays can easily know his or her calorie loss or cardiorespiratory condition, and thus keep a clear daily workout load and progress. In the meantime, fitness equipment has gradually integrated with digital training courses, making working out as easy and convenient as doing daily chores.

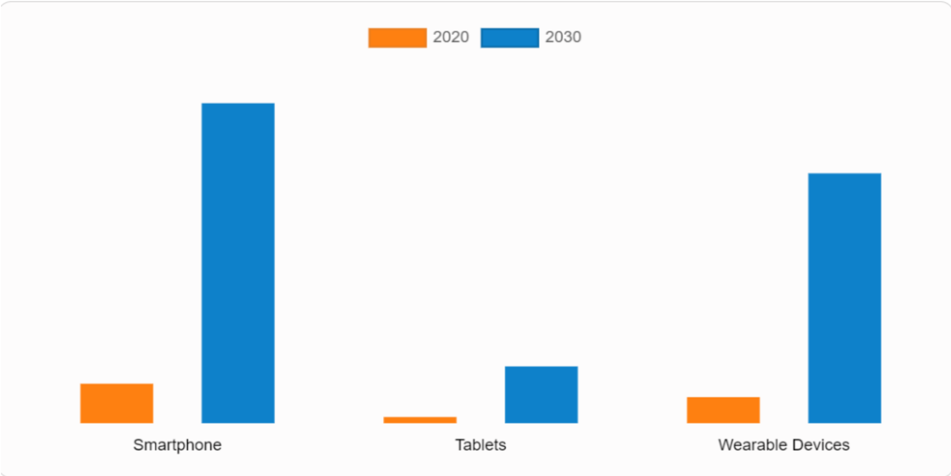
【The number of Users in the Fitness Market Forecast】
As of 2024, in the Apps area, the number of users is expected to reach 630.5 million.



【The Fitness Market User Rate Forecast】



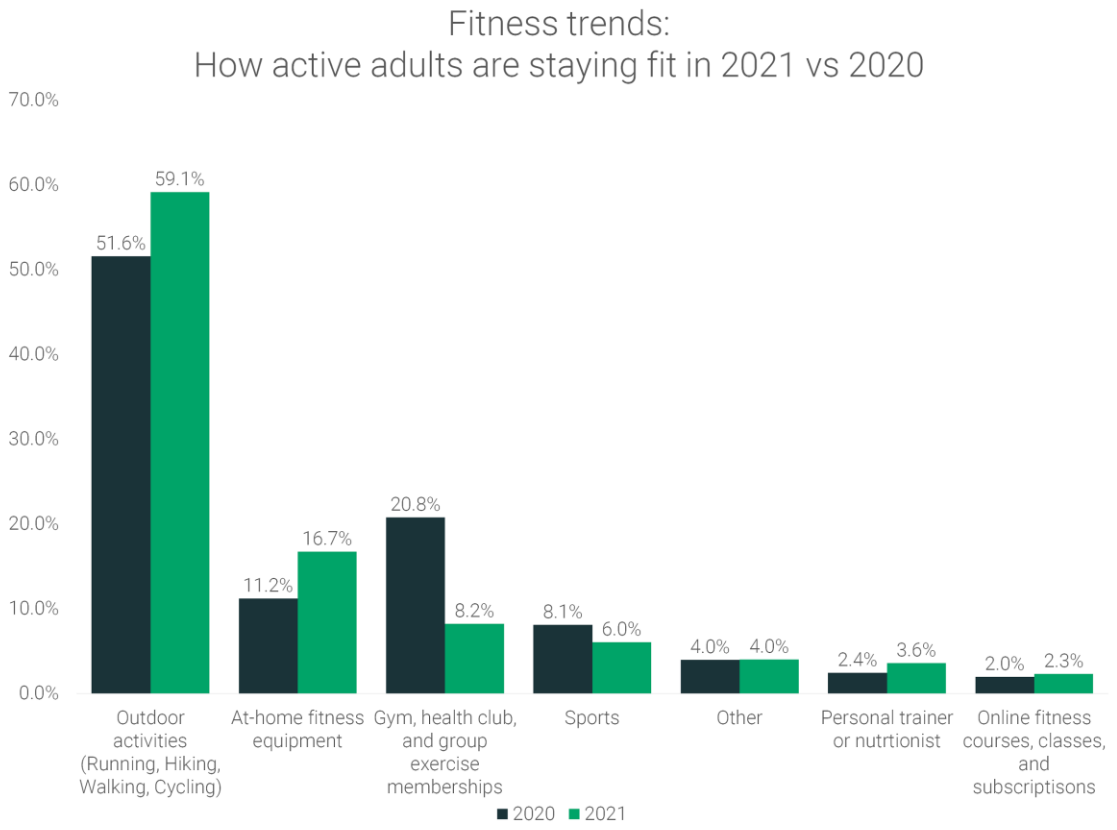
【Allied Market Research-Fitness App Equipment Type Forecast】



Smartphones are expected to be one of the most profitable fitness markets.

(3) Future Market Supply & Demand Potentials

According to the American Run Repeat Analysis Report, the three 2021 fastest growths in the fitness trends are growth in domestic fitness equipment (up by 49.6%), growth in private coach/nutritionist online fitness courses (up by 47.5%), and growth in curriculum and subscription (up by 16.8%). Domestic fitness witnesses explosive growth. In 2022, with the increase in vaccine coverage, this phenomenon will gradually return to the normal level, showing that gyms are still a more acceptable sports venue for the public; Regularly updated equipment and environment, as well as the guidance of professional coaches, the above incentives are irreplaceable advantages of online courses and home workout in the short term. Looking forward to the post-epidemic era, people are gradually returning to gyms/outdoor activities. There is still a certain scale of domestic fitness equipment, but in terms of growth rate in 2023, the commercial equipment will be higher than domestic.



From the perspective of the US' export market, Taiwan, Mainland China, Canada, and Mexico are all major import countries of the US fitness equipment products. As we may see, if our proprietors take advantage of the processing division of labor in Southeast Asia for processing, it would greatly escalate our export competitiveness to the US market, thereby serving as a major supply country of the fitness equipment.

(4) Positive and Negative Measures for the Industrial Prospect

A. Positive factors

a. Comprehensive Product Line

The Johnson Tech Company owns a comprehensive product line, most of which are composed of cardiopulmonary resuscitation fitness function such as "Electrical Treadmill," "Standing Fitness Bike," "Recumbent Exercise Bike," "Elliptical Machine," "Treadmill Machine," and "Rowing Machine," etc. Moreover, the company has actively engaged in developing commercial and upper-class domestic weight training series products, which come in numerous specifications and multifarious functions that can satisfy the varying needs of consumers. In the market variation, Johnson Health Tech Company owns the high-end Matrix brand featuring the upper-class fitness club or the commercial market such as five-star hotels, etc., Vision brand featuring professional fitness market channels, corporations, or community clubs, etc., and Horizon brand featuring the domestic market. This year, the virtual online product, "Magic Mirror," hit the market because of the demand. The company looks forward to meeting the different consumer communities' needs through diverse brand strategies, seeking to escalate the product market rate and strengthen the company's market competitiveness.

b. R&D and Creativity Sustainability

Johnson Health Tech is composed of an international R&D team of nearly 250 people (coming from the US, Taiwan, and Shanghai, etc.). The

Taiwanese and Shanghai research fellows earned degrees and education backgrounds in electronics, computer science, materials science, human engineering, mechanics configuration, and electrical engineering, together with the efforts of overseas brand marketing departments in charge of product “appearance,” “style & color,” “human engineering,” “integration application of functionality and technology,” which help the research products possess such advantages unavailable to most competitors as “market oriented,” “highly advanced in technology,” “fashionable,” etc.

c. Global Deployment Capacity

Johnson Health Tech is devoted to manufacturing vertically integrated products which allow the prices to become more competitive, thus helping the company grow into one of the few companies who own self-made products and marketing channels. In addition to tapping into the domestic market, the company owns three brand development and marketing companies in the United States, which cover the sales businesses in the North American region. Moreover, the company has established marketing companies in the UK, German, and Mainland China, setting up a marketing network of 66 agencies in 61 different countries. The strongly built marketing network has facilitated its services in the global market, thereby enhancing the popularity and market share of its products.

B. Negative Factors and Countermeasures

According to the SGMA study, the sports fitness equipment industry has suffered from the following major negative factors:

a. With the soaring materials and shipping prices in recent years, the major fitness equipment suppliers are facing the challenge of controlling production costs and capacity utility rate.

b. Due to the instability of the macroeconomic in recent years, the decline or discontinuity of shopping inclination also become a negative factor for future consideration.

c. As several major labor supply countries change their policies, the human costs impose a great pressure on the manufacturers, whose increasingly rising labor costs may develop into a negative factor for the highly labor-intensive industry like the fitness sector.

d. Because of the attention to consumer consciousness, building an instant and satisfactory customer service system is critical for many large manufacturers.

e. During the COVID-19 epidemic, the commercial market and the domestic market faced a major shift. After this turmoil, companies focusing on commercial equipment in the past must consider the challenges they may face in the post-epidemic era.

The measures taken to cope with the aforementioned negative factors are as follows:

a. developing key components continually, accelerating product research and development, and designing high-tech mass production capacity, so as to keep up its cost advantage.

b. strengthening the building of marketing channels, sales & after-sales service to enhance customer satisfaction, shorten response speed, and enhance brand image and popularity.

c. Constructing international product R&D team, making the products meet the market trend, and taking advantage of fashion and launch time of the new products

d. During the Covid-19 pandemic, many people change their styles of exercising, and choose to workout at home, particularly doing online training and virtual training. In this way, we shall keep an eye for the market trend and work to develop new types of products to cope with the new situation.

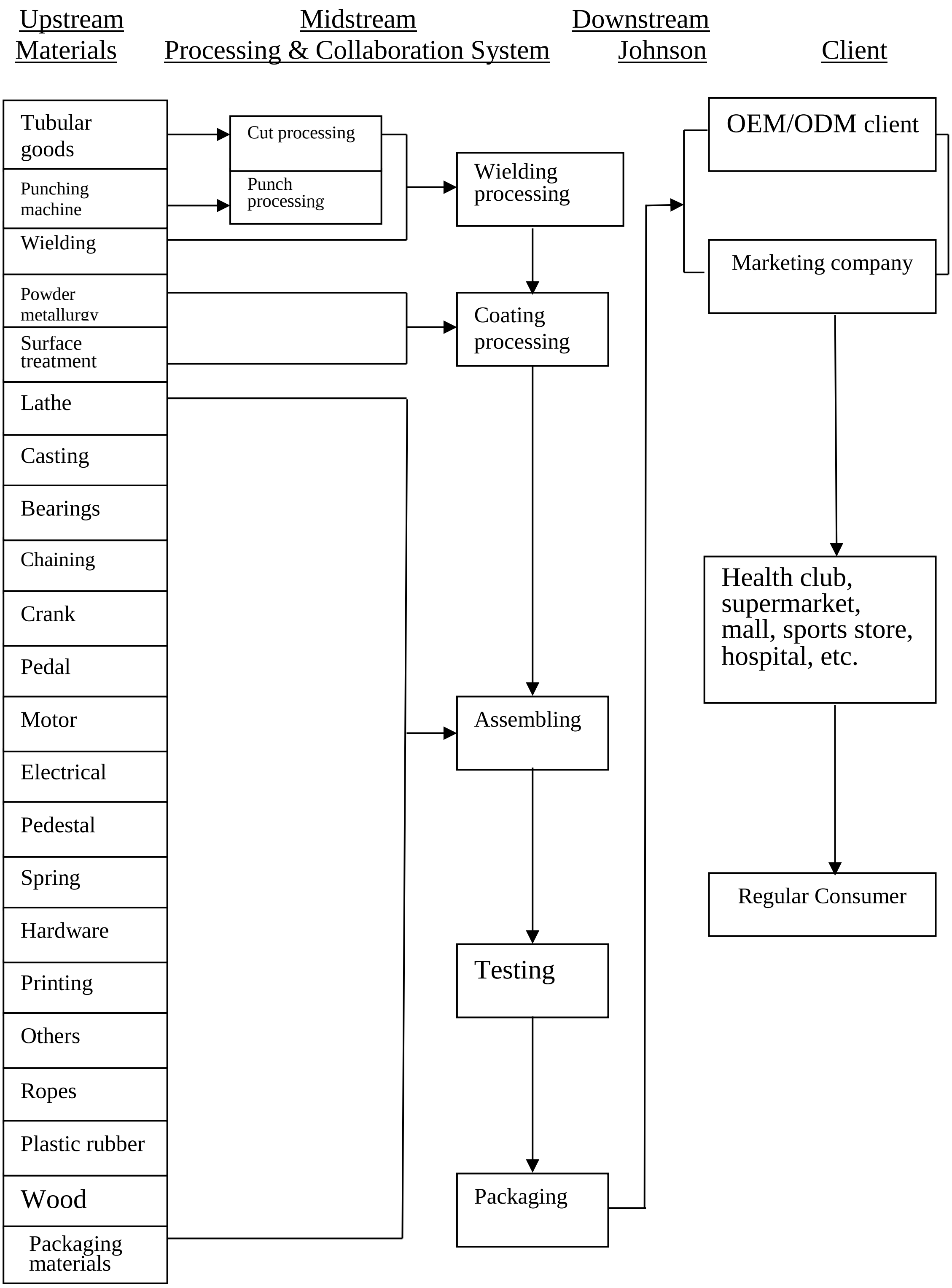
e. Following up for the counter-measure policy dealing with Covid-19, such as vaccination, medicine development, etc., and other enterprise subsidies used to cope with the pandemic economy.

ii Function and Manufacturing Procedures for Major Products

1. Functions of Major Products

Product Types	Major Functions
Cardiopulmonary resuscitation fitness machine	Used in rehabilitation centers, hospitals, fitness centers, households, etc., helping burn body fat and consume calories, improving cardiopulmonary resuscitation, to reach the desirable health care and medical effects
Aerobic fitness machine	Used for enhancing cardiopulmonary ability, strengthening ability and effectiveness of your muscular consumption of oxygen, reducing muscle fatigue, keeping your body to undergo certain exercise intensity
Weight training machine	Used for increasing muscular strength, magnifying muscular fiber, fostering muscular growth and development, even making the bone to generate "counter" effect, reducing bone loss, increasing bone strength
Other components	Providing customers with after-sales services and replacement for damaged components
Merchandise	Providing consumers with other related sports facilities
Electrical massage chairs	Using mechanic roller and compression to give massages, which can clear meridian, circulation of blood, maintain body balance, keep muscles relaxed, joints flexible, lift one's spirits and relieve fatigue

2. Manufacturing Process



iii. Supply Condition of Major Ingredients

Ingredient Names	Supplier	Country
Electrical dashboard & components	Nexcom International Co. Ltd. Johnson Health Technology (Shanghai) Co., Ltd. VIVID METRICS INTERNATIONAL LTD.	Taiwan China Taiwan
Motor	Johnson Health Technology (Shanghai) Co., Ltd. J-Star Motor Industrial Co., Ltd.	China Taiwan
Lathe	Szu-Wei Enterprise Co., Ltd. YO SHING PRECISION CO., LTD. Hsieh Hsing Industrial Factory	Taiwan Taiwan Taiwan
Punch	Ju Chang Co., Ltd. Chia Hsin-Chou Industrial Co. Zhong Yi Industrial Co.	Taiwan Taiwan Taiwan
Tubular	Shang Hsing Steel Industries Co., Ltd.	Taiwan
Plastic	Dong Sha Enterprise Co., Ltd. Kai Ware Company Limited Chiu-Chu Enterprise Co.	Taiwan Taiwan Taiwan
Pedestal	Yu Tai Co. Ltd.	Taiwan
Hardware	Chang Cheng Enterprise Co., Ltd.	Taiwan
Running Board	D&P PRODUCTS, INC. Chyuan Sheng Plywood Co., Ltd.	U.S.A. Taiwan
Running Board	Habasit Group GEOTUN INDUSTRY CO., LTD.	Switzerland Taiwan

iv. Trading Client List for Major Imports

1. Trading client information this year and in the recent two years (parent company only financial statements):

Unit: NTD in Thousand; %

	2021				2022				2023/03/31			
Item	No. (Code)	Sales Amount	Yearly Sales Rate (%)	Affiliation	No. (Code)	Sales Amount	Yearly Sales Rate (%)	Affiliation	No. (Code)	Sales Amount	Yearly Sales Rate up to today (%)	Affiliation
1	1001372	3,671,155	27.72%	Subsidiary	1001372	4,639,651	34.01%	Subsidiary	1001372	898,902	39.49%	Subsidiary
2	1003220	2,090,588	15.78%	Sub-subsidiary	1000600	1,382,988	10.14%	Sub-subsidiary	1003220	204,795	9.00%	Sub-subsidiary
3	1000600	976,157	7.37%	Sub-subsidiary	1000024	831,456	6.09%	Sub-subsidiary	1000600	114,741	5.04%	Sub-subsidiary
4	1000031	524,068	3.96%	Sub-subsidiary	1001229	770,641	5.65%	Sub-subsidiary	1000031	61,812	2.72%	Sub-subsidiary
5	1000024	497,300	3.75%	Sub-subsidiary	1003220	765,432	5.61%	Sub-subsidiary	1000024	36,159	1.59%	Sub-subsidiary
6	1001229	444,795	3.36%	Sub-subsidiary	1002621	373,797	2.74%	Sub-subsidiary	1001229	115,723	5.08%	Sub-subsidiary
7	1001608	444,392	3.35%	Sub-subsidiary	1001608	350,294	2.57%	Sub-subsidiary	1001608	61,211	2.69%	Sub-subsidiary
8	1000018	359,856	2.72%	Sub-subsidiary	1001237	336,224	2.46%	Sub-subsidiary	1000018	41,617	1.83%	Sub-subsidiary
9	1001237	268,892	2.03%	Sub-subsidiary	1002586	318,487	2.33%	Subsidiary	1001237	35,161	1.54%	Sub-subsidiary
10	1000052	265,509	2.00%	Sub-subsidiary	1000052	291,913	2.14%	Sub-subsidiary	1000052	19,011	0.84%	Sub-subsidiary
	Other	3,703,278	27.96%		Other	3,581,505	26.26%		Other	686,886	30.18%	
	Sales Total	13,245,990	100%		Sales Total	13,642,388	100%		Sales Total	2,276,018	100%	

Note on changes of total sales amounts by more than 10% in the recent two years:

The change in the total sales amount by more than 10%: The same client No. 1001372 and adding No. 1000600.

2. Major Supplier Information for the Recent 2 Years (Parent Company only Individual Statements):

Unit: NTD in Thousand；%

	2021				2022				2023/03/31			
Item	No. (Code)	Amount	Yearly Import Amount Rate (%)	Affiliation	No. (Code)	Amount	Yearly Import Amount Rate (%)	Affiliation	No. (Code)	Amount	Yearly Import Amount Rate up to today (%)	Affiliation
1	3927	6,139,341	59.42%	Sub-subsidiary	3927	5,921,199	61.77%	Sub-subsidiary	3927	799,636	57.77%	Sub-subsidiary
2	6970	1,470,397	14.23%	Subsidiary	6970	924,924	9.65%	Subsidiary	6970	193,136	13.95%	Subsidiary
3	1100	498,567	4.83%	Sub-subsidiary	1100	520,462	5.43%	Sub-subsidiary	1100	73,260	5.29%	Sub-subsidiary
4	5428	146,043	1.41%	Not affiliated	5428	209,869	2.19%	Not affiliated	5428	71,715	5.18%	Not affiliated
5	3209	144,514	1.40%	Subsidiary	3209	122,400	1.28%	Subsidiary	3209	29,140	2.11%	Subsidiary
6	7008	118,988	1.15%	Not affiliated	1656	98,872	1.03%	Not affiliated	1656	19,711	1.42%	Not affiliated
7	1656	87,227	0.84%	Not affiliated	279	70,780	0.74%	Not affiliated	2527	14,310	1.03%	Not affiliated
8	4318	80,791	0.78%	Not affiliated	7899	62,308	0.65%	Not affiliated	5898	14,287	1.03%	Not affiliated
9	279	69,695	0.67%	Not affiliated	5898	59,944	0.63%	Not affiliated	279	13,339	0.96%	Not affiliated
10	4663	50,491	0.49%	Not affiliated	4538	57,961	0.60%	Not affiliated	5245	13,174	0.95%	Not affiliated
Other		1,605,965	14.78%			1,727,940	16.03%			142,504	10.31%	
Import net amount		10,412,019	100%			9,776,659	100%			1,384,212	100%	

Note on Change of the import amount by more than 10% in the recent two years:
The change in the import amount by more than 10% were the same client: No. 3927 , 6970

Data source: in courtesy of Johnson Health Tech

v. Production Value Table in the Recent 2 Years (Parent Company Only Individual Statements)

Unit: NTD in Thousand

Year / Production Value / Main Product	2021			2022		
	Production capacity	Production Volume	Production value	Production capacity	Production Volume	Production value
Rowing machine	6,000	7,815	109,777	6,000	6,363	94,881
Fitness bike	16,000	27,544	404,879	16,000	27,653	434,068
Recumbent exercise bike	10,000	3,430	59,880	10,000	2,678	48,908
Electrical running machine	60,000	32,278	785,866	60,000	75,383	1,088,409
Stepper	16,000	12,313	393,091	16,000	14,670	494,655
Elliptical machine	70,000	15,483	473,837	70,000	14,569	513,283
Sum	178,000	98,863	2,227,330	178,000	141,316	2,674,204

vi. Sales Value Table in the Recent 2 Years (Parent Company Only Individual Statements)

Unit: NTD in Thousand

Year / Sales Value / Main Products	2021				2022			
	Domestic		International		Domestic		International	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
1. Rowing machine	238	7,146	10,319	153,527	173	5,669	5,420	98,381
2. Fitness bike	4,172	101,015	90,788	1,078,846	3,553	99,543	69,306	978,997
3.Recumbent exercise bike	699	24,776	16,339	244,540	644	23,390	10,340	194,526
4. Electrical running machine	7,089	277,980	322,095	5,283,896	4,929	219,609	228,865	5,228,617
5.Stepper	131	11,509	10,220	515,573	110	9,678	11,456	653,046
6.Elliptical machine	1,730	80,385	70,971	1,303,438	1,186	60,011	34,255	1,112,154
7..Weight Training	1,964	92,783	94,396	2,743,694	1,686	80,871	123,531	4,156,641
8. Other	184,024	687,180	1,191,597	639,702	211,011	653,397	1,176,469	67,858
Sum	200,047	1,282,774	1,806,725	11,963,216	223,292	1,152,168	1,659,642	12,490,220

3.Number of Employees within Recent Two Years, Average Years of Service, Average Age & Education Distribution Ratio

(The Parent Company Individual Statements)

Year		2021	2022	2023/01/01 2023/03/31
Number of Employees	Production Employee	249	369	357
	Management Employee	733	645	642
	R&D employee	115	272	279
	Sum	1,097	1286	1,278
Average Age		39.1	39.1	39.9
Average Service Years		7.6	7.6	7.6
Degree Distribution Rate	PhD	0.64%	0.47%	0.47%
	Master	13.95%	14.46%	14.87%
	Junior College	47.49%	47.98%	47.57%
	High School	14.22%	23.09%	19.33%
	Under High School	23.7%	14.00%	17.76%

4. Environmental Expenses

i. From recent years to the publication of this annual report, the total amounts spent on the damages and disposals caused by a polluted environment: N/A

ii. Potential expenses and countermeasures: Because the main manufacturing procedures involve assembling but no emission of wasted water or polluted air, the company will not cause any environmental pollution.

5. Labor-Management Relationships

i. Company employee welfare services & retirement system and their implementation, and the labor agreement

1. Employee welfare services

(1). To enhance the employee welfare services and foster their wellbeing, the company established the Employee Welfare Committee on 10/29/1999,which functions to organize employee tours, health checks, or allocate the wedding & funeral subsidies, scholarships, injury allowances, festival gifts, year-end lottery events, etc., to also find special contract stores to expand the employee consumption rights.

(2). In addition to providing labor and health insurances, the company shall have their employees join the group insurance to be made eligible for all kinds of benefits and subsidies, including childbirth, injuries, medicine, disability, retirement, death, etc., in keeping with the labor insurance clauses and the National Health Insurance Act. Moreover, the company also provides the employees with regular health check and all kinds of educational training, ensuring them to work at a secure and fulfilling job environment.

(3). In accordance with its annual operation, the company will allocate year-end bonuses to its employees every year after the year-end settlement and before the Chinese New Year Holidays based on employee individual performance. If there’s surplus profit, the company will make up for previous losses in accordance with the priority rule of the Company Act and then provide dividends to employees accordingly (Not less than 1%) to make sure the employees share the fruits of the company progress.

2. Retirement System
   (1). The company will allocate retirement pensions to retired employees based on the Labor Standards Act and its own retirement regulations in addition to the Labor Pension Funds authorized by Ministry of Labor. The company will allocate a set proportion of retirement preparation funds on a monthly basis to the special account of the Central Trust of China, or in accordance with the Labor Pension Act, to allocate 6% of the retirement fees to the employees' personal account every month.
   (2). The company will allocate employee seniority pensions based on the regulations for the Labor Pension Act, Chapter 6, entire clauses, and enforcement rules of the same Act.
3. Labor-Management Agreement:

   At the company, any addition or modification on labor-management relations shall be conducted via thorough communications in order to obtain consensual agreement. Employee may also convey personal opinions with his or her supervisor. The company has set up a feedback box and held meetings regularly to listen to employees' complaints from time to time. These measures help facilitate the harmony between the workers and management, seeking to improve communication to the fullest.

ii. Employee's Continued Education & Training

The purpose of education training is to work in keeping with the company's operation objective so as to more seamlessly combine the company's core values, ideals, and goals with the individual employee's development. The training seeks to help employees grow and develop continually, to finally become an effective force for human resources, and therefore it shall be implemented as follows:

1. Aiming to enable employees of different levels to fully perform their best at work and meanwhile enlighten their knowledge or capacity, thereby seeking to work for each other more coordinately and to boost their work efficiency. It also helps cultivate employees' reasonable thinking and keen observation, which becomes the primary principle of a strategic education training for helping employees develop their career ambitions.
2. Operating in accordance with the company's planned development.
3. Implementing along with well-planned procedures and full preparation and using the most effective way to execute it; after the practice, be sure to check and review the performance effects constantly, making it a living knowledge.

   Johnson Health Tech has systematically provided a series of general education, professional knowledge, and management curricula to employees of different positions and levels. Not only did it invite external professional lecturers but also cultivated hundreds of internal trainers on its own. The year 2022 offered up to 541 courses, amounting to 16,205 hours and attracting 17,444 participants to join. These training courses were proceeded through a combination of concrete and digital ways of learning, which consists of:

- General Education Training:
  Referring to government laws and regulations, corporate policies and arrangement of integral and stratified levels of general education training, such as industrial safety training course, secure hygiene training course, labor safety training course, various language training, health, life workshop series, etc.
- Professional Training:
  Refers to the required skills and professional training at the various occupation units. The course contents aim to strengthen and analyze employees' skills based on the varying departments' knowledge and professions.
- Expatriate Training:
  Refers to a special professional course, management program, or overseas exhibition or workshop, which allow the employees to participate to make up for the insufficiency of internal resources.
- Advanced Education Training:
  Refers to the degree programs offered by the MOE-approved public or private universities at home and abroad; or to complete a classified training program for the purpose of occupational promotion; the latter can provide a systematic and comprehensive training.
- New Employee Training:
  Refers to the "New Employee Orientation" held on the date of the new employee's arrival to familiarize him or her with the company's daily rules and regulations, together with all the basic and introductory orientation courses which are delivered by the consultants or supervisors, and which are based on the employee's occupational duty and capacity.
- Managerial Training:
  Refers to the kind of managerial development training to be taken based on the demands of different levels of supervisors with varying management talents and capacity.
- Elite Training:
  Refers to the program used to analyze targeted talents' work capacity, to enhance the underside points and help train him or her to be potential managers of the company.

Johnson Health Tech's "Education Training Procedure" not only offers employees instructions on work but also encourages them to participate in various external training, such as short-term workshop course or long-term degree course, and provides employees educational subsidies for these trainings, which helps foster both company operation and employee development.

iii. Employee behavior and ethical principles

Johnson Health Tech has persisted on growing side by side with its employees, hoping that this development can make employees remember the enterprise mission, management vision, and corporate culture by heart. Thus, it has established employee behavior guidelines and occupational rules to help guide employees to move toward a positive development. The main clauses are:

1. We thereby enforce and guarantee that the employee shall comply with the following rules if he or she has a business relationship with the partner suppliers:
   (1) Not accepting any invitations from the supplier; if necessary, accepting only meals at the partner's employee dinner
   (2) Not accepting any forms of gift from the supplier; if receiving the gift by absence, the employee shall report to his/her supervisor immediately

and hand over the gift at the supervisor's disposal.

(3) Not accepting any shares or commissions from the supplier or blackmailing suppliers illegally.

2. Employee shall not violate the following rules:

(1) Stealing or pilfering the company's property, information for personal gains or by means of his or her position

(2) Gaining profit by means of the company property, information, or position occupied by the person

(3) Competing with Johnson Health Tech

3. Promulgating ethical behavior through the following measures:

(1) Encouraging employee to discuss with directors or managers if he or she has doubts regarding how to respond to a specific situation.

(2) Encouraging employee to report to a competent authority regarding any violations of law, regulation, or order.

(3) Informing employee not to seek revenge against a well-intended person

iv. The damages suffered by the company due to labor issues or possible amounts paid to prevent or compensate for such events: None.

6. Information Security Management

i. Cybersecurity risk management framework

1. The responsible unit of the company's cybersecurity is "Headquarters Information", which is responsible for formulating the group's cybersecurity policy, planning and implementing cybersecurity operations, and promoting and implementing cybersecurity policies.

2. The internal unit for the supervision of the company's cybersecurity supervision is "headquarters audit and legal affairs", which is responsible for supervising the company's cybersecurity implementation status. If any defects are found, immediately request the inspected unit to put forward relevant improvement plans and improvements, and regularly track the improvement results to reduce internal cybersecurity risks.

3. The external audit unit for the supervision of the company's cybersecurity supervision is an accounting firm that has signed a contract with the company. The external audit unit regularly audits the company's cybersecurity standards, management methods and implementation. If any defects are found, we immediately request the inspected unit to put forward relevant improvement plans and improvements, and regularly track the improvement results to reduce the company's cybersecurity risks.

ii. Cybersecurity management policy

1. Purpose

In order to ensure the security of the company's software, equipment and Internet, and maintain business continuity, this cybersecurity management policy has been formulated to achieve the goal of cybersecurity management.

2. Definition

In order to ensure that the information communication system is free from any interference, destruction, intrusion or any improper behavior, through appropriate system planning, program specification and administrative management, to prevent internal and external threats, to maintain the security of the information communication system, to maintain the company's continuous operation.

3. Goals

To prevent the information communication system from being improperly used or deliberately damaged by internal and external personnel, or when it has suffered an emergency such as improper use or deliberate destruction, the company can respond quickly and resume normal operation in the shortest time, reducing the economic damage and operation interruption that may be caused by the accident.

4. Scope

Applicable to all information communication systems of the company and their users. The users include the regular employees, employees, construction and maintenance manufacturers and other authorized personnel of the Taiwan headquarters and global subsidiaries.

5. Organization

(1) The headquarters information unit is responsible for planning cybersecurity, implementation and related matters.

(2) The audit unit at the headquarters shall formulate relevant internal control procedures for management and conduct regular internal audits.

(3) The external audit unit regularly conducts external audits on the company's cybersecurity regulations, management methods and implementation.

iii. Cybersecurity specific management plan

1. Staff cybersecurity awareness and training

Information units need to carry out cybersecurity education, training and publicity on a regular basis to improve personnel's awareness and awareness of cybersecurity and reduce the impact of internal human factors on cybersecurity.

2. Information communication system security management

The computer host, each server and other equipment should be set up in a dedicated computer room, managed by the information unit, and cannot be accessed without authorization; if it is necessary to enter for maintenance, it must be accompanied by the personnel of the information unit and registered on the access control list.

3. Computer facilities maintenance

(1) Arrange staff during working hours every day to check whether there is any abnormality according to the items listed in the "Computer Facility Network Maintenance and Operation Rotation Checklist".

(2) If any abnormal situation occurs during daily inspection, it should be recorded in the remarks column in the inspection form for future reference.

4. Information communication system and data protection

(1) During working hours every day, the personnel in charge of the backup system will check whether there is any abnormality according to the items listed in the "Host Backup Checklist".

(2) If any abnormal situation is found in the backup during the daily inspection, it should be recorded in the remarks column in the inspection form for future reference.

(3) Each system and data backup shall be copied and stored in different places.

(4) Backup and restore drill:

A. Carry out restoration drills every year according to the schedule and record the results.

B. After the restoration drill is verified, keep at least one of the latest versions from the valid version of the backup as a minimum data damage protection.

C. The person in charge of each system needs to complete the revision of the processing procedure after each restoration drill.

5. Information communication system and network monitoring

(1) Each host is included in the monitoring system to monitor the operating

status and resource usage of each system to ensure that each system operates normally.

(2) The Group's network is included in the monitoring system of the network monitoring system to monitor the network status and the use of bandwidth in all places to ensure normal network bandwidth and network performance in all places.

(3) When the host, system, and network are abnormal, the monitoring system will send an alarm to the relevant personnel, and immediately carry out the necessary problem processing or repair to maintain the company's operations.

iv. Information technology security risks and management measures

The company has established network and computer cybersecurity protection measures. The company's important operating systems and accounting systems are not exposed to the Internet. When accessing important operating systems and accounting systems outside the company, one needs to go through authenticated and encrypted channels to ensure the security of data transmission. Therefore, the main operating system will not be directly affected by network attacks, but the equipment used by employees in their daily work may not be completely free from the effects of computer viruses and worms due to old or slow updating.

These cyber-attacks are made through illegal or social engineering methods to damage the company's operations and affect the company's goodwill. In the event of a serious cyber-attack, the company may lose important company information and affect the company's operations.

The company continuously reviews and updates cybersecurity regulations and procedures, as well as conducts relevant information security monitoring, software and hardware updates, data restoration drills, and regular information security publicities and education training to ensure the appropriateness and effectiveness of information security management measures, all in accordance with the procedures. However, there is no guarantee that the company will not be affected by the ever-changing cyber-attacks.

v. Major cybersecurity incidents

In 2022 and up to the date of publication of the annual report, the company has not suffered any financial losses or affected company operations due to major cybersecurity incidents.

7. Important Contract: None.

VI. Environmental, Social and Governance (ESG)

1. Environmental Protection, Safety and Hygiene Management

i. According to the law, the company shall apply for pollution prevention building permit, make payment to pollution prevention fees, or establish an environmental protection office, and it needs to explain its method of compliance in the following:

The company has passed the ISO14001 certification in 2002 and obtained the latest certification in 2020 (effective from 2020/10/17~2023/10/17), and can apply for renewal when it expires. Aside from the certification, the company shall hire the relevant professionals and offer public safety education to its employees. Moreover, the company shall pass inspection of the government-approved public certified institution twice a year, thereby making itself one of the green enterprises working to cultivate sustainable development.

ii. Investment on the environmental protection facilities, their functions, and possible benefits:

Unit: in NTD

Item / Name of facility	Number	Date of obtainment	Investment	Functions and benefits
Office building water treatment facility	1	2001.04.30	912,200	Wastewater treatment
Paint factory water treatment facility	1	2001.11.30	2,300,000	Wastewater treatment
Paint factory spray room air conditioning facility	1	2003.08.21	190,000	Air pollution treatment
Paint factory discharge water pipe change	1	2004.06.04	314,286	Wastewater treatment
Gas carbide furnace facility	1	2005.11.30	650,000	Air pollution treatment
Negative pressure fan	40	2006.07.20	400,000	Air pollution treatment
Two-component facility	1	2006.09.18	750,000	Wastewater treatment
Pre-treatment facility	1	2007.04.10	3,209,524	Wastewater treatment
Dust collector	1	2010.06.29	108,571	Air pollution treatment
Detention pond	2	2014.01.29	5,146,636	Wastewater treatment
Energy-saving LED	571	2014.09.23	999,250	Energy saving
Factory fire pollution engineering	3	2017.07.26	1,174,800	Public safety
Dust collector facility	1	2017.10.13	476,190	Air pollution treatment
Conveyor tracks and facilities	5	2017.12.29	2,522,000	Air pollution reduction and energy saving
Sludge treatment machine	1	2018.07.31	657,143	Waste water treatment
Air compressor heat recovery facility	2	2014.08.11	510,000	Energy conservation
Spray room & dust collection facility (including air duct)	1	2018.12.04	1,656,000	Air pollution reduction and energy conservation
Spray room & collection facility	1	2019.06.28	1,350,000	Air pollution reduction and energy conservation
Smoke extraction facility	1	2020.03.16	45,000	Air pollution reduction
Electric stacker	1	2020.12.18	1,333,333	Air pollution reduction
Smoke extraction facility	1	2020.03.30	642,857	Air pollution reduction
Fire Protection Engineering	1	2020.12.24	12,133,334	Public safety
Leased factory Fire Protection Engineering	1	2021.06.30	523,810	Public safety
Recirculating water project	1	2022.05.25	1,118,790	Waste water treatment

Factory fire alarm linkage system (installation of fire alarm location panel)	1	2022.07.29	190,476	Public safety

iii. Any incident as a result of disputes with regard to environmental protection shall be based on the following:
The company has encountered no environmental protection disputes over the past two years.

iv. Recent expenses from providing solutions: None

v. The current pollution, its impact and improvement on the company's surplus profit, competitive edge, and capital expenditure, and its 3-year estimated environmental costs: None

vi. Company's Annual Greenhouse Gas Emissions, Water Consumption Volume and Waste Volume in the Past Two Years:

Item/Year	2022	2021
Greenhouse Gas Emissions/ton	2,584.95	2,730.65
Water Volume/million liters	0.0752	0.0730
Waste Volume/ton	27.37	28.71

vii. Work Environment and Employee Safety

1. Environmental Policy:

To achieve its corporate vision of sustainable operations and perpetual development of the global village, Johnson Health Tech assures its clients, the society, and employees that it would comply with all environmental laws and other relevant operational safety procedures.

As a professional fitness equipment manufacturer, Johnson Health Tech continues to improve its pollution protection measures as well as waste reduction, energy conservation and application processes. The company guarantees the following:

(1) low-pollution or risk-free procedures and equipment through product quality control

(2) focus on the initial stage of product design, i.e., taking into account synchronous engineering, such as packaging design and application to reduce resource consumption and R&D expenses, while working in accordance with environmental packaging requirements and foregoing all traditional packaging methods

(3) control and improvement of pollution sources, and commitment to preventing the occurrence of pollution sources

(4) continuous reduction of business waste

(5) effective handling and recycling of resources

2. Safety & Hygiene Policy

As a professional fitness equipment enterprise, Johnson Health Tech is fully aware of the importance of its employees and business partners in the development of a sustainable enterprise. Thus, aside from working in accordance with safety & hygiene laws and regulations during product research, manufacturing, testing, and marketing & sales, the company consistently seeks to improve its environmental safety and hygiene practices, prevents unsafe behavior within the work environment and facility in order to avoid accidents and improve its workplace and quality of work, while maintaining its employees' health and safety. The company ensures the following:

(1) employee safety and hygiene, which shall be considered as the primary obligation of all supervisors
(2) prevention of any work-related injuries, illnesses, diseases, and incidents, so as to maintain the health and safety of all company employees, suppliers, subcontractors, visitors, etc.
(3) compliance with national safety & hygiene laws & regulations and other requirements, and the development of corresponding standard operating procedures
(4) continuous improvement of its health management system and safety & hygiene practices
(5) employee suggestion system that allows employees to provide suggestions related to work safety and hygiene, thereby establishing a good communication between employees and management
(6) implementation of safety & hygiene policy as well as other relevant guidelines for employees, suppliers, clients, subcontractors, and interested parties
(7) education and training for employees, suppliers, and subcontractors to maintain awareness of proper hygiene and practices
(8) adequate time and resources to enable employees to participate in various courses and activities related to safety and hygiene

3. The company's industrial safety education training and promotion for the past 3 years:

Year	attendees	hours
2020	917	5,502
2021	1,140	6,840
2022	1,148	4,264

4. The company's industrial safety performance-employee disabling injury statistics for the past 3 years:

Year	Fatal Accidents	Incapacitating Accidents
2020	Male: 0 Female: 0	Male: 5 Female: 1
2021	Male: 0 Female: 0	Male: 6 Female: 1
2022	Male: 0 Female: 0	Male: 3 Female: 0

2. Implementation of Corporate Sustainability

As a globally recognized sports & fitness equipment company, Johnson Health Tech upholds a cultural vision based on integrity, professionalism, and ambition to further establish a high-quality work environment and create a technology industry that promotes good health and lifestyle, thereby gaining a stronger foothold in the fitness equipment market. Johnson's business envisions the following:

Health—committed to promoting and investing in health
Value—provides customers with high quality products and services
Sharing—achieves corporate objectives related to business growth and profits, that allow customers, employees, stockholders, and

the society to share the success and prosperity of the enterprise

1. Friendly Work Environment

The company aims to provide employees a healthy work environment, which includes free employee parking, professional indoor fitness center, outdoor basketball court, multi-dimensional massage chair, health center and on-site nursing staff, 24-hour free-flowing hot coffee and video viewing room. For female employees, lactation rooms as well as flexible work hours are provided to help them care for their children at home. The company is committed to providing a diversified work environment for its employees.

2. Employee Health Care

To protect the health and wellbeing of its employees, the company has established a professional health center with nursing staff available anytime for health consultation. Also, the company arranges annual health check-ups and holds various activities to encourage employees to lose weight or improve their health test results. Every year, the company organizes numerous social events and activities such as basketball society, bike society, badminton club, or yoga society, etc., as well as local or overseas tours for employees so they can spend time with their families.

3. Employee Family Activities

Every year, the company hosts family gatherings and activities, such as outdoor barbecue, parent-children activity during the Chinese Moon Festival, etc., as a way of share its success and achievements.

4. Retired Employee Care

Most employees who retired from Johnson Health Tech and have contributed to the success of the company are deeply appreciated and receive gifts during annual celebrations. The company also invites retirees to join its annual year-end party and pays tribute to their past efforts. It has also established a trust fund for the children of deceased employees to support their education and to offer immediate assistance to bereaved families.

5. Human Rights

As a transnational enterprise, Johnson Health Tech employs and deals with many employees from different countries. Hence, it treats these foreign employees with equal respect and dignity regardless of race, culture and religion. The company provides equal rights and offers rewards and recognition to employees based on their performance regardless of age and gender. It also has a competitive salary system that motivates talented individuals to continue working or to join and contribute to the growth of the company.

6. Public Charitable Events

(1) In 2022, Johnson Health Tech invested up to NTD$ 4 million to sponsor the Rakuten Monkeys team in the Chinese Professional Baseball League. The investment included donations for sports equipment, daily training assistance for athletes, etc. Johnson has been supporting charitable initiatives by sponsoring national baseball teams since 2016, already the 6th year. Such generous acts demonstrate our strong support for the development of baseball in Taiwan while promoting our vision and business. In 2021, we have even deepened the interaction with fans and fans through different project activities and expanded the trend of national healthy sports.

(2) A donation of nearly NTD$ 2,787,000 to the Warm Breeze Caring Society's "Connecting Dreams with Love—Taidong Bin Mao Special Education" charitable campaign was made to sponsor local faculty responsible for 40 elementary school students who were offered after-class consultations, talent management classes, and family support. The said contribution helped promote character education and enabled children from remote areas to enjoy

better lives and opportunities. Additionally, the funds are more used for the renovation of classroom spaces in service bases and the establishment of libraries in remote villages, so that children from disadvantaged families have a better learning environment. This inspired the company to take action and participate in more charitable activities that promote comprehensive lifestyle changes and educational care, starting with Bin Mao communities in Taidong.

VII. Financial Overview

1. Condensed Balance Sheet & Composite Income Statement

i. Condensed Balance Sheet-Consolidated

Unit: NTD in Thousand

Item \ Year		Financial Statements within 5 Years					Financial Statements 2023/01/01~ 2023/03/31 (Reviewed by accountant)
		2018	2019	2020	2021	2022	
Current assets		17,412,999	18,361,403	19,574,345	23,461,882	26,419,441	23,265,114
Real estate, factory, facility		3,217,478	3,261,000	3,997,692	4,138,726	4,494,351	4,439,952
Intangible assets		1,220,388	1,234,304	2,855,047	2,807,002	2,857,429	2,839,236
Other assets		1,892,333	4,078,604	4,760,005	4,854,966	5,094,723	5,115,829
Total assets		23,743,198	26,935,311	31,187,089	35,262,576	38,865,944	35,660,131
Current liabilities	Before allocation	12,956,701	13,150,648	15,776,500	21,072,476	24,799,590	15,839,968
	After allocation	13,154,052	13,574,812	16,115,399	21,223,770	24,981,343	Not allocated
Non-current liabilities		2,355,896	4,647,437	5,128,864	4,808,916	4,584,074	10,981,023
Total liabilities	Before allocation	15,312,597	17,798,085	20,905,364	25,881,392	29,383,664	26,820,991
	After allocation	15,509,948	18,222,249	21,244,263	26,032,686	29,565,417	Not allocated
Equity attributed to Parent company		8,424,710	9,129,776	9,345,664	8,479,837	9,474,971	8,832,056
Equity		3,040,166	3,036,166	3,036,166	3,036,166	3,036,166	3,036,166
Capital surplus		54,996	54,924	55,630	59,979	431,446	431,446
Retained surplus	Before allocation	6,395,038	7,457,357	7,713,232	7,399,573	7,681,042	7,034,281
	After allocation	6,197,687	7,033,193	7,374,333	7,248,279	7,499,289	Not allocated
Other equity		(1,016,542)	(1,370,839)	(1,385,492)	(1,942,009)	(1,620,071)	(1,616,225)
Treasury shares		(48,948)	(47,832)	(73,872)	(73,872)	(53,612)	(53,612)
Non-controlling interests		5,891	7,450	936,061	901,347	7,309	7,084
Total interests	Before allocation	8,430,601	9,137,226	10,281,725	9,381,184	9,482,280	8,839,140
	After allocation	8,233,250	8,713,062	9,942,826	9,229,890	9,300,527	Not allocated

Note: The above consolidated financial data has been verified or approved by accountants.

ii. Condensed Composite Income Statement-Consolidated

Unit: NTD in Thousand

Item \ Year	Financial Statements within 5 Years					Financial Statements 2023/01/01~ 2023/03/31 (Reviewed by accountants)
	2018	2019	2020	2021	2022	
Operating revenue	21,757,064	25,372,561	28,366,756	30,779,328	33,612,947	7,035,347
Gross profit	10,037,196	12,546,867	13,397,487	13,906,256	14,606,371	3,270,409
Operating profit and loss	51,645	1,493,164	930,089	154,188	(214,934)	(589,897)
Non-operating income and expenses	241,210	124,038	45,243	9,512	518,540	(126,566)
Net profit before-tax	292,855	1,617,202	975,332	163,700	303,606	(716,463)
Income from continuing operations	390,322	1,294,021	747,354	99,369	224,941	(646,954)
Loss from discontinued operations	0	0	0	0	0	0
Net profit (loss) for the period	390,322	1,294,021	747,354	99,369	224,941	(646,954)
Other composite income (net profit after-tax)	(36,447)	(362,782)	(35,816)	(641,879)	419,424	3,814
Total of composite income for the period	353,875	931,239	711,538	(542,510)	644,365	(643,140)
Net profit attributed to parent company	389,787	1,292,531	679,293	38,148	429,024	(646,761)
Net profit attributed to non-controlling equity	535	1,490	68,061	61,221	(204,083)	(193)
Total comprehensive income attributable to stockholders of parent company	353,340	929,749	665,386	(531,277)	754,701	(642,915)
Total comprehensive income attributable to non-controlling interests	535	1,490	46,152	(11,233)	(110,336)	(225)
Earnings per share	1.29	4.26	2.24	0.13	1.42	(2.14)

Note: The above consolidated financial statements have been verified or approved by accountants.

iii. Condensed Balance Sheet -Parent Company

Unit: NTD in Thousand

Item \ Year		Financial Statements within Five Years					Financial Statements 2023/01/01~ 2023/03/31 (Note)
		2018	2019	2020	2021	2022	
Current assets		7,229,186	8,532,930	7,911,865	13,086,938	14,796,175	-
Real estate, factory, facility		895,582	935,588	1,051,111	1,134,461	1,203,928	-
Intangible assets		14,452	6,130	7,543	9,296	14,145	-
Other assets		259,932	450,069	424,494	586,188	14,102,940	-
Total assets		20,784,353	22,432,557	24,100,369	28,160,870	30,117,188	-
Current liabilities	Before allocation	10,479,089	10,449,010	11,288,540	16,259,922	17,958,376	-
	After allocation	10,676,440	10,873,174	11,627,439	16,411,216	18,140,129	-
Non-current liabilities		1,880,554	2,853,771	3,466,165	3,421,111	2,683,841	-
Total liabilities	Before allocation	12,359,643	13,302,781	14,754,705	19,681,033	20,642,217	-
	After allocation	12,556,994	13,726,945	15,093,604	19,832,327	20,823,970	-
Equity attributed to parent company		8,424,710	9,129,776	9,345,664	8,479,837	9,474,971	-
Equity		3,040,166	3,036,166	3,036,166	3,036,166	3,036,166	-
Capital surplus		54,996	54,924	55,630	59,979	431,446	-
Retained surplus	Before allocation	6,395,038	7,457,357	7,713,232	7,399,573	7,681,042	-
	After allocation	6,197,687	7,033,193	7,374,333	7,248,279	7,499,289	-
Other equity		(1,016,542)	(1,370,839)	(1,385,492)	(1,942,009)	(1,620,071)	-
Treasury shares		(48,948)	(47,832)	(73,872)	(73,872)	(53,612)	-
Non-controlling interests		0	0	0	0	0	-
Total interests	Before allocation	8,424,710	9,129,776	9,345,664	8,479,837	9,474,971	-
	After allocation	8,227,359	8,705,612	9,006,765	8,328,543	9,293,218	-

Note: The above financial statements have been verified or approved by accountants. The parent company individual financial statements need not be provided by 2023/03/31; thus, they are not included in the report.

iv. Condensed Composite Income Statement-Parent Company

Unit: NTD in Thousand

Item / Year	Financial Statement within Five Years					Financial Statements 2023/01/01~ 2023/03/31
	2018	2019	2020	2021	2022	
Operating revenue	9,859,115	12,521,295	10,800,470	13,245,990	13,642,388	-
Gross profits	2,451,618	3,372,523	2,300,137	2,861,029	3,117,034	-
Operating profit and loss	595,758	1,525,930	544,275	972,318	535,145	-
Non-operating income and expenses	(176,896)	63,878	211,054	(725,177)	180,532	-
Net profit before-tax	418,862	1,589,808	755,329	247,141	715,677	-
Net profit from continuing operations	389,787	1,292,531	679,293	38,148	429,024	-
Loss on discontinued operations	0	0	0	0	0	-
Net profit (loss) for the period	389,787	1,292,531	679,293	38,148	429,024	-
Other composite income (net profit after-tax)	(36,447)	(362,782)	(13,907)	(569,425)	325,677	-
Total sum of composite income for the period	353,340	929,749	665,386	(531,277)	754,701	-
Net profit attributed to parent company	389,787	1,292,531	679,293	38,148	429,024	-
Net profit attributed to non-controlling equity	0	0	0	0	0	-
Total comprehensive income attributable to stockholders of the parent company	353,340	929,749	665,386	(531,277)	754,701	-
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	-
Earnings per share	1.29	4.26	2.24	0.13	1.42	-

Note: The above financial statements have been verified or approved by accountants. An individual financial statement need not be provided by 2023/03/31; thus it is not included in the report.

CPAs and Audit Comments within Five Years

Year	Accounting Firm	CPA	Audit Comments
2018	Ernst & Young Global Limited	Tu, Stephen, Lin, Hong Guan	Unqualified Opinion
2019	Ernst & Young Global Limited	Chen, Ming Hung, Lin, Hong Guan	Unqualified Opinion
2020	Ernst & Young Global Limited	Chen, Ming Hung , Huang, Yu Ting	Unqualified Opinion
2021	Ernst & Young Global Limited	Chen, Ming Hung , Huang, Yu Ting	Unqualified Opinion
2022	Ernst & Young Global Limited	Chen, Ming Hung , Huang, Yu Ting	Unqualified Opinion

2. Financial Analysis within Five Years

Financial Analysis within Five Years-Consolidated

Analyzed Item \ Year		Financial Analysis within Five Years					2023/01/01~ 2023/03/31
		2018	2019	2020	2021	2022	
Financial Structure （%）	Debt-to-assets ratio	64.49	66.08	67.03	73.40	75.60	75.21
	Ratio of long-term funds to real estate, factory & facility	319.79	361.82	314.75	321.08	312.82	446.25
Debt payment %	Current ratio	134.39	139.62	124.07	111.34	106.53	146.88
	Quick ratio	78.41	74.70	59.33	51.17	54.55	68.43
	Interest coverage ratio	2.91	7.51	6.56	1.63	2.98	(5.56)
Manag-ement capacity	Receivables Turnover Ratio (time)	2.87	3.30	3.80	4.00	3.85	0.80
	Average cash collection days	127.17	110.60	96.05	91.25	94.8	456.25
	Inventory turnover (time)	2.26	2.13	2.07	1.72	1.62	0.33
	Accounts Payable Turnover Ratio (time)	2.14	2.23	1.80	2.21	2.05	0.34
	Days sales outstanding	161.5	171.36	176.32	212.2	225.30	1,106.06
	Real estate, factory, and facility turnover (time)	7.13	7.83	7.82	7.57	7.79	1.57
	Total assets turnover rate (time)	0.95	1.00	0.98	0.93	0.91	0.19
Profita-bility	Return on assets （%）	2.13	5.68	2.99	0.69	1.16	(1.50)
	Return on equity （%）	4.71	14.74	8.09	1.11	2.51	(7.07)
	Profit before-tax to capital ratio（%）	9.63	53.26	32.12	5.39	10.00	(23.60)
	Net profit rate （%）	1.79	5.10	2.63	0.32	0.67	(9.20)
	Earnings per share (NTD)	1.29	4.26	2.24	0.13	1.42	(2.14)
Cash flow	Cash flow rate （%）	7.57	7.17	18.65	0.00	1.58	0.00
	Cash flow adequacy ratio （%）	64.14	43.25	84.67	12.03	16.31	1.47

	Cash flow reinvestment ratio （%）	7.57	5.12	17.13	(29.17)	1.82	(3.21)
Leverage	Degree of operating leverage	92.85	5.29	8.55	53.1	(37.80)	(2.65)
	Financial leverage	(0.63)	1.14	1.21	(16.59)	0.46	0.84

Please state the reasons for any changes in financial ratio for the past 2 years: (Analysis is unnecessary if the change is below 20%.):

1. Increase in interest coverage ratio: The change is due to the increase in net profit in 2022.
2. Increase of overall profitability: The change is due to the increase in net profit in 2022.
3. Increase of overall cash flow: The change is due to the increase in net cash flow from operating activities in 2022.
4. Leverage: The change is due to the decrease in operating profit in 2022.

1. Financial Structure

(1) Debt to assets ratio= total debts/total assets

(2) Ratio of long-term funds to real estate, factory & facility = (total sum of equity +non-current liabilities)/ real estate, factory & facility net profit

2. Debt Payment

(1) Current ratio=current assets/current debt

(2) Quick ratio= (current assets - inventory – prepaid expenses)/ current debt

(3) Interest coverage ratio = net income before tax and interest expense/ interest expense for the current period

3. Management capacity

(1) Accounts receivable turnover (including accounts & bills receivables)= net sales/ balance of average accounts receivables (including accounts & bills receivables)

(2) Average cash collection days= 365/ accounts receivable turnover

(3) Inventory turnover= cost of sales/ average inventory

(4) Accounts receivable turnover (including accounts & bills receivables)= cost of sales/ balance of accounts receivable for each period (including accounts & bills receivables)

(5) Average sales days = 365/ inventory turnover

(6) Real estate, factory & facility turnover = net sales/ average real estate, factory & facility net profit

(7) Total estate turnover= net sales/ average total estate

4. Profitability

(1) Return on assets =〔after-tax profit or loss＋interest expenses×（1－tax rate）〕/ average total estate

(2) Return on equity= after-tax loss or profit/ average total equity

(3) Net profit rate= after-tax loss or profit/ net sales

(4) Earnings per share=（Loss or profit attributable to parent company – special stock dividends/ weighted average number of ordinary shares

5. Cash flow

(1) Cash flow rate=cash flows from operating activities/ current debt

(2) Cash flow adequacy ratio= net cash flow from operating activities within 5 years/ (capital expenditure + inventory increase + cash dividend) within five years

(3) Cash flow reinvestment ratio= (net cash flow from operating activities – cash dividend) / (real estate, factory, & facility gross + long-term investment + other non-current estate + operating capital)

6. Degree of Leverage

(1) Degree of operating leverage= (net operating revenue- variable operating cost and expense)/ operating profit

(2) Financial average= operating profit ／ (operating profit－interest expense)

Financial Analysis within Five Years- Parent Company Individual Statements

Analysis Item \ Year		Financial Analysis within Five Years				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt to assets ratio	59.47	59.30	61.22	69.89	68.54
	Ratio of long-term funds to real estate, factory & facility	1132.29	1258.29	1195.35	1049.04	1009.93
Debt payment%	Current ratio	68.99	81.66	70.09	80.49	82.39
	Quick ratio	56.14	66.13	57.47	62.74	69.92
	Interest coverage ratio	5.23	15.99	8.28	3.31	5.54
Management capacity	Accounts receivable turnover (time)	2.20	2.43	2.09	2.04	1.48
	Average cash collection days	166.09	150.20	174.64	178.92	246.62
	Inventory turnover (time)	8.55	7.97	7.62	8.16	6.65
	Accounts payable turnover (time)	1.80	2.04	1.95	2.49	2.14
	Average sales days	42.67	45.79	47.9	44.73	54.88
	Real estate, factory, & facility turnover (time)	11.31	13.68	10.87	12.12	11.67
	Total estate turnover (time)	0.49	0.58	0.46	0.51	0.47
Profitability	Return on assets (%)	2.30	6.35	3.25	0.47	1.91
	Return on equity (%)	4.70	14.73	7.35	0.43	4.78
	Profit before-tax to capital ratio (%)	13.78	52.36	24.88	8.14	23.57
	Net profit rate (%)	3.95	10.32	6.29	0.29	3.14
	Earnings per share (NTD)	1.29	4.26	2.24	0.13	1.42
Cash flow	Cash flow rate (%)	4.01	0.00	8.58	0.00	0.00
	Cash flow adequacy ratio (%)	17.70	0.35	75.77	(101.74)	(125.12)
	Cash flow reinvestment ratio (%)	(19.19)	275.31	(34.88)	351.54	(1.76)
Leverage	Degree of operating leverage	2.59	1.66	2.36	2.01	3.48
	Financial leverage	1.20	1.07	1.24	1.12	1.42

Please state the reasons for any changes in financial ratio within 2 years (Analysis is unnecessary if the change is less than 20%):

1. Increase in interest coverage ratio: The increase in revenue and optimization of the customer portfolio led to increased profitability.
2. Management capacity: Affected by the overall economic environment, overseas retail revenue decreased, resulting in slower turnover of receivables and sales.
3. Profitability: The increase in revenue and optimization of the customer portfolio, as well as the decrease in shipping costs, led to increased profitability.
4. Cash flow: Due to ongoing inventory liquidation, cash flow-related ratios have declined.
5. Leverage: The increase in revenue and effective cost control has led to an increase in operational and financial leverage.

1. Financial Structure

(1) Debt-to-assets ratio＝total debts／total assets

(2) Ratio of Long-term funds to real estate, factory & facility = (total sum of equity +non-current liabilities)/ real estate, factory & facility net profit

2. Debt payment

(1) Current ratio＝current assets／current debt

(2) Quick ratio＝（current assets－inventory－prepaid expenses）／current debt

(3) Interest coverage ratio＝net income before tax and interest expense／interest expenses for this period

3. Management capacity

(1) Accounts receivable turnover (including accounts & bills receivables) ＝ net sales ／balance of average accounts receivables for each period (including accounts & bills receivables)

(2) Average cash collection days ＝365／accounts receivable turnover

(3) Inventory turnover＝cost of sales／average inventory

(4) Accounts receivable turnover (including accounts & bills receivables) ＝ cost of sales ／balance of accounts receivable for each period (including accounts & bills receivables)

(5) Average sales days＝365／inventory turnover

(6) Real estate, factory & facility turnover = net sales／average real estate, factory & facility net profit

(7) Total assets turnover＝net sales／total average assets

4. Profitability

(1) assets turnover＝〔after-tax loss or profit＋interest expenses×（1－tax rate）〕／ total average assets

(2) Return on equity＝after-tax loss or profit／average total equity

(3) Net profit＝after-tax loss or profit／net sales

(4) Earnings per share＝（after-tax net profit－special stock dividends）／weighted average number of ordinary shares

5. Cash flow

(1) Cash flow rate＝cash flows from operating activities ／current debt

(2) Cash flow adequacy ratio＝net cash flow from operating activities within five years/ (capital expenditure ＋ inventory increase＋cash dividend) within five years

(3) Cash flow reinvestment ratio ＝(net cash flow from operating activities－cash dividend)／(real estate, factory, & facility gross＋long-term investment＋other non-current assets＋operating capital)

6. Degree of Leverage

(1) Degree of operating leverage＝(net operating revenue－variable operating cost andexpense) ／ operating profit 9,381,184

(2) Financial leverage＝operating profit ／ (operating profit－interest expense)

3. The Audit Committee's Audit Reports in Recent Years

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

The Board of Directors of this Company has prepared the 2022 Annual Business Report, Financial Statements & Earnings Distribution Statement, etc., among which the Financial Statements have been audited and certified by CPA Chen, Ming-Hung and CPA Huang, Yu-Ting of Ernst of Young Global Limited and an audit report has been prepared by them in this regard. The aforesaid Business Report, Financial Statements & Earnings Distribution Statement have been audited and determined to be correct and accurate by this Audit Committee. According to Article 14-4, the Securities and Exchange Act & Article 219, the Company Act, we hereby submit this report for your review.

For the 2023 Regular Shareholders Meeting of this Company

Johnson Health Tech Co., Ltd.

Chairman of Audit Committee: Lin, Yih-Horng

11th May 2023

4. Financial Statements in Recent Years

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Johnson Health Tech. Co., Ltd. and subsidiaries (the "Group") as at 31 December 2022 and 2021, the related consolidated statements of comprehensive income, statements of changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively referred to as "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As at 31 December 2022, gross accounts receivable and allowance for bad debts by the Group amounted to NTD9,234,948 thousand and NTD542,532 thousand, respectively. Net accounts receivable represented 23% of total consolidated assets which were material to the Group. Since the amount of allowance for receivables is measured by the lifetime expected credit loss, the measurement process includes grouping the receivables and judging the use of the related assumptions in the analysis, including the appropriate accounting aging and the loss rate of each aging interval. As the measurement of expected credit losses involved judgment, analysis and estimation. we, therefore, determined this a key audit matter.

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

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

Inventory valuation

As at 31 December 2022, the net inventories amounted to NTD11,808,413 thousand, accounting for 30% of the total consolidated assets. As products are vulnerable to fluctuating market demands and fast technological changes which may cause obsolete and slow-moving inventory losses, the determination of the provisions for obsolete inventories involved a high level of management judgment. As such, we determined this to be a key audit matter.

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

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

Goodwill impairment

As at 31 December 2022, the goodwill was carried at NTD2,242,784thousand which represented 6% of total consolidated assets. The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units have been determined based on the value in use because their fair value cannot be reliably measured. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Group, the determination of value in use was complex, and a 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 models 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 the historic performance of the Company.

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended 31 December 2022 and 2021.

Chen, Ming Hong

Huang, Yu Ting

Ernst & Young, Taiwan

14 March 2023

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	31 December 2022	31 December 2021
		Amount	Amount
Current Assets			
Cash and cash equivalents	4&6(1)	$3,531,554	$2,615,077
Financial assets at fair value through profit or loss, current	4&6(2)	8,746	8,151
Contract asset, current	4,6(18)&(19)	43,325	56,952
Notes receivable, net	4&6(19)	85,444	76,459
Trade receivables, net	4,6(3)&(19)	8,692,416	7,532,245
Other accounts receivable, net	4&8	1,167,768	493,299
Inventories, net	4&6(4)	11,808,413	11,674,233
Prepayments	4	925,837	908,011
Other current assets		155,938	97,455
Total Current Assets		26,419,441	23,461,882
Non-current assets			
Investments in equity instruments measured at fair value through other comprehenive income	4&12	7,444	8,494
Property, Plant and Equipment	4,6(5)&8	4,494,351	4,138,726
Right-of-use assets	4&6(20)	2,209,517	1,614,593
Investment property	4	38,200	40,117
Intangible assets	4,6(6)&(7)	2,857,429	2,807,002
Deferred tax assets	4&6(24)	2,139,856	1,893,408
Other non-current assets	6(8)	699,706	1,298,354
Total non-current assets		12,446,503	11,800,694
Total Assets		$38,865,944	$35,262,576

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
31 December 2022 and 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	31 December 2022	31 December 2021
		Amount	Amount
Current Liabilities			
Short-term borrowings	4&6(9)	$12,277,783	$7,544,264
Commercial paper payable	4&6(11)	849,648	4,045,492
Financial liabilities at fair value through profit or loss, current	4&6(12)	879	-
Contract liabilities, current	4&6(18)	830,872	803,635
Notes payable		466,946	400,457
Accounts payable		4,290,595	4,178,687
Other payables	6(13)	3,567,656	3,062,444
Current tax liabilities	4&6(24)	708,784	396,582
Lease liabilities, current	4&6(20)	607,062	375,873
Current portion of long-term loans	4&6(14)	1,024,064	32,340
Other current liabilities		175,301	232,702
Total Current Liabilities		24,799,590	21,072,476
Non-current liabilities			
Bonds payable	4&6(10)	2,000,000	2,000,000
Long-term loans	4&6(14)	446,964	1,167,433
Provisions, non-current	4&6(13)	263,069	319,931
Deferred tax liabilities	4&6(24)	167,017	202,221
Lease liabilities, non-current	4&6(20)	1,245,219	861,788
Net defined benefit obligation, non-current	5&6(15)	83,493	99,297
Other non-current liabilities	4	378,312	158,246
Total non-current liabilities		4,584,074	4,808,916
Total Liabilities		29,383,664	25,881,392
Equity			
Capital			
Common stock	4&6(16)	3,036,166	3,036,166
Additional paid-in capital	4&6(16)	431,446	59,979
Retained earnings	4&6(16)		
Legal reserve		1,512,422	1,509,898
Special reserve		1,942,009	1,385,492
Unappropriated earnings		4,226,611	4,504,183
Subtotal		7,681,042	7,399,573
Other components of equity		(1,620,071)	(1,942,009)
Treasury stock	4&6(16)	(53,612)	(73,872)
Equity attributable to owners of the parent		9,474,971	8,479,837
Non-controlling interests	6(17)	7,309	901,347
Total equity		9,482,280	9,381,184
Total liabilities and equity		$38,865,944	$35,262,576

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended December 31 2022 Amount	2021 Amount
Operating revenues	4,6(18)&7	$33,612,947	$30,779,328
Operating costs	4,6(4)&(21)	(19,006,576)	(16,873,072)
Gross Profit		14,606,371	13,906,256
Operating Expenses			
Selling and distribution	6(21)	(6,814,394)	(6,417,337)
General and administrative	6(21)	(7,075,283)	(6,141,835)
Research and development	6(21)	(913,224)	(808,652)
Expected credit (loss)gain	5&6(19)	(18,404)	(384,244)
Total Operating Expenses		(14,821,305)	(13,752,068)
Operating Income		(214,934)	154,188
Non-operating income and expenses			
Interset income	4&6(22)	165,172	152,413
Other income	4&6(22)	614,737	121,116
Other gains and losses	6(22)	(5,189)	(100,535)
Finance costs	6(22)	(256,180)	(163,482)
Total non-operating income and expenses		518,540	9,512
Income from continuing operations before income tax		303,606	163,700
Income tax expense	4,5&6(24)	(78,665)	(64,331)
Net income		224,941	99,369
Other comprehensive income			
Items that may not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans	4&6(23)	4,674	(16,135)
Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	4&6(23)	(745)	(2,458)
Income tax relating to items that may not be reclassified subsequently	4&6(23)	(618)	4,077
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	4&6(23)	496,704	(766,251)
Income tax relating to items that may be reclassified subsequently	4&6(23)	(80,591)	138,888
Total other comprehensive loss , net of tax		419,424	(641,879)
Total comprehensive (loss) income		$644,365	$(542,510)
Net income attributable to:			
Stockholders of the parent		$429,024	$38,148
Non-controlling interests		(204,083)	61,221
		$224,941	$99,369
Comprehensive income attributable to:			
Stockholder of the parent		$754,701	$(531,277)
Non-controlling interests		(110,336)	(11,233)
		$644,365	$(542,510)
Earnings per share (NTD)	4&6(25)		
Earnings per share-basic		$1.42	$0.13
Earnings per share-diluted		$1.42	$0.13

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings			Other equity interest					
Description	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total	Non-Controlling Interests	Total Equity
Balance as at 1 January 2021	$3,036,166	$55,630	$1,441,895	$1,370,838	$4,900,499	$(1,387,118)	$1,626	$(73,872)	$9,345,664	$936,061	$10,281,725
Distribution of 2020 retained earnings											
Legal reserve			68,003		(68,003)				-		-
Special reserve				14,654	(14,654)				-		-
Cash dividends					(338,899)				(338,899)		(338,899)
Net income in 2021					38,148				38,148	61,221	99,369
Other comprehensive loss, net of tax in 2021					(12,908)	(555,553)	(964)		(569,425)	(72,454)	(641,879)
Total comprehensive income	-	-	-	-	25,240	(555,553)	(964)	-	(531,277)	(11,233)	(542,510)
Share-based payment awards		4,349							4,349		4,349
Decrease in non-controlling interests									-	(23,481)	(23,481)
Balance as at 31 December 2021	$3,036,166	$59,979	$1,509,898	$1,385,492	$4,504,183	$(1,942,671)	$662	$(73,872)	$8,479,837	$901,347	$9,381,184
Balance as at 1 January 2022	$3,036,166	$59,979	$1,509,898	$1,385,492	$4,504,183	$(1,942,671)	$662	$(73,872)	$8,479,837	$901,347	$9,381,184
Distribution of 2021 retained earnings											
Legal reserve			2,524		(2,524)				-		-
Special reserve				556,517	(556,517)				-		-
Cash dividends					(151,294)				(151,294)		(151,294)
Net income in 2022					429,024				429,024	(204,083)	224,941
Other comprehensive loss, net of tax in 2022					3,739	322,366	(428)		325,677	93,747	419,424
Total comprehensive income	-	-	-	-	432,763	322,366	(428)	-	754,701	(110,336)	644,365
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed		371,467							371,467	(622,907)	(251,440)
Exercise employee stock option to purchase								20,260	20,260		20,260
Decrease in non-controlling interests										(160,795)	(160,795)
Balance as at 31 December 2022	$3,036,166	$431,446	$1,512,422	$1,942,009	$4,226,611	$(1,620,305)	$234	$(53,612)	$9,474,971	$7,309	$9,482,280

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2022	2021
Cash flows from operating activities:		
Net income before income tax	$303,606	$163,700
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,124,453	959,825
Amortisation	82,127	80,400
Expected credit losses	18,404	384,243
Net loss of financial assets/liabilities at fair value through profit or loss	284	5,901
Finance costs	256,180	163,482
Interest income	(165,172)	(152,413)
Share-based payment awards	-	4,349
Loss (Gain) on disposal of property, plant and equipment	2,384	(3,439)
Loss (Gain) on disposal of intangible assets	157	(1,082)
Changes in operating assets and liabilities:		
Decrease (Increase) in contract asset	13,627	(40,120)
Increase in notes receivable	(8,985)	(11,193)
Increase in trade receivables	(1,193,762)	(897,045)
Increase in other receivables	(674,469)	(128,730)
Increase in inventories, net	(134,180)	(3,728,413)
Increase in prepayments	(17,826)	(84,958)
Increase in other current assets	(58,483)	(43,408)
Decrease (Increase) in other non-current assets	286,748	(156,319)
Increase in contract liabilities	27,237	228
Increase (Decrease) in notes payable	66,489	(47,008)
Increase (Decrease) in accounts payable	111,908	(145,672)
Increase in other payables	505,021	357,825
(Decrease) Increase in provision	(56,862)	86,270
(Decrease) Increase in other current liabilities	(57,401)	52,413
(Decrease) Increase in accrued pension liabilities	(12,065)	1,698
Increase (Decrease) in other non-current liabilities	220,066	(52,311)
Cash generated (used in) from operations	639,486	(3,231,777)
Interest received	165,172	152,413
Interest paid	(222,813)	(115,353)
Income tax paid	(189,392)	(342,309)
Net cash generated (used in) from operating activities	392,453	(3,537,026)

	For the years ended December 31	
	2022	2021
Cash flows from investing activities:		
Acquisition of subsidiaries (Deduct the cash obtained)	(251,440)	-
Disposal of investment property	548	617
Acquisition of property, plant and equipment	(407,775)	(692,042)
Disposal of property, plant and equipment	24,017	35,290
Acquisition of intangible assets	(33,078)	(68,126)
Disposal of intangible assets	-	2,485
Net cash used in investing activities	(667,728)	(721,776)
Cash flows from financing activities:		
Increase in short-term loans	47,931,445	11,916,719
Decrease in short-term loans	(43,254,385)	(10,574,071)
(Decrease) Increase in commercial paper payable	(3,229,020)	3,689,358
Increase in long-term loans	1,610,985	593,965
Decrease in long-term loans	(1,338,156)	(716,018)
Cash dividends	(151,294)	(338,899)
Repayment of lease capital	(582,516)	(564,411)
Exercise of employee stock option	20,260	-
Decrease in non-controlling interests	(160,795)	(23,481)
Net cash generated from financing activities	846,524	3,983,162
Effect of changes in exchange rate on cash and cash equivalents	345,228	(402,084)
Net increase (decrease) in cash and cash equivalents	916,477	(677,724)
Cash and cash equivalents at beginning of period	2,615,077	3,292,801
Cash and cash equivalents at end of period	$3,531,554	$2,615,077

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

JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years Ended 31 December 2022 and 2021
(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 consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as "the Group") for the years ended 31 December 2022 and 2021 were authorized for issue in accordance with a resolution of the board of directors' meeting on 14 March 2023.

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 Group 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 2022. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group 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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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

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

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

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

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

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

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

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

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied with within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

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

4. Summary of significant accounting policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed by FSC (TIFRSs).

(2) Basis of Preparation

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

(1) Basis of Consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

(a) The consolidated entities are as follows:

Investor	Subsidiary	Business nature	As at 31 Dec 2022	As at 31 Dec 2021
The Company	Johnson International Holding Corp., Ltd.	Holding company	100.00%	100.00%
The Company	Johnson Health Tech (Vietnam) Company Limited	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Technologies, S.A. de C.V.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Canada Inc.	Holding company	100.00%	100.00%
The Company	Johnson Health Tech. UK Ltd.	Selling cardiovascular and weight training equipment	44.43%	44.43%
The Company	Johnson Health Tech Retail Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Philippines, Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Care Co., Ltd.	Massage chair research and development manufacturing and trading	78.90%	78.90%
The Company	Johnson Health Industry (Vietnam) Company Limited	Manufacturing and selling fitness equipment	100.00%	100.00%
The Company	Johnson Health Tech Rus Limited Liability Company.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Fuji Medical Instruments MFG. Co., Ltd.	Massage chair research and development manufacturing and trading	100.00% (Note1)	60.00%
The Company	Johnson Health Tech. North America, Inc.	Manufacturing and selling fitness equipment	100.00%	100.00%
The Company	PT Johnson Health Tech Indonesia	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Selling cardiovascular and weight training equipment	99.99%	99.99% (Note2)
The Company	Johnson Health Tech SA Proprietary Limited	Selling cardiovascular and weight training equipment	100.00%	100.00% (Note3)
The Company	JHT FIT Company Limited	Video transmission and streaming service	100.00%	100.00% (Note4)
The Company	Johnson Health Tech Digital UK Limited	Video transmission and streaming service	100.00%	100.00% (Note5)
The Company	Johnson Health Tech Korea Co., Ltd.	Manufacturing and selling fitness equipment	100.00% (Note6)	-%

Investor	Subsidiary	Business nature	As at 31 Dec 2022	As at 31 Dec 2021
The Company	Johnson Health Tech India Pvt Ltd	Manufacturing and selling fitness equipment	100.00% (Note7)	-%
The Company	Johnson Health Technology (Hongkong) Co., Ltd.	Manufacturing and selling fitness equipment	100.00% (Note8)	-%
The Company	Johnson Fitness (Malaysia) Sdn.. Bhd.	Manufacturing and selling fitness equipment	99.38% (Note9)	-%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	Selling cardiovascular and weight training equipment	55.57%	55.57%
Johnson International Holding Corp., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Selling cardiovascular and weight training equipment	99.77%	99.77%
Johnson International Holding Corp., Ltd.	Johnson Health Technologies Ibérica, SL	Selling cardiovascular and weight training equipment	99.99%	99.99%
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan Co., Ltd.	Selling cardiovascular and weight training equipment	99.78%	99.78%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	Selling cardiovascular and weight training equipment	95.00%	95.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Selling cardiovascular and weight training equipment	99.82%	99.82%
Johnson International Holding Corp., Ltd.	Johnson Fitness (Malaysia) Sdn. Bhd.	Selling cardiovascular and weight training equipment	-% (Note9)	99.38%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. HK Ltd.	Selling cardiovascular and weight training equipment	-% (Note8)	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	Massage chair research and development manufacturing and trading	21.10%	21.10%
Johnson International Holding Corp., Ltd.	Johnson Industrial do Brasil Ltda.	Manufacturing and selling fitness equipment	99.99%	99.99%
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Leasing cardiovascular and weight training equipment	100.00%	100.00%

Investor	Subsidiary	Business nature	As at 31 Dec 2022	As at 31 Dec 2021
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Poland Sp.z o.o.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Joyful Trading (Shanghai) Co., Ltd.	Selling food	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UAE LLC	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	Leisure Fitness Equipment, LLC	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Canada Inc.	Johnson Health Technologies Canada Commercial Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech North America Inc.	Johnson Health Tech NA Manufacturing LLC	Manufacturing and selling fitness equipment	100.00%	100.00%
Johnson Health Tech. Australia Pty., Ltd	Johnson Health Tech New Zealand	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Netherlands B.V.	Johnson Health Tech Denmark Aps	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Selling cardiovascular and weight training equipment	99.73%	99.73%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	Selling cardiovascular and weight training equipment	99.00%	99.00%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Selling cardiovascular and weight training equipment	99.00%	99.00%
Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Video transmission and streaming service	100.00% (Note10)	-%

Note:

1. On 31 December 2022, the company acquired the remaining 40% equity of Fuji Medical Instruments MFG. Co., Ltd., a 60% holding subsidiary established in Japan.

2. On 3 February 2021, the Company set up a 99.99%-owned subsidiary, Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi in Turkey.

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

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

5. On 16 November 2021, the Company set up a fully-owned subsidiary, Johnson Health Tech Digital UK Limited in the United Kingdom.

6. On 3 January 2022, the Company set up a fully-owned subsidiary, Johnson Health Tech Korea Co., Ltd. in Korea.

7. On 23 May 2022, the Company set up a fully-owned subsidiary, Johnson Health Tech India Pvt Ltd. in India.

8. For operational needs, the Company adjusted its investment structure in the third quarter of 2022, and transferred 100% of Johnson International Holding Corp., Ltd.'s subsidiary, Johnson Health Tech. HK Ltd., to the Company 100% holding.

9. For operational needs, the company adjusted its investment structure in the fourth quarter of 2022 and transferred Johnson Fitness (Malaysia) Sdn. Bhd., a 99.38% subsidiary of Johnson International Holding Corp., Ltd., to the Company 99.38% holding.

10. On 1 June 2022, the Group set up a fully-owned subsidiary, Johnson Digital Japan Co., Ltd. by Johnson Health Tech Japan Co, Ltd. in Japan.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency 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 a foreign currency 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 forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net 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.

(5) 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 their income and expenses are translated at an average rate for the period. The exchange differences arising from the translation are recognized in other comprehensive income. On the 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. The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
B. when the retained interest after the partial disposal of an interest in a joint arrangement or partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes 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 joint arrangement 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.

(6) Current and Non-current Distinction

An asset is classified as current when:
A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle; or
B. The Group holds the asset primarily for the purpose of trading; or
C. The Group 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 Group expects to settle the liability in the normal operating cycle; or
B. The Group 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 Group 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 does not affect its classification.

All other liabilities are classified as non-current.

(7) 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.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group 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 Group accounts for regular way purchases or sales of financial assets on the trade date.

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

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

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables, etc., on the 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 Group 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 Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

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 is described 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 Group 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 Group 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 are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group 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 represent 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 the 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, and the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets 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 does not reduce the carrying amount in the balance sheet.

The Group 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 Group 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 the 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group 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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Group 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 Group 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 Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group 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. It 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) group 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 group 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 canceled 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.

(9) Derivative instruments

The Group 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 the types of hedges used.

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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.

(10) 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 the Group.

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 are 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 Group 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.

(11) Inventories

Inventories are valued at lower 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.

(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 Group 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	5～10years
Office equipment	2～12 years
Tooling equipment	2～5 years
Leasehold improvements	Lower of leasehold years or useful lives
Miscellaneous equipment	2～12 years

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

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and exclude the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

Buildings	30～50 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

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

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

For a contract that is, or contains, a lease, the Group 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 Group 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 Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

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

At the commencement date, the Group 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 Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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

After the commencement date, the Group 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 Group 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 Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use by applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group 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 Group 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 Group accounted for as short-term leases or leases of low-value assets, the Group 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 of comprehensive income.

For short-term leases or leases of low-value assets, the Group 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.

Group as a lessor

At the inception of a contract, the Group 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 Group recognizes assets held under a finance lease in its balance sheet and presents them as receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the

Group allocates the consideration in the contract applying IFRS 15.

The Group 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.

(15) 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 are accounted for by changing the amortization period or method, as appropriate, and are 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 the derecognition of an intangible asset are recognized in other operating income and expenses.

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

	Trademarks	Patents	Software	Other intangible assets	Goodwill
Useful lives	10~17 years	2~7 years	1~10 years	3~5 years	indefinite
Method of amortization	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	No amortization
Acquired from	Externally acquired	Externally acquired	Externally acquired	Externally acquired	Externally acquired

(16) Impairment of Non-financial Assets

The Group 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 Group 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 Group 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.

(17) Provisions

Provisions are recognized when the Group 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 Group 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.

<u>Provision for warranties</u>

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

(18) Revenue recognition

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

<u>Sale of goods</u>

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

(19) 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.

(20) Government grants

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

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

(21) 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, are not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group’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 contributions 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 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 Group 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.

(22) Share-based payment transactions

The cost of equity-settled transactions between the Group 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 Group’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 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 canceled, 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 canceled award, and designated as a replacement award on the date that it is granted, the canceled 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 Group 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 the vesting period.

(23) Treasury Stock

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

(24) 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 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 the 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 Group 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.

(25) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquire.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

(26) Seasonality of operations

The Group's operation is seasonal in nature, as higher market demand for the Group's products in the second half of the year results in higher revenues in the second half of the year rather than in the first six months.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions at the end of the reporting period that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates 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 Group 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.

C. Post-Employment 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 and future salary increases.

D. Income Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as the 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 Group 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.

E. Accounts receivables–estimation of impairment loss

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

F. Inventories

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. Refer to Note 6 for details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at	
	31 December 2022	31 December 2021
Cash on hand	$19,334	$32,519
Checking and savings accounts	3,512,220	2,582,558
Total	$3,531,554	$2,615,077

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

	As at	
	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward exchange contracts	$8,746	$-
Foreign exchange rates swap	-	8,151
Subtotal	$8,746	$8,151
Current	$8,746	$8,151
Non-current	-	-
Total	$8,746	$8,151

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 2022	31 December 2021
Accounts receivable	$7,578,837	$6,204,966
Installment accounts receivable	1,737,055	1,926,537
Less: unrealized gain on installment sales revenue	(128,760)	(130,286)
Leased accounts receivable	52,925	62,252
Less: unrealized gain on leased accounts receivable	(5,109)	(4,930)
Subtotal	9,234,948	8,058,539
Less: loss allowance	(542,532)	(526,294)
Total	$8,692,416	$7,532,245

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

	As at	
	31 December 2022	31 December 2021
2022.01~2022.12	$-	$783,842
2023.01~2023.12	604,894	507,692
2024.01~2024.12	472,620	345,786
2025.01~2025.12	293,304	203,391
2026.01~2026.12	207,454	72,547
2027.01~2027.12	116,014	13,279
2028.01~2028.12	42,769	-
Total	$1,737,055	$1,926,537

	As at			
	31 December 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Leased accounts receivable	$52,925	$-	$62,252	$-
Less: Unrealized gain on leased accounts receivable	(5,109)	-	(4,930)	-
Leased accounts receivable, net	$47,816	$-	$57,322	$-

Accounts receivables were not pledged.

The total carrying amount is NTD9,234,948 thousand, NTD8,058,539 thousand as at 31 December 2022 and 2021. Please refer to Note 6(19) for more details on loss allowance of trade receivables for the years ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(4) Inventories, net

	As at	
	31 December 2022	31 December 2021
Raw materials	$991,908	$1,146,769
Work in progress	957,059	846,905
Merchandises	9,859,446	9,680,559
Total	$11,808,413	$11,674,233

The cost of inventories recognized in expenses amounted to NTD18,033,946 thousand for the year ended 31 December 2022, including the loss from the valuation of inventories in the amount of NTD93,307 thousand.

The cost of inventories recognized in expenses amounted to NTD15,903,091 thousand for the year ended 31 December 2021, including the loss from the valuation of inventories in the amount of NTD9,843 thousand.

No inventories were pledged.

(5) Owner-occupied property

	As at	
	31 December 2022	31 December 2021
Owner-occupied property	$4,494,351	$4,138,726

(1)Owner-occupied property

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
Cost:										
As at 1 January 2022	$1,048,097	$2,279,986	$1,378,484	$386,737	$610,797	$1,124,527	$330,052	$368,065	$408,499	$7,935,244
Additions	-	106,264	61,945	63,453	39,058	44,366	92,710	6,588	(6,609)	407,775
Disposals	-	(5,959)	(9,256)	(72,573)	(74,849)	(8,162)	(58,672)	(820)	-	(230,291)
Transfers	-	111,622	202,225	21,137	57,017	19,566	(5,227)	2,638	(110,630)	298,348
Exchange differences	(5,323)	74,848	62,434	21,012	42,864	15,302	19,572	8,139	35,683	274,531
As at 31 December 2022	$1,042,774	$2,566,761	$1,695,832	$419,766	$674,887	$1,195,599	$378,435	$384,610	$326,943	$8,685,607
Depreciation and impairment:										
As at 1 January 2022	$-	$817,736	$923,766	$236,740	$441,513	$998,866	$216,377	$161,520	$-	$3,796,518
Depreciation	-	107,686	85,462	48,303	74,374	89,673	45,390	29,622	-	480,510
Disposals	-	(5,476)	(8,987)	(58,911)	(74,070)	(6,770)	(47,877)	(1,799)	-	(203,890)
Transfers	-	884	(1,500)	(1,433)	113	(681)	(7,923)	(3,013)	-	(13,553)
Exchange differences	-	22,372	40,200	10,885	31,376	12,299	11,102	3,437	-	131,671
As at 31 December 2022	$-	$943,202	$1,038,941	235,584	$473,306	$1,093,387	$217,069	$189,767	$-	$4,191,256
Net carrying amount:										
As at 31 December 2022	$1,042,774	$1,623,559	$656,891	$184,182	$201,581	$102,212	$161,366	$194,843	$326,943	$4,494,351
As at 1 January 2022	$1,048,097	$1,462,250	$454,718	$149,997	$169,284	$125,661	$113,675	$206,545	$408,499	$4,138,726

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
Cost:										
As at 1 January 2021	$1,120,228	$2,376,867	$1,324,621	$402,825	$576,491	$1,072,959	$317,071	$360,696	$30,679	$7,582,437
Additions	-	32,183	61,858	46,339	26,443	75,808	34,600	10,407	404,404	692,042
Disposals	(19,212)	(36,700)	(11,359)	(34,969)	(3,602)	(3,484)	(8,668)	(1,405)	-	(119,399)
Transfers	-	10,945	31,843	1,846	36,378	15,679	748	1,863	(24,150)	75,152
Exchange differences	(52,919)	(103,309)	(28,479)	(29,304)	(24,913)	(36,435)	(13,699)	(3,496)	(2,434)	(294,988)
As at 31 December 2021	$1,048,097	$2,279,986	$1,378,484	$386,737	$610,797	$1,124,527	$330,052	$368,065	$408,499	$7,935,244
Depreciation and impairment:										
As at 1 January 2021	$-	$789,337	$873,692	$226,798	$401,854	$959,773	$197,702	$135,589	$-	$3,584,745
Depreciation	-	94,749	72,685	54,912	62,350	77,574	34,727	28,394	-	425,391
Disposals	-	(35,695)	(10,019)	(25,419)	(3,313)	(3,374)	(8,458)	(1,270)	-	(87,548)
Reclassification	-	769	1,348	(2,500)	(2,350)	(1,580)	(724)	184	-	(4,853)
Exchange differences	-	(31,424)	(13,940)	(17,051)	(17,028)	(33,527)	(6,870)	(1,377)	-	(121,217)
As at 31 December 2021	$-	$817,736	$923,766	$236,740	$441,513	$998,866	$216,377	$161,520	$-	$3,796,518
Net carrying amount:										
As at 31 December 2021	$1,048,097	$1,462,250	$454,718	$149,997	$169,284	$125,661	$113,675	$206,545	$408,499	$4,138,726
As at 1 January 2021	$1,120,228	$1,587,530	$450,929	$176,027	$174,637	$113,186	$119,369	$225,107	$30,679	$3,997,692

(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 2022 and 2021.

(6) Intangible assets

	Trademarks	Patents	Software	Others	Goodwill	Total
Cost:						
As at 1 January 2022	$399,108	$187,567	$336,115	$180,109	$2,148,469	$3,251,368
Addition-acquired separately	-	-	31,997	1,081	-	33,078
Disposals	-	-	(732)	-	-	(732)
Exchange differences	1,549	(341)	172	14,027	94,315	109,722
As at 31 December 2022	$400,657	$187,226	$367,552	$195,217	$2,242,784	$3,393,436
Amortization and impairment:						
As at 1 January 2022	$43,457	$49,330	$270,691	$80,888	$-	$444,366
Amortization	20,439	26,670	24,465	10,553	-	82,127
Disposals	-	-	(575)	-	-	(575)
Exchange differences	920	(31)	1,110	8,090	-	10,089
As at 31 December 2022	$64,816	$75,969	$295,691	$99,531	$-	$536,007
Net carrying amount:						
As at 31 December 2022	$335,841	$111,257	$71,861	$95,686	$2,242,784	$2,857,429
As at 1 January 2022	$355,651	$138,237	$65,424	$99,221	$2,148,469	$2,807,002

	Trademarks	Patents	Software	Others	Goodwill	Total
Cost:						
As at 1 January 2021	$399,539	$187,633	$313,573	$149,049	$2,177,215	$3,227,009
Addition-acquired separately	-	-	31,822	36,304	-	68,126
Disposals	-	-	(3,224)	-	-	(3,224)
Exchange differences	(431)	(66)	(6,056)	(5,244)	(28,746)	(40,543)
As at 31 December 2021	$399,108	$187,567	$336,115	$180,109	$2,148,469	$3,251,368
Amortization and impairment:						
As at 1 January 2021	$22,836	$22,591	$253,468	$73,067	$-	$371,962
Amortization	20,844	26,849	22,294	10,413	-	80,400
Disposals	-	-	(1,821)	-	-	(1,821)
Exchange differences	(223)	(110)	(3,250)	(2,592)	-	(6,175)
As at 31 December 2021	$43,457	$49,330	$270,691	$80,888	$-	$444,366
Net carrying amount:						
As at 31 December 2021	$355,651	$138,237	$65,424	$99,221	$2,148,469	$2,807,002
As at 1 January 2021	$376,703	$165,042	$60,105	$75,982	$2,177,215	$2,855,047

Intangible asset amortization expenses are summarized as follows:

	For the years ended 31 December	
	2022	2021
Operating costs	$226	$188
Operating expenses	$81,901	$80,212

(7) Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to fitness equipment cash-generating units for the purpose of impairment tests.

Carrying amount of goodwill allocated to fitness equipment cash-generating units:

	As at	
	31 December 2022	31 December 2021
Fitness equipment cash-generating unit	$1,172,081	$1,077,766
Massage chair cash-generating unit	1,070,703	1,070,703
Total	$2,242,784	$2,148,469

<u>Fitness equipment manufacturing cash-generating unit</u>

The recoverable amount of the fitness equipment manufacturing cash-generating unit is determined based on a value in use calculation using cash flow projections of financial budgets approved by management covering a five-year period amount. The projected cash flows have been updated to reflect the change in demand for products and services. The pre-tax discount rate applied to cash flow projections were 12.5%% and 13.2%; cash flows beyond the five-year period are extrapolated using a 10%~20% growth rate (based on the current scale) for the years ended 31 December 2022 and 2021, respectively. Based on the result of this analysis, management assessed that it is not required to recognize an impairment loss for goodwill with respect to the book value in the amount of NTD1,172,081 thousand as at 31 December 2022.

Massage chair manufacturing cash-generating unit

The recoverable amount of the massage chair manufacturing cash-generating unit is determined based on a value in use calculation using cash flow projections of financial budgets approved by management covering a five-year period amount. The projected cash flows have been updated to reflect the change in demand for products and services. The pre-tax discount rate applied to cash flow projections were 12.0% and 12.8%; cash flows beyond the five-year period are extrapolated using a 10%~15% growth rate (based on the current scale) for the years ended 31 December 2022 and 2021, respectively. Based on the result of this analysis, management assessed that it is not required to recognize an impairment loss for goodwill with respect to the book value in the amount of NTD1,070,703 thousand as at 31 December 2022.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating unit is most sensitive to the following assumptions:

A. Gross margin
B. Discount rates
C. Raw materials price inflation
D. Market share during the budget period
E. Growth rate used to extrapolate cash flows beyond the budget period

Gross margins - Gross margins are based on the average gross margin of the financial budget period.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Company, taking into account the particular situations of the Company and its operating segments. The WACC includes both the cost of liabilities and cost of equity. The cost of equity is derived from the expected returns of the Company’s investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Company has obligation to settle.

Raw materials price inflation - If prices of raw materials rise, product price will increase.

Market share assumptions - These assumptions are important because, as well as using industry data for estimating growth rates, management would assess how the change in the unit’s position, relative to its competitors, might take place over the budget period. Management expects the Group’s share of the fitness equipment manufacturing market to be stable over the budget period.

Growth rate estimates - Rates are based on historical revenue growth rate and the rate estimated to be achieved during the budget period.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the cash-generating unit, the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(8) Other non-current assets

	As at	
	31 December 2022	31 December 2021
Deposits	$498,308	$417,180
Prepayment for equipment	33,341	33,928
Restricted deposit	-	651,121
Prepayments for investments	-	27,829
Other non-current assets	168,057	168,296
Total	$699,706	$1,298,354

Please refer to Note 8 for time deposit of other non-current assets- restricted deposit pledged as collateral.

(9) Short-term loans

	Interest Rates (%)	As at 31 December 2022	As at 31 December 2021
Unsecured bank loans	0.00%-6.32%	$12,277,783	$7,461,194
Secured bank loans	1.40%	-	83,070
		$12,277,783	$7,544,264
Unused short-term lines of credits amount		$6,356,481	$4,915,480

Secured bank loans are guaranteed by other receivables-restricted assets. Please refer to Note 8 for details of the guarantee.

(10) Bonds payable

	As at 31 December 2022	As at 31 December 2021
Domestic secured bonds	$2,000,000	$2,000,000
Less: current portion	-	-
Net	$2,000,000	$2,000,000

The Group 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%.

(11) Commercial Paper Payable

Accounting title	Guarantee	As at 31 December 2022	As at 31 December 2021
Commercial paper payable	Taiwan Cooperative Bank, etc.	$800,000	$3,900,000
	Mega Bills Financial Corporation	50,000	
	International Bills Financial Corporation	-	150,000
Less: Discount on commercial paper payable		(352)	(4,508)
Net amount		$849,648	$4,045,492

	For the years ended 31 December	
	2022	2021
Interest rates	1.760%-1.871%	0.504%-0.762%
Maturity date	2023/1/6-2023/1/13	2022/1/21-2022/5/9

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

	As at	
	31 December 2022	31 December 2021
Held for trading:		
Derivatives not designated as hedging		
Forward exchange contracts	$879	$-
Current	$879	$-
Non-current	-	-
Total	$879	$-

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

(13) Other payables

	As at	
	31 December 2022	31 December 2021
Payroll	$665,206	$631,865
Commissions	480,887	263,866
Warranty expense	357,400	224,378
Other tax	213,824	193,413
Advertising expense	74,945	165,512
Bonus to employees & directors compensation expense	17,200	10,200
Interest expense	10,912	10,721
Dividends	426	426
Other expense	1,746,856	1,562,489
Total	$3,567,656	$3,062,444

	As at	
	31 December 2022	31 December 2021
Product maintenance warranty		
Beginning of the period	$510,893	$472,929
Warranty recognized	588,273	511,986
Amount utilized during the year	(456,229)	(438,430)
Exchange effect	(64,477)	(35,592)
End of the period	$578,460	$510,893
Current	$357,400	$224,378
Non-current	221,060	286,515
Total	$578,460	$510,893

(14) Long-term borrowings

Details of long-term loans as at 31 December 2022 and 31 December 2021 are as follows:

Lenders	As at 31 December 2022	Redemption
Taiwan Cooperative Bank, etc. syndicated bank loan	$490,364	The interest is paid monthly from 12 March 2021 to 12 March 2023, and repay the loan in full at maturity.
E.SUN Bank secured bank loan	464,800	The interest is paid quarterly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.
Mega International Commercial Bank	280,921	Repayable monthly from 16 March 2022 to 20 January 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
First Commercial Bank unsecured bank loans	146,482	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Itaú Bank	47,954	Repayable monthly from 26 October 2022 to 28 October 2026. The grace period starts on the first drawdown date until the expiration of 6 months thereafter. The interest is paid monthly.
BPER Bank unsecured	24,027	Repayable monthly from 27 December 2020 to 27

Lenders	As at 31 December 2022	Redemption
bank loans		December 2025. The grace period starts on the first drawdown date until the expiration of 12 months thereafter. The interest is paid monthly.
HSBC Bank mortgage loans	11,118	Repayable monthly from 5 April 2018 to 5 April 2024 and interest is paid monthly.
MPS Bank	10,278	Repayable monthly from 30 June 2022 to 30 November 2023. The grace period starts on the first drawdown date until the expiration of 4 months thereafter. The interest is paid monthly.
Dubai Islamic Bank	2,447	Repayable monthly from 5 December 2021 to 5 November 2023 and interest is paid monthly.
Societe Generale Bank unsecured bank loans	1,562	Repayable monthly from 31 July 2021 to 30 June 2025 and interest is paid monthly.
Subtotal	1,479,953	
Less: current portion	(1,024,064)	
Less: syndicated bank loans expense	(8,925)	
Total	$446,964	

Note: Long-term borrowings interest rate is between 0.55%-19.20%, and interest is paid monthly.

Lenders	As at 31 December 2021	Redemption
Taiwan Cooperative Bank, etc. syndicated bank loan	$507,666	The interest is paid monthly from 12 March 2021 to 12 March 2023, and repay the loan in full at maturity.
E.SUN Bank secured bank loan	481,200	The interest is paid quarterly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.
First Commercial Bank unsecured bank loans	172,464	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
BPER Bank unsecured bank loans	31,916	Repayable monthly from 27 December 2020 to 27 December 2025. The grace period starts on the first drawdown date until the expiration of 12 months

Lenders	As at 31 December 2021	Redemption
		thereafter. The interest is paid monthly.
HSBC Bank mortgage loans	16,424	Repayable monthly from 5 April 2018 to 5 April 2024 and interest is paid monthly.
Societe Generale Bank unsecured bank loans	2,088	Repayable monthly from 31 July 2021 to 30 June 2025 and interest is paid monthly.
Subtotal	1,211,758	
Less: current portion	(32,340)	
Less: syndicated bank loans expense	(11,985)	
Total	$1,167,433	

Note: Long-term borrowings interest rate is between 0.55% to 1.40%, and interest is paid monthly.

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

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

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

Note 1: Current ratio= current assets/ current liabilities

Note 2: Financial liability ratio = (bank loans + domestic secured bonds) / owners' equity

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

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 leading bank may ask the Company to pay compensation (at 0.10% of the unpaid loan as at the second review date) in one lump sum to the agent bank, and the agent bank will pay the compensation to the other lending banks in proportion to their loans.

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

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

The Company did not violate the above covenants for the years ended 31 December 2022 and 2021.

(15) 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 Group will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Group has made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

Subsidiaries located in the People’s Republic of China will contribute social welfare benefits based on a certain percentage of employees’ salaries or wages to the employees’ individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were NTD41,767 thousand and NTD37,186 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 of 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 the 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 Group expects to contribute NTD2,849 thousand to its defined benefit plan during the 12 months beginning after 31 December 2022.
The average duration of the defined benefits plan obligation as at 31 December 2022 and 2021, is 7.6 years and 7.8 years.

Pension costs recognized in profit or loss for the years ended 31 December 2022 and 2021:

	For the years ended 31 December	
	2022	2021
Current period service costs	$1,035	$1,069
Interest expense	685	250
Total	$1,720	$1,319

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

	As at		
	31 December 2022	31 December 2021	1 January 2021
Defined benefit obligation	$173,099	$181,747	$171,137
Plan assets at fair value	(89,606)	(82,450)	(86,446)
Other non-current liabilities - defined benefit obligation	$83,493	$99,297	$84,691

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 2021	$171,137	$(86,446)	$84,691
Current period service costs	1,069	-	1,069
Net interest expense (income)	511	(261)	250
Subtotal	172,717	(86,707)	86,010
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,056)	-	(6,056)
Experience adjustments	23,447	-	23,447
Remeasurements of the defined benefit assets	-	(1,256)	(1,256)
Subtotal	190,108	(87,963)	102,145
Payments from the plan	(8,361)	8,361	-
Contributions by employer	-	(2,848)	(2,848)
As at 31 December 2021	$181,747	$(82,450)	$99,297
Current period service costs	1,035	-	1,035
Net interest expense (income)	1,267	(582)	685
Subtotal	184,049	(83,032)	101,017

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,879)	-	(6,879)
Experience adjustments	8,643	-	8,643
Remeasurements of the defined benefit assets	-	(6,438)	(6,438)
Subtotal	185,813	(89,470)	96,343
Payments from the plan	(12,714)	12,714	-
Contributions by employer	-	(12,850)	(12,850)
As at 31 December 2022	$173,098	$(89,606)	$83,493

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

	As at	
	31 December 2022	31 December 2021
Discount rate	1.2%	0.7%
Expected rate of salary increases	2.0%	2.0%

A sensitivity analysis for significant assumption as at 31 December 2022 and 2021 is as shown below:

For the year ended 31 December 2022:

	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.1%	$-	$1,324
Discount rate decrease by 0.1%	1,341	-
Future salary increase by 0.1%	1,178	-
Future salary decrease by 0.1%	-	1,167

For the year ended 31 December 2021:

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

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

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

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

(16)Equity

A. Share capital

As at 1 January 2021, the Company's authorized capital was NTD4,500,000 thousand, divided into 450,000,000 shares with par value of NTD10 each. The issued and outstanding capital stocks were NTD3,036,166 thousand. As at 31 December 2022, the capital remained unchanged.

B. Capital surplus

	As at	
	31 December 2022	31 December 2021
Additional paid-in capital	$54,807	$54,807
Employee stock option	5,056	706
The difference between the actual acquisition or disposal of the equity price of the subsidiary company and the carrying value	371,467	–
Gain on sale of assets	42	42
Other	74	4,424
Total	$431,446	$59,979

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

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

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

The Company's special reserve of NTD64,037 thousand at first-time adoption of IFRS with the absolute value of other equity (deduction) – net as at 1 January 2021. As at the years ended 2022 and 2021, the Company did not reverse any special reserve as a result of using, disposing of or reclassifying related assets.

During 2022 and 2021, when distributing 2021 and 2020 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, amounts equal to other net deductions from shareholders' equity were NTD556,517 thousand and NTD14,654 thousand for the years ended 2022 and 2021, 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 2022

(unit: shares)

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

For the year ended 31 December 2021

(unit: shares)

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

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

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

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

The board meeting held on 10 May 2021 approved to transfer 333,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price was NTD60.84. The Company recognized compensation cost of NTD4,349 thousand in share capital-employee stock option on the vesting date. The Company's employees have not exercised the employee stock options of 333,000 shares as of 18 November 2022.

As at 31 December 2022, the treasury shares that the Company bought back not yet transferred to employee amounted to 695,000 shares.

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

(c) In compliance with the 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, the current year's earnings, if any, shall be distributed in the following order:

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

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

According to the Company Act, the Company needs to set aside an 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 reserve 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 2021 earnings distribution and dividends per share as approved by the resolution of the shareholders' meeting held on 27 June 2022 are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal reserve	(Note 2)	$2,524		
Special reserve	(Note 2)	556,517		
Cash dividends–common stock(Note 1)	(Note 2)	151,294	(Note 2)	$0.50

Note 1: The Company's board of directors was authorized by the Articles of Incorporation and approved the common stock cash dividend of 2021 by special resolution on 10 May 2022.

Note 2: The resolution to distribute the Company's 2022 earnings has not been finalized.

Please refer to Note 6 (21) for further details on employees' compensation and remuneration to directors and supervisors.

(17) Non-controlling interests

	For the years ended 31 December	
	2022	2021
Beginning balance	$901,347	$936,061
Profit attributable to non-controlling interests	(204,083)	61,221
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	93,747	(71,811)
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	-	(643)
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or dispose	(622,907)	-
Other	(160,795)	(23,481)
Ending balance	$7,309	$901,347

(18) Operating revenue

	For the years ended 31 December	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$32,761,842	$30,175,953
Other operating revenues	851,105	603,375
Total	$33,612,947	$30,779,328

Analysis of revenue from contracts with customers during the years ended 31 December 2022 and 2021 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2022

	Americas department	European department	Asian department	Other department	Total
Sale of goods	$15,658,189	$7,817,694	$7,738,959	$1,547,000	$32,761,842
Other operating revenues	265,694	497,003	63,011	25,397	851,105
Total	$15,923,883	$8,314,697	$7,801,970	$1,572,397	$33,612,947

For the year ended 31 December 2021

	Americas department	European department	Asian department	Other department	Total
Sale of goods	$13,404,553	$6,541,227	$8,775,084	$1,455,089	$30,175,953
Other operating revenues	167,984	366,610	52,272	16,509	603,375
Total	$13,572,537	$6,907,837	$8,827,356	$1,471,598	$30,779,328

The Group recognizes revenues when operating revenue is transferred to the customers at a point in time.

B. Contract balance

(a) Contract asset – current

	As at		
	31 December 2022	31 December 2021	1 January 2021
Sales of goods	$43,425	$56,952	$16,832

The significant changes in the Group's balances of contract assets for the years ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
The opening balance transferred to trade receivables	$(56,952)	$(16,832)
Increase of contract assets	43,425	56,952

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

(b) Contract liabilities – current

	As at		
	31 December 2022	31 December 2021	1 January 2021
Sales of goods	$830,872	$803,635	$803,407

The contract liabilities significantly increased as performance obligations were mostly satisfied, of which NTD744,978 thousand and NTD783,953 thousand included in the contract liability balance at the beginning of the period were recognized as revenue during the years ended 31 December 2022 and 2021.

(c) Transaction price allocated to unsatisfied performance obligations

None.

(d) Assets recognized from costs to fulfill a contract

None.

(19) Expected credit losses

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses		
Trade receivables	$18,404	$384,244

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

The credit risk for the Group's financial assets measured at amortized cost is assessed as low as at 31 December 2022. Therefore, the expected credit loss is equal to zero.

The Group 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 Group's loss allowance as at 31 December 2022 is as follows:

A. The gross carrying amount of contract assets is NTD43,425 thousand. There is no need to recognize loss allowance based on individual customer assessment method.

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

	Not yet due	Overdue				
	(note)	<=60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$5,837,675	$1,066,353	$69,775	$127,788	$562,690	$7,664,281
Loss rate	0%-10%	0%-10%	0%-10%	0%-10%	90%-100%	
Lifetime expected credit losses	(1,852)	(6,373)	(5,484)	(3,337)	(508,117)	(525,163)
Per book	$5,835,823	$1,059,980	$64,291	$124,451	$54,573	$7,139,118

Note receivables and trade receivables as at 31 December 2022

Installment accounts receivable and leased accounts receivable as at 31 December 2022

	Not yet due (note)	Overdue <=60 days	Overdue 61-90 days	Overdue 91-180 days	Overdue >=181 days	Total
Gross carrying amount	$1,603,376	$14,179	$3,682	$13,357	$21,517	$1,656,111
Loss rate	0%-10%	0%-10%	0%-10%	0%-10%	70%-80%	
Lifetime expected credit losses	(1,092)	(339)	(339)	(361)	(15,384)	(17,369)
Per book	$1,602,284	$13,840	$3,489	$12,996	$6,133	$1,638,742

Note receivables and trade receivables as at 31 December 2021

	Not yet due (note)	Overdue <=60 days	Overdue 61-90 days	Overdue 91-180 days	Overdue >=181 days	Total
Gross carrying amount	$4,963,674	$660,566	$78,970	$209,631	$368,583	$6,281,424
Loss rate	0%-10%	0%-10%	20%-30%	50%-60%	70%-80%	
Lifetime expected credit losses	(46,322)	(21,177)	(20,479)	(119,821)	(291,901)	(499,700)
Per book	$4,917,352	$639,389	$58,491	$89,810	$76,682	$5,781,724

Note: The Group’s note receivables are not overdue. The historical credit losses experience of the Group's note receivables and trade receivables shows that there is no significant difference in the loss patterns among different customer groups. Therefore, the group is no longer distinguished.

Installment accounts receivable and leased accounts receivable as at 31 December 2021

	Not yet due (note)	Overdue <=60 days	Overdue 61-90 days	Overdue 91-180 days	Overdue >=181 days	Total
Gross carrying amount	$1,749,479	$29,798	$6,782	$18,876	$48,639	$1,853,574
Loss rate	-%	-%	-%	0%-10%	50%-60%	
Lifetime expected credit losses	-	-	-	(1,021)	(25,573)	(26,594)
Per book	$1,749,479	$29,798	$6,782	$17,855	$23,066	$1,826,980

The movement in the provision for impairment of note receivables and trade receivables during the ended 31 December 2022 and 2021 is as follows:

	Note receivables	Trade receivables
2022.01.01	$-	$526,294
Addition for the current period	-	18,404
Write off	-	(17,353)
Exchange differences	-	15,187
2022.12.31	$-	$542,532
2021.01.01	$-	$202,001
Addition for the current period	-	384,244
Write off	-	(36,755)
Exchange differences	-	(23,196)
2021.12.31	$-	$526,294

(20) Leases

A. The Group is a lessee

The Group 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 1 to 50 years.

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

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	As at 31 December	
	2022	2021
Land	$421,582	$417,416
Buildings	1,713,331	1,091,996
Machinery and equipment	9,688	24,125
Transportation equipment	63,445	78,157
Office equipment	1,471	2,899
Total	$2,209,517	$1,614,593

During the years ended 31 December 2022 and 2021, the Group's additions to right-of-use assets amounted to NTD990,178 thousand and NTD181,173 thousand, respectively.

(ii) Lease liabilities

	As at 31 December	
	2022	2021
Current	$607,062	$375,873
Non-Current	1,245,219	861,788
Total	$1,852,281	$1,237,661

Please refer to Note 6(22)(d) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 31 December 2021, and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2022 and 31 December 2021.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2022	2021
Land	$11,793	$11,546
Buildings	563,525	436,779
Machinery and equipment	14,837	23,051
Transportation equipment	52,304	60,014
Office equipment	1,484	3,044
Total	$643,943	$534,434

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$31,012	$33,326

D. Cash outflow related to lessee and lease activity

During the year ended 31 December 2022 and 2021, the Group's total cash outflows for leases amounted to NTD613,528 thousand and NTD$571,480 thousand, respectively.

(21) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2022 and 2021:

Function / Nature	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$579,120	$4,728,317	$5,307,437	$1,026,669	$4,444,390	$5,471,059
Labor and health insurance	128,144	545,705	673,849	117,390	521,658	639,048
Pension	11,264	133,030	144,294	9,403	103,141	112,544
Other employee benefits expense	74,291	932,950	1,007,241	76,504	694,334	770,838
Depreciation	113,846	1,010,607	1,124,453	99,843	859,982	959,825
Amortization	226	81,901	82,127	188	80,212	80,400

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 the 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 2022, the Company estimated the amount of the employees' compensation and remuneration to directors for the year ended 31 December 2022 to be NTD10,000thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

A resolution was passed at the board meeting held on 22 March 2022 to distribute NTD3,000 thousand and NTD7,200 thousand in cash as the employee compensation and remuneration to directors of 2021, respectively. There are no material differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2021.

(22) Non-operating income and expenses

A. Interest income

For the years ended 31

	December	
	2022	2021
Financial assets measured at amortized cost	$165,172	$152,413

B. Other income

	For the years ended 31 December	
	2022	2021
Compensate(Note)	$580,799	$-
Government subsidy income	-	48,047
Others	33,938	73,069
Total	$614,737	$121,116

Note: Civil infringement litigation (suspected patent infringement) between The Group's Japanese subsidiary Fuji Medical Instruments MFG. Co., Ltd. (hereinafter referred to as " Fuji Medical Instruments ") and Family Inada Co., Ltd. (hereinafter referred to as " Family Inada "), after the trial judge of the Osaka District Court in Japan, Fuji Medical Instruments paid Family Inada 711,242 thousand in tort damages, and the accounts were compensated for losses in 15 September 2022. However, in accordance with the agreement between the Group and Asahi Life & Health Corporation (hereinafter referred to as "ALH") on the acquisition of Fuji Medical Devices, ALH shall bear the losses of the Group for the compensation arising from this litigation case, so the Group recognizes the compensation income on a pro rata basis. Fuji Medical Instruments settled in a separate lawsuit from Family Inada and received compensation in December 2022.

C. Other gains and losses

	For the years ended 31 December	
	2022	2021
Foreign exchange losses, net	$970,876	$(90,975)
(Losses) gains on disposal of investments	(226,390)	23,181
(Losses) gains on disposal of property, plant and equipment	(2,384)	3,439
Gains on financial assets at fair value through profit or loss (Note 1)	595	(7,558)
Gains on financial liabilities at fair value through profit or loss (Note 2)	(879)	1,657
Compensate	(711,242)	-
Others	(35,765)	(30,279)
Total	$(5,189)	$(100,535)

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

D. Finance costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	$217,020	$124,980
Interest on lease liabilities	39,160	38,502
Total	$256,180	$163,482

(23) Components of other comprehensive income

A. For the year ended 31 December 2022

	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	$4,674	$4,674	$(935)	$3,739
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(745)	(745)	317	(428)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	496,704	496,704	(80,591)	416,113
Total of other comprehensive income	$500,633	$500,633	$(81,209)	$419,424

B. For the year ended 31 December 2021

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$(16,135)	$(16,135)	$3,227	$(12,908)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(2,458)	(2,458)	850	(1,608)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(766,251)	(766,251)	138,888	(627,363)
Total of other comprehensive income	$(784,844)	$(784,844)	$142,965	$(641,879)

(24) Income tax

The major components of income tax expense(income) for the year ended 31 December 2022 and 2021 are as follows:

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

	For the years ended 31 December	
	2022	2021
Current income tax expense:		
Current income tax charge	$296,677	$352,460
Adjustments in respect of current income tax of prior periods	9,281	14,277
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	30,632	19,679
Deferred tax (income)expense relating to origination and reversal of tax loss and tax credit	(277,274)	(346,671)
Tax income recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	-
Other components of deferred tax income	19,349	24,586
Total income tax expense	$78,665	$64,331

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred income tax expense:		
Exchange differences resulting from translating the financial statements of a foreign operation	$80,591	$(138,888)
Remeasurements of defined benefit plans	935	(3,227)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(317)	(850)
Income tax relating to components of other comprehensive income	$81,209	$(142,965)

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	
	2022	2021
Accounting profit before tax from continuing operations	$303,606	$163,700
Tax at the domestic rates applicable to profits in the country concerned	$60,721	$32,740
Tax effect of different tax rates of operating individuals at other tax region	272,911	219,771
Tax effect of revenues exempt from taxation	(207,883)	(81,625)
Tax effect of expenses not deductible for tax purposes	187,901	204,275
Tax effect of deferred tax assets/liabilities	(246,642)	(326,992)
5 % surtax on undistributed retained earnings	-	7,124
Adjustments in respect of current income tax of prior periods	9,281	14,277
Other adjustments according to tax law	2,376	(5,239)
Total income tax expense recognized in profit or loss	$78,665	$64,331

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

(a) For the year ended 31 December 2022

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as at 31 December
Temporary difference					
Provision for allowance to reduce inventories to market value	$91,064	$(12,229)	$-	$8,280	$87,115
Unrealized sales gross profit	77,407	18,773	-	(1,242)	94,938
Unrealized other income	9,206	8,067	-	1,219	18,492
Accrued expense	95,169	25,025	-	7,903	128,097
Prepaid Expenses	(11,107)	4,219	-	(1,042)	(7,930)
Unrealized financial assets measured at fair value through profit or loss	(1,631)	(108)	-	15	(1,724)
Exchange differences on translation of foreign operations	423,120	-	(80,591)	-	342,529
Unrealized Pension	6,443	(2,226)	-	1	4,218
Actuarial gain (loss) on defined benefit plans	13,415	-	(935)	-	12,480
Unrealized exchange gain or loss	(1,272)	(105,518)	-	6	(106,784)
Allowance for bad debts exceeded	1,128	5,594	-	276	6,998
Deferred expense	(3,442)	(611)	-	157	(3,896)
Depreciation	(1,036)	4,406	-	(775)	2,595
Unused tax losses	972,328	277,272	-	96,376	1,345,976
Provision-warranties	76,330	9,731	-	5,532	91,593
Land appreciation tax	(47,428)	-	-	-	(47,428)
Valuation gains (losses) measured at fair value through other comprehensive income	(815)	-	317	35	(463)
Other deferred income tax assets	40,441	36,816	-	5,411	82,668
Other deferred income tax liabilities	(48,133)	(22,569)	-	(5,933)	(76,635)
Deferred income tax expense/(income)		$246,642	$(81,209)	$116,219	
Net deferred income tax assets/(liabilities)	$1,691,187				$1,972,839
Reflected in balance sheet as follows:					
Deferred tax assets	$1,893,408				$2,139,856
Deferred tax liabilities	$(202,221)				$(167,017)

(b) For the year ended 31 December 2021

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as at 31 December
Temporary difference					
Provision for allowance to reduce inventories to market value	$90,062	$4,871	$-	$(3,869)	$91,064
Unrealized sales gross profit	100,610	(18,372)	-	(4,831)	77,407
Unrealized other income	10,353	(609)	-	(538)	9,206
Accrued expense	97,699	3,783	-	(6,313)	95,169
Prepaid Expenses	(8,010)	(3,442)	-	345	(11,107)
Unrealized financial assets measured at fair value through profit or loss	(2,783)	1,152	-	-	(1,631)
Exchange differences on translation of foreign operations	284,232	-	138,888	-	423,120
Unrealized Pension	6,749	(306)	-	-	6,443
Actuarial gain (loss) on defined benefit plans	10,188	-	3,227	-	13,415
Unrealized exchange gain or loss	11,135	(12,652)	-	245	(1,272)
Allowance for bad debts exceeded	5,515	(3,930)	-	(457)	1,128
Deferred expense	(2,458)	(1,103)	-	119	(3,442)
Depreciation	(3,814)	3,184	-	(406)	(1,036)
Unused tax losses	652,073	346,671	-	(26,416)	972,328
Provision-warranties	77,607	2,387	-	(3,664)	76,330
Land appreciation tax	(47,428)	-	-	-	(47,428)
Valuation gains (losses) measured at fair value through other comprehensive income	(1,857)	-	850	192	(815)
Other deferred income tax assets	58,338	(16,195)	-	(1,702)	40,441
Other deferred income tax liabilities	(72,323)	21,553	-	2,637	(48,133)
Deferred income tax expense/(income)		$326,992	$142,965	$(44,658)	
Net deferred income tax assets/(liabilities)	$1,265,888				$1,691,187
Reflected in balance sheet as follows:					
Deferred tax assets	$1,445,275				$1,893,408
Deferred tax liabilities	$(179,387)				$(202,221)

(c) The following table contains information of the unused tax:

Year	Tax losses for the period	Unused tax losses as at 31 December 2022	Unused tax losses as at 31 December 2021	Expiration Year(Note)
2008	$546,762	$263,887	$198,993	2028
2009	222,640	207,557	207,557	2029
2012	45,514	-	38	2032
2013	177,126	9,380	62,676	2022~2033
2014	159,637	56,177	56,177	2023~2034
2015	203,811	83,886	83,886	2024~2035
2016	153,332	78,841	78,841	2025~2036
2017	407,723	204,028	229,772	2026~2037
2018	526,425	427,741	440,059	2027~2038
2019	521,504	539,260	471,707	2028~2039
2020	615,708	581,707	454,672	2029~2040
2021	1,120,941	938,206	1,120,941	2030~2041
2022	1,463,686	1,463,686	-	2031~2042
Total	$6,164,809	$4,854,356	$3,405,319	

Note: The loss deduction of Johnson Industry Brazil Ltda. Johnson Health Tech North America Inc. and Johnson Health Tech Retail Inc. has no expiration year.

(d) 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 2022 and 2021, the temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD397,711 thousand and NTD595,713 thousand respectively.

(e) The assessment of income tax returns

As at 31 December 2022, the tax authorities have assessed the income tax returns of the Company through 2020

(25) 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	
	2022	2021
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	$429,024	$38,148
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	302,628	302,589
Basic earnings per share (NTD)	$1.42	$0.13

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

Significant transactions with related parties

(1) Key management personnel compensation:

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$125,301	$136,872

8. Assets pledged as security

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

	As at		
	31 December 2022	31 December 2021	Contents of secured debt
Property, plant and equipment - land	$671,271	$671,271	Syndicated loans /Loan secured
Property, plant and equipment – buildings (carrying value)	728,679	587,470	Syndicated loans /Loan secured
Other non-current assets-restricted assets	-	651,121	Loan secured
Right-of-use assets-land	254,280	256,325	Loan secured
Machine (carrying value)	264,609	-	Loan secured
Other receivable - deposit	789,424	192,431	LC loan / Notes payable/Loan secured
Total	$2,708,263	$2,358,618	

9. Commitments and contingencies

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

The contracts of the Group as at 31 December 2022 and 2021 are as follows:

A. As at 31 December 2022:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2022
Company A	Phase 2 factory construction project	NTD528,202 thousand	NTD490,224thousand

B. As at 31 December 2021:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2021
Company A	Dormitory construction project	NTD90,650 thousand	NTD67,988 thousand
Company B	Phase 2 factory construction project	NTD435,363 thousand	NTD353,549 thousand

(2) The Company issued guaranty notes as security for borrowings in the sum of NTD800,907 thousand as at 31 December 2022.

(3) The Company entered into financial guarantees to related parties as at 31 December 2022. Refer to Note 13(1)(b).

(4) Legal claim contingency:

The Group's French subsidiary, Johnson Health Tech France, accepted the tax audit of the French tax authority from 12 November 2020 to 10 December 2020, and the notice of additional tax payment was issued on 15 December 2020 The Group believes that the reasons for additional tax payment provided by the French tax authority are clearly inconsistent with the facts, and a tax lawyer has been entrusted to file a petition within the statutory period. However, the outcome of the case cannot be ascertained and unable to reasonably estimate uncertain income tax liabilities as the petition is still in progress as at the reporting date.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

	As at	
Financial Assets	31 December 2022	31December 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$8,746	$8,151
Equity instruments measured at fair value through other comprehensive income loss	7,444	8,494
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	3,512,220	2,582,558
Notes and trade receivables	8,777,860	7,608,704
Other receivables	1,167,768	493,299
Subtotal	13,457,848	10,684,561
Total	$13,474,038	$10,701,206

Financial Liabilities	As at 31 December 2022	As at 31 December 2021
Financial liabilities at amortized cost:		
Short-term borrowings	$12,277,783	$7,544,264
Commercial paper payable	849,648	4,045,492
Notes and accounts payable	4,757,541	4,579,144
Other payable	3,567,656	3,062,444
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	1,471,028	1,199,773
Lease liability	1,852,281	1,237,661
Subtotal	26,775,937	23,668,788
Financial liabilities at fair value through profit or loss:		
Held for trading	879	-
Total	$26,776,816	$23,668,788

(2) Financial risk management objectives and policies

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

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group 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 Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies at the end of the reporting period. The Group'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 2022	$-	$6,988
For the year ended 31 December 2021	$-	$8,376

(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 2022	$-	$27,540
For the year ended 31 December 2021	$-	$27,588

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	$-	$(13,496)
For the year ended 31 December 2021	$-	$(20,641)

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	$-	$1,943
For the year ended 31 December 2021	$-	$2,212

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period would cause the profit for the years ended 31 December 2022 and 2021 to increase/decrease by NTD14,598 thousand and NTD12,790 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 Group 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 Group'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 conditions and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting prepayment or insurance.

As at 31 December 2022 and 2021, 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 Group's treasury in accordance with the Group's policy. The Group 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 counterparties.

(5) Liquidity risk management

The Group'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 Group'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 at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	>= 5 years	Total
As at 31 December 2022					
Short-term borrowings	$12,355,442	-	-	-	$12,355,442
Commercial paper payable	850,000	-	-	-	850,000
Notes and accounts payable	4,757,541	-	-	-	4,757,541
Bonds payable	16,600	2,016,600	-	-	2,033,200
Long-term loans	1,056,541	223,685	144,823	121,900	1,548,156
Lease liabilities	657,293	816,650	340,943	41,460	1,856,346

As at 31 December 2021

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	>= 5 years	Total
Short-term borrowings	$7,631,448	$-	$-	$-	$7,631,448
Commercial paper payable	4,050,000	-	-	-	4,050,000
Notes and accounts payable	4,579,144	-	-	-	4,579,144
Bonds payable	16,600	2,033,200	-	-	2,049,800
Long-term loans	42,526	1,098,106	78,648	8,547	1,227,827
Lease liabilities	437,216	541,038	221,408	109,018	1,308,680

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term borrowings	Commercial paper Payable	Long-term loans	Lease liabilities	Total liabilities from financing activities
As at 1 January 2022	$7,544,264	$4,045,492	$1,199,773	$1,237,661	$14,027,190
Cash flows	4,677,060	(3,229,020)	272,829	(582,516)	1,138,353
Non-cash changes	-	33,176	-	990,178	1,023,354
Foreign exchange movement	56,459	-	(1,574)	206,958	261,843
As at 31 December 2022	$12,277,783	$849,648	$1,471,028	$1,852,281	$16,450,740

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Commercial paper Payable	Long-term loans	Lease liabilities	Total liabilities from financing activities
As at 1 January 2021	$6,011,150	$349,721	$1,326,517	$1,614,525	$9,301,913
Cash flows	1,342,648	3,689,358	(122,053)	(510,989)	4,398,964
Non-cash changes	-	6,413	-	219,675	226,088
Foreign exchange movement	190,466	-	(4,691)	(85,550)	100,225
As at 31 December 2021	$7,544,264	$4,045,492	$1,199,773	$1,237,661	$14,027,190

(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 Group 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 the 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 the 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 Group'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 the fair value measurement hierarchy for the financial instruments of the Group.

(8) Derivative instruments

The Group's related information for derivative instruments not qualified for hedge accounting and not yet settled as at 31 December 2022 and 2021 is as follows:

Forward currency contracts

The Group 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:

Company	Contract	Contract amount (in thousands)	Maturity
As at 31 December 2022			
Johnson Health Tech. Co., Ltd.	Pre-sale of forward Foreign exchange contracts	Sell USD 6,000	2023/2/22
Johnson Health Tech. Co., Ltd.	Foreign exchange rates swap	Sell USD 20,000	2023/1/6
Johnson Health Tech. Co., Ltd.	Foreign exchange rates swap	Sell EUR 4,000	2023/1/6
As at 31 December 2021			
Johnson Health Tech. Co., Ltd.	Foreign exchange rates swap	Sell USD 82,200	From 2022/02/18 to 2022/05/18

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets 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 Group 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 Group's assets and liabilities

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

As at 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$8,746	$-	$8,746
Equity instruments measured at fair value through other comprehensive income loss	7,444	-	-	7,444
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$-	$879	$-	$879

As at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$8,151	$-	$8,151
Equity instruments measured at fair value through other comprehensive income loss	8,494	-	-	8,494

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, 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 2022			31 December 2021		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
Financial assets						
Monetary item:						
EUR	$107,212	32.7040	$3,506,270	$106,842	31.3451	$3,348,964
USD	80,388	30.7080	2,468,542	71,837	27.6900	1,989,174
CNY	341,704	4.4178	1,509,572	204,492	4.3408	887,659
JPY	5,750,010	0.2324	1,336,446	3,910,608	0.2406	940,708
Financial liabilities						
Monetary item:						
CNY	$647,187	4.4178	$2,859,131	$679,991	4.3408	$2,951,710
USD	57,633	30.7080	1,769,787	41,587	27.6900	1,151,548
EUR	4,913,996	0.2324	1,142,135	2,991,049	0.2406	719,506
JPY	23,002	32.7040	752,269	18,827	31.3451	590,119

The Group is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Group entities use a large number of different functional currencies. The exchange loss for the years ended 31 December 2022 and 2021 were NTD970,876 thousand and NTD(90,975) thousand, respectively.

The information above is disclosed based on the foreign currency carrying amount (already converted into functional currency).

(11) Capital management

The primary objective of the Group'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 shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(1) Information at significant transactions

A. Financing provided to others for the year ended 31 December 2022: Please refer to Attachment 1.

B. Endorsement/Guarantee provided to others for the year ended 31 December 2022: Please refer to Attachment 2.

C. Securities held as of 31 December 2022: Please refer to Attachment 3.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

E. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

F. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the year ended 31 December 2022: Please refer to Attachment 5.

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as of 31 December 2022: Please refer to Attachment 4.

I. Financial instruments and derivative transactions: Please refer to Note 12 (8).

J. The business relationship, significant transactions and amounts exceeding the lower of NTD100 million or 20% of capital stock between parent company and subsidiaries: Please refer to Attachment 5.

(2) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as of 31 December 2022, net income (loss) of the investee company and investment income (loss) recognized as of 31 December 2022: Please refer to Attachment 6.

(3) Information on investments in mainland China

The Company ultimately invests subsidiaries in mainland China through its subsidiary, Johnson International Holding Corp., Ltd.: Please refer to Attachment 7.

(4) Major Shareholder Information

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
Guang-ting Luo	84,704,121	27.89%
Kun-quan Luo	61,229,933	20.16%
Ya-fang Luo	17,190,413	5.66%

14. Operating segment information

(1) For the purpose of operation, the Company operates in a single industry segment with different strategic segments, and they are classified into four segments as follows:

A. American segment: In charge of selling cardiovascular equipment and research and development of training equipment in America.

B. European segment: In charge of selling cardiovascular equipment in Europe.

C. Asian segment: In charge of manufacturing and selling Fuji massage chairs, cardiovascular equipment and weight training equipment in Asia, and franchising the import and export of the above-mentioned products.

D. Others: In charge of selling cardiovascular machinery in other areas.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Information of the reportable segments' profit and loss are listed as follows:

(a) For the year ended 31 December 2022

	America	Europe	Asia	Other	Adjustment and eliminations	Consolidated
Revenue:						
External customers	$15,923,883	$8,314,697	$7,801,970	$1,572,397	$-	$33,612,947
Inter-segment	360,559	229,785	22,063,221	-	(22,653,565)	-
Total revenue	$16,284,442	$8,544,482	$29,865,191	$1,572,397	$(22,653,565)	$33,612,947
Segment profit	$(581,929)	$124,049	$101,711	$59,577	$600,153	$303,606

(b) For the year ended 31 December 2021

	America	Europe	Asia	Other	Adjustment and eliminations	Consolidated
Revenue:						
External customers	$13,572,537	$6,907,837	$8,827,356	$1,471,598	$-	$30,779,328
Inter-segment	279,489	157,842	23,839,073	-	(24,276,404)	-
Total revenue	$13,852,026	$7,065,679	$32,666,429	$1,471,598	$(24,276,404)	$30,779,328
Segment profit	$(796,265)	$166,923	$(186,089)	$(112,055)	$1,091,186	$163,700

The related information of operating segment asset as at 31 December 2022 and 2021 are listed as follows:

Segment Assets:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2022	$13,422,579	$8,552,623	$54,775,586	$1,272,149	$(39,156,993)	$38,865,944
31 December 2021	$11,946,393	$7,043,283	$43,379,320	$10,633,074	$(37,739,494)	$35,262,576

Segment Liabilities:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2022	$12,100,749	$4,755,754	$28,859,230	$842,750	$(17,174,819)	$29,383,664
31 December 2021	$10,333,649	$3,508,762	$27,713,223	$768,642	$(16,442,884)	$25,881,392

(c) Reconciliations of the reported segment revenues, profit and loss, assets, liabilities and other major projects: None.

(d) Geographical information

(i) As at 31 December 2022 and 2021, the Company’s external sales are listed as follows:

	For the years ended 31 December	
Area	2022	2021
Americas	$15,923,883	$13,572,537
Europe	8,314,697	6,907,837
Asia	7,801,970	8,827,356
Other	1,572,397	1,471,598
Total	$33,612,947	$30,779,328

Sales are classified based on the area where the customers are located at.

(ii) Non-current asset :

	As at	
Area	31 December 2022	31 December 2021
America	$4,011,632	$3,167,359
Europe	1,261,880	1,120,425
Asia	6,972,899	7,367,922
Other	200,092	144,988
Total	$12,446,503	$11,800,694

(e) Information about major customers

There are no sales to a single customer exceeding 10% of the consolidated sales of the Group for the years ended 2022 and 2021.

Attachment 1: Financing provided to others for the year ended 31 December 2022

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 (Note1)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Y	$120,000	$71,000	$-	-	1	$4,639,651		-	-	-	$4,737,485	$9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Viet Nam) Company Limited	Other receivable-related parties	Y	500	-	-	-	1	289		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Llc	Other receivable-related parties	Y	1,000	-	-	-	1	141,009		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Denmark Aps	Other receivable-related parties	Y	19,000	-	-	-	1	82,782		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	Other receivable-related parties	Y	275,000	275,000	152,911	3.00%	1	190,832		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Other receivable-related parties	Y	43,000	-	-	-	1	20,461		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Y	210,000	210,000	191,680	3.00%	1	373,797		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C. V.	Other receivable-related parties	Y	85,000	-	-	-	1	318,487		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, Iberica. S.L.	Other receivable-related parties	Y	15,000	-	-	-	1	291,913		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	Other receivable-related parties	Y	660,000	510,000	436,718	3.00%	1	336,224		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Ltd.	Other receivable-related parties	Y	130,000	130,000	-	-	1	770,648		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Hellas S.A.	Other receivable-related parties	Y	13,000	-	-	-	1	50,786		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	Other receivable-related parties	Y	52,000	-	-	-	1	138,358		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading,INC.	Other receivable-related parties	Y	1,100,000	1,100,000	-	-	1	765,432		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor VE Saglik Malzemeleri Ticaret Anonim Sirketi	Other receivable-related parties	Y	23,065	23,065	23,065	0.50%	2	-	Need for operating	-	-	-	1,894,994	3,789,988
0	Johnson Health Tech. Co., Ltd.	FUJI MEDICAL INSTRUMENTS MFG. CO., LTD.	Other receivable-related parties	Y	537,740	537,740	350,700	2.00%	2	-	Short-term financing	-	-	-	1,894,994	3,789,988
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Y	22,480	13,842	11,935	3.00%	2	-	Need for operating	-	-	-	16,659	16,659
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Y	164,750	164,750	105,440	1.44%	2	-	Need foroperating	-	-	-	448,251	597,668
3	Johnson Health Tech. (Thailand) Company Limited	JHT FIT Company Limited	Other receivable-related parties	Y	13,440	-	-	-	2	-	Need for operating	-	-	-	37,820	37,820
4	Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Other receivable-related parties	Y	70,140	70,140	23,380	0.5565%	2	-	Need for operating	-	-	-	80,302	240,905

Note1： Code “1” represents business relationship between the two companies.
Code “2” represents an entity that requires short-term financing.

Note2： Johnson Health Tech. Co., Ltd.’s financing limit for the amount of financing between foreign subsidiaries which the Company holds was set at 50% of its net worth stated in the most recent financial report. Johnson Health Tech. Co., Ltd.’s financing limit for the company which needs short-term financing was set at 20% of its net worth stated in the most recent financial report.
Johnson Health Tech. (Vietnam) Company Limited’s financing limit for a counterparty was set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech France's financing limit for a counterparty was set at 60% of its net worth stated in the most recent financial report. Johnson Health Tech. (Thailand) Company Limited’s financing limit for a counterparty was set at 40% of its net worth stated in the most recent financial report. Johnson Health Tech Japan Co., Ltd.'s financing limit for a counterparty was set at 20% of its net worth stated in the most recent financial report.

Note3： Johnson Health Tech. Co., Ltd.’s financing limit for total financing between foreign subsidiaries which the Company holds was set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech. Co., Ltd.’s financing limit for total financing of the company which needs short-term financing was set at 40% of its net worth stated in the most recent financial report.
Johnson Health Tech. (Vietnam) Company Limited’s financing limit for total financing limit was set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech France's financing limit for total financing limit was set at 80% of its net worth stated in the most recent financial report. (Thailand) Company Limited's financing limit for total financing limit was set at 40% of its net worth stated in the most recent financial report. Johnson Health Tech Japan Co., Ltd.'s financing limit for total financing limit was set at 60% of its net worth stated in the most recent financial report.

Note4： The amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares, is not restricted. However, such subsidiaries shall specify the period, limit and authorized amount of the loan.

Attachment 2: Endorsement/Guarantee provided to others as of 31 December 2022

No.	Endorsor/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn provided	Value of collaterals properties guarantee/ endorsement	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	Releationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech GmbH	2	$9,474,971	$290,110	$287,320	$-	$-	3.03	$23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	2	9,474,971	299,065	296,935	193,495	-	3.13	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	9,474,971	133,520	133,520	-	-	1.41	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Iberica S. L.	2	9,474,971	300,420	300,420	273,791	-	3.17	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co.,Ltd.	2	9,474,971	49,060	46,760	-	-	0.49	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Company Limited	2	9,474,971	96,690	92,280	45,525	-	0.97	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	2	9,474,971	161,170	159,040	34,048	-	1.68	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	2	9,474,971	146,463	136,680	56,950	-	1.44	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	9,474,971	161,150	153,800	66,760	-	1.62	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (VietNam) Company Limited	2	9,474,971	2,223,870	2,060,920	887,306	-	21.75	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	9,474,971	64,460	61,520	15,380	-	0.65	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Netherlands B.V.	2	9,474,971	100,140	100,140	-	-	1.06	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	2	9,474,971	209,525	207,800	92,280	-	2.19	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	2	9,474,971	320,160	313,880	155,183	-	3.31	23,687,427	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	2	9,474,971	705,650	683,000	37,234	-	7.21	23,687,427	Y	N	Y
1	Johnson Health Tech North America, Inc.	Macrolease Corporation	1	9,474,971	130,802	71,729	71,729	-	0.76	23,687,427	N	N	N
1	Johnson Health Tech North America, Inc.	United Leasing, Inc	1	9,474,971	31,730	29,760	29,760	-	0.31	23,687,427	N	N	N
1	Johnson Health Tech North America, Inc	Lease Servicing Center, Inc.	1	9,474,971	2,431	1,294	1,294	-	0.01	23,687,427	N	N	N
1	Johnson Health Tech North America, Inc	Mitsubishi HC Capital America, Inc.	1	9,474,971	171,039	171,039	171,039	-	1.81	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	Eclipx Commercial	1	9,474,971	225	-	-	-	0.00	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance(TL Rentals)	1	9,474,971	432	-	-	-	0.00	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance	1	9,474,971	7,060	7,060	7,060	-	0.07	23,687,427	N	N	N
3	Johnson Health Tech France	PEAC Finance	1	9,474,971	2,208	2,208	2,208	-	0.02	23,687,427	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	9,474,971	6,616	2,675	2,675	-	0.03	23,687,427	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	United Leasing,Inc.	1	9,474,971	2,850	1,987	1,987	-	0.02	23,687,427	N	N	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	9,474,971	677,850	664,800	467,600	-	7.02	23,687,427	N	Y	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	9,474,971	900,851	749,008	413,632	-	7.91	23,687,427	N	N	Y

6	Johnson Health Technologies Iberica S. L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	9,474,971	252,301	252,301	252,301	-	2.66	23,687,427	N	N	N
7	Johnson Health Tech. GmbH	PEAC Finance	1	9,474,971	1,493	682	682	-	0.01	23,687,427	N	N	N
7	Johnson Health Tech. GmbH	PEAC (Germany) GmbH	1	9,474,971	33,597	27,375	27,375	-	0.29	23,687,427	N	N	N
8	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	9,474,971	93,300	86,700	52,500	-	0.92	23,687,427	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	9,474,971	242,623	125,539	125,539	-	1.32	23,687,427	N	N	N
10	Johnson Industries (Shanghai) Co. Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	9,474,971	389,870	248,192	44,376	-	2.62	23,687,427	N	N	Y

Note1： Code “1” represents there are business relationship between the two companies.
Code “2” represents a subsidiary in which the parent holds directly over 50% of equity interest.
Code “3” represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

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

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

Attachment 3: Securities held as of 31 December 2022. (Excluding subsidiaries, associates and joint ventures)

Company	Securities species	Securities	Relationship with the securities issuer	Account	As of 31 December 2022			
					Number of shares/number of units	Book value	Shareholding ratio	Fair value
Fuji Medical Instruments MFG. Co., Ltd.	Stock	Joshin Denki Co.,Ltd.	-	Financial assets measured at fair value through other comprehensive income-noncurrent	16,500	$7,444	0.06%	$7,444

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NTD100 million or 20% of the capital stock as of 31 December 2022.

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.	Subsidiary	Trade receivablesUSD 104,188 (NTD 3,199,417) Other receivables USD 250 (NTD 7,691)	1.52	$ -	-	$528,933	$ -
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Subsidiary	Trade receivables USD 9,290 (NTD 305,660) Other receivablesUSD 7,056 (NTD 196,292)	1.12	-	-	87,287	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia Spa	Subsidiary	Trade receivables EUR 7,946 (NTD 259,859) Other receivablesEUR 167 (NTD 5,470)	1.23	-	-	22,947	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Commercial Inc.	Subsidiary	Trade receivables USD 9,458 (NTD 305,454) Other receivables USD 6,245 (NTD 176,752)	0.60	-	-	24,902	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Subsidiary	Trade receivablesEUR 8,391 (NTD 257,658) Other receivablesEUR 88 (NTD 2,706)	1.53	-	-	21,303	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Subsidiary	Trade receivables EUR 7,381 (NTD 241,389) Other receivablesEUR 86 (NTD 2,803)	6.98	-	-	85,367	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Deutschla	Subsidiary	Trade receivables USD 10,313 (NTD 337,273) Other receivables USD 128 (NTD 4,177)	3.57	-	-	82,740	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Ltd.	Subsidiary	Trade receivables USD 21,307 (NTD 654,307) Other receivablesUSD 16 (NTD 479)	1.82	-	-	-	-
Johnson Health Tech. Co., Ltd.	JOHNSON Industrial Do Brasil Ltda	Subsidiary	Trade receivablesUSD 10,322(NTD 334,809) Other receivablesUSD 15,831 (NTD 468,285)	0.58	-	-	35,128	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Subsidiary	Trade receivablesUSD 104,471 (NTD 3,208,085) Other receivables USD 217 (NTD 6,671)	0.37	-	-	–	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. IBERICA. S.L.	Subsidiary	Trade receivables EUR 4,875 (NTD 159,419) Other receivables EUR 40 (NTD 1,294)	1.75	-	-	18,329	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary	Trade receivablesUSD 386 (NTD 11,852) Other receivablesUSD 2,322 (NTD 71,317) CNY 34 (NTD 152)	1.24	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	Subsidiary	Other receivables USD 1,795 (NTD 55,131)	-	-	-	-	-
Johnson Industries (Shanghai) Co. Ltd.	Johnson Health Tech. Co., Ltd.	Subsidiary	Trade receivablesUSD 57,453(NTD 1,764,271) EUR 47,131(NTD 1,541,387) JPY 381,956(NTD 88,767) Other receivablesUSD 31 (NTD 946)	1.73	-	-	1,231,194	-
Johnson Industries (Shanghai) Co. Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary	Trade receivables USD 6,689 (NTD 205,394) Other receivablesCNY 45 (NTD 200)	1.79	-	-	71,765	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Subsidiary	Trade receivables USD 1,795(NTD 55,123)EUR 202(NTD 6,608) JPY 14,036(NTD 3,262)	2. 80	-	-	-	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	Subsidiary	Trade receivablesUSD 4,793 (NTD 147,194) CNY 67 (NTD 297)	0.82	-	-	64,491	-

Attachment 5: The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Intercompany 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	$4,639,651	The same commercial terms as with a general customer	13.80%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	3,199,417	The same commercial terms as with a general customer	8.23%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	7,691	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	770,641	The same commercial terms as with a general customer	2.29%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	654,307	The same commercial terms as with a general customer	1.68%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	479	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	883,844	The same commercial terms as with a general customer	2.63%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	337,273	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Other accounts receivable	4,177	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Sales	1,465,771	The same commercial terms as with a general customer	4.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Receivables from related parties	241,389	The same commercial terms as with a general customer	0.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Other accounts receivable	2,803	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Sales	268,927	The same commercial terms as with a general customer	0.80%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Receivables from related parties	(27,692)	The same commercial terms as with a general customer	-0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Other accounts receivable	77	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Sales	350,294	The same commercial terms as with a general customer	1.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Receivables from related parties	40,336	The same commercial terms as with a general customer	0.10%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Other accounts receivable	160	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	336,224	The same commercial terms as with a general customer	1.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	334,809	The same commercial terms as with a general customer	0.86%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	468,285	The same commercial terms as with a general customer	1.20%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Sales	138,443	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Receivables from related parties	(1,123)	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Sales	190,832	The same commercial terms as with a general customer	0.57%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Receivables from related parties	305,454	The same commercial terms as with a general customer	0.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Other accounts receivable	176,752	The same commercial terms as with a general customer	0.45%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Sales	291,913	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Receivables from related parties	159,419	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Other accounts receivable	1,294	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Sales	138,306	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Receivables from related parties	17,106	The same commercial terms as with a general customer	0.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Other accounts receivable	10,577	The same commercial terms as with a general customer	0.03%

0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	241,643	The same commercial terms as with a general customer	0.72%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	259,859	The same commercial terms as with a general customer	0.67%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	5,470	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Sales	373,797	The same commercial terms as with a general customer	1.11%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Receivables from related parties	305,660	The same commercial terms as with a general customer	0.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Other accounts receivable	196,292	The same commercial terms as with a general customer	0.51%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	765,432	The same commercial terms as with a general customer	2.28%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	3,208,085	The same commercial terms as with a general customer	8.25%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	6,671	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Sales	318,487	The same commercial terms as with a general customer	0.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Receivables from related parties	257,658	The same commercial terms as with a general customer	0.66%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Other accounts receivable	2,706	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Sales	141,009	The same commercial terms as with a general customer	0.42%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Receivables from related parties	76,480	The same commercial terms as with a general customer	0.20%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Purchases	924,924	The same commercial terms as with a general customer	2.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Payables to related parties	130,906	The same commercial terms as with a general customer	0.34%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Other payables to related parties	5	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Purchases	5,921,199	The same commercial terms as with a general customer	17.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Payables to related parties	3,394,424	The same commercial terms as with a general customer	8.73%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Other payables to related parties	946	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	520,462	The same commercial terms as with a general customer	1.55%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Payables to related parties	64,993	The same commercial terms as with a general customer	0.17%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Sales	153,932	The same commercial terms as with a general customer	0.46%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Receivables from related parties	147,491	The same commercial terms as with a general customer	0.38%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Purchases	260,496	The same commercial terms as with a general customer	0.77%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Payables to related parties	202,800	The same commercial terms as with a general customer	0.52%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Other payables to related parties	200	The same commercial terms as with a general customer	0.00%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Sales	1,562,400	The same commercial terms as with a general customer	4.65%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Receivables from related parties	9,404	The same commercial terms as with a general customer	0.02%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Other accounts receivable	4,265	The same commercial terms as with a general customer	0.01%

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

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

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

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2022: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial Investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	$5,495,256	$5,536,240	-	100.00%	$9,530,425	$157,174	$100,074	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Vietnam) Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	92,706 (USD 2,900)	92,706 (USD 2,900)	-	100.00%	13,056	(4,713)	(4,713)	
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%	163,651	93,165	93,165	
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%	(117,466)	(38,048)	(38,048)	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%	134,019	(55,210)	(24,529)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	150 EAST GILMAN STREET,MADISON,WI 53703	Selling cardiovascular and weight training equipment	1,552,050 (USD 48,661)	1,552,050 (USD 48,661)	-	100.00%	124,372	(527,660)	(527,660)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	20,813 (JPY 75,000)	20,813 (JPY 75,000)	4,859	78.90%	26,811	15,474	12,209	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Commom Ground Oritgas Level10,IBP Tower,Jade Drive, 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%	(26,883)	(11,501)	(11,501)	
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, VietnamM	Manufacturing and selling cardiovascular and weight training equipment	618,082 (USD 20,000)	618,082 (USD 20,000)	-	100.00%	(85,721)	(227,206)	(227,206)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	Moscow, Novodanilovskaya nab. 6, building 1, floor 2, Premises XXVIII, Room 4,	Selling cardiovascular and weight training equipment	16,949 (USD 556)	16,949 (USD 556)	-	100.00%	84,789	46,817	46,817	
Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	14F, OE BLDG, 1-22, Noninbashi 1-chome, Chuo-ku, Osaka, 540-0011, Japan	Massage chair research, development, manufacturing and trading	2,065,699 (JPY 7,361,000)	1,814,259 (JPY 6,241,000)	-	100.00%	2,177,051	(360,495)	(201,420)	Note3
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1600 Landmark Dr. Cottage Grove WI 53527 USA	Selling cardiovascular and weight training equipment	3,019,549 (USD 91,472)	3,019,549 (USD 91,472)	-	100.00%	1,115,285	(78,422)	(78,422)	
Johnson Health Tech. Co., Ltd.	PT Johnson Health Tech Indonesia	Rukan Citta Graha Blok 2A,Jl Arteri Kedoya,Kel.Kedoya Selatan,Kec.Kebon Jeruk,Kota Adm.Jakarta Barat,Prov.DKI Jakarta	Selling cardiovascular and weight training equipment	10,198 (USD 350)	10,198 (USD 350)	-	100.00%	18,877	7,222	7,222	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Resitpasa Mah. Eski Buyukdere Cad. Windowist Blok No: 26 Ic Kapi No: 3 Sariyer/ Istanbul.	Selling cardiovascular and weight training equipment	33,120 (EUR 1,000)	33,120 (EUR 1,000)	-	99.99%	13,147	(585)	(585)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech SA Proprietary Limited.	Unit 1B Riversands Outlet Park, Riversands Boulevard, Riversands	Selling cardiovascular and weight training equipment	55,820 (USD 2,000)	55,820 (USD 2,000)	-	100.00%	38,796	(10,179)	(10,179)	
Johnson Health Tech. Co., Ltd.	JHT FIT Company Limited	2/3, BANGNA TOWER, FLOOR 9, BANG NA-TRAD, BANG KAEO, BANG PHLI, SAMUT PRAKAN 10540	Video transmission and streaming service	17,230 (USD 486) (EUR 100)	870 (USD 31)	-	100.00%	12,351	(4,410)	(4,410)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Digital UK Limited	United Kingdom	Video transmission and streaming service	61,800 (USD 2,000)	-	-	100.00%	37,494	(25,656)	(25,656)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	Republic of Korea	Selling cardiovascular and weight training equipment	27,829 (USD 1,000)	-	-	100.00%	23,305	15,817	15,817	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech India Pvt Ltd	Forbes Building, Charanjit Rai Marg, Fort, Mumbai, Mumbai City Maharashtra	Selling cardiovascular and weight training equipment	22,993 (USD 775)	-	-	100.00%	14,717	(7,512)	(7,512)	
Johnson Health Tech. Co., 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)	-	3,340,000	100.00%	30,449	5,238	8,662	
Johnson Health Tech. Co., 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)	-	16,052,000	99.38%	15,716	(26,874)	(4,793)	
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%	185,600	(55,210)	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%	750,271	(28,046)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	465,102	(13,087)	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 8 28850 - Torrejón de Ardoz (Madrid) España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	770,787 (USD 23,992)	446,175	99.99%	648,544	14,526	Not applicable	

Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan Co., Ltd.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 108-0022, Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	99.78%	375,512	(11,332)	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%	80,685	(15,629)	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)	-	-	-	-	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Zona Industriale Campolungo11,Ascoli Piceno,AP,Italy	Selling cardiovascular and weight training equipment	505,995 (USD 15,683)	505,995 (USD 15,683)	1,098,000	99.82%	545,618	33,552	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	64,780 (USD 2,006)	64,780 (USD 2,006)	2,000	100.00%	20,716	(992)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Duwboot 25-29, 3991, CD Houten, Netherland.	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	674,088	91,803	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)	-	-	-	-	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	5,493 (USD 166)	5,493 (USD 166)	400	21.10%	7,170	15,474	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%	177,090	83,592	Not applicable	
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Gänseberg 522926 Ahrensburg	Selling cardiovascular and weight training equipment	46,442 (USD 1,503)	46,442 (USD 1,503)	-	100.00%	167,802	7,892	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 (EUR 18,505)	573,150 (EUR 18,505)	20,715,330	100.00%	389,796	32,117	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. Poland Sp. z o.o.	ul. Działkowa, No. 62, WARSAW, 02-234 code, post office WARSAW, POLAND country	Selling cardiovascular and weight training equipment	121,209 (EUR 3,299)	121,209 (EUR 3,299)	33,840	100.00%	86,226	(8,171)	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	12,512 (USD 395)	12,512 (USD 395)	-	100.00%	(27,353)	(12,325)	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%	807	24,057	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%	754,909	(121,983)	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%	482,043	(107,635)	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%	113,314	(49,923)	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%	279,665	(221,573)	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)	394,287 (USD 12,698)	-	100.00%	91,331	(39,653)	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%	803	8,509	Not applicable	
Johnson Health Tech. Netherland B.V.	Johnson Health Tech Denmark Aps	Tuborgvej 5, 2900 Hellerup, Denmark	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	(119,569)	(14,619)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Alimou Avenue nr. 36-40, 17455 Alimos	Selling cardiovascular and weight training equipment	50,699 (EUR 1,496)	50,699 (EUR 1,496)	14,960	99.73%	48,925	4,297	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	15 Aleea Dealul Mitropoliei Street, Room 9, Apartment 2, District 4, Bucharest	Selling cardiovascular and weight training equipment	4,058 (EUR 120)	4,058 (EUR 120)	1,732,000	99.00%	12,438	12,329	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Plynární 1617, 170 00 Praha 7-Holešovice	Selling cardiovascular and weight training equipment	12,853 (CKZ 9,900)	12,853 (CKZ 9,900)	99	99.00%	12,550	(2,387)	Not applicable	
Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Shiodome Shiba Rikyu Building 21F, 1-2-15 Kaigan, Minato-ku, Tokyo, Japan	Video transmission and streaming service	-	-	-	100.00%	-	-	Not applicable	

Note1： Current investment income from investees recognized by the Company included investment gain / loss recognized by these investees from their reinvestment.

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

Note3： Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from sidestream transactions.

Attachment 7: Investment in Mainland China

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

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Beginning accumulated outflow of investment from Taiwan	Investment flows for the period		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 (USD 22,500)	$(151,852)	100.00%	$(151,852)	$2,223,310	$ -
Johnson Industries (Shanghai) Co. Ltd.	Manufacturing and selling fitness equipment	1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	62,955 (USD 2,000)	-	-	62,955 (USD 2,000)	161,026	100.00%	161,026	3,042,621	-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	72,566 (USD 2,350)	Indirect investments through JIH (BVI)	72,566 (USD 2,350)	-	-	72,566 (USD 2,350)	1,459	100.00%	1,459	36,464	-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	29,905 (USD 950)	Indirect investments through JIH (BVI)	29,905 (USD 950)	-	-	29,905 (USD 950)	56	100.00%	56	5,622	-

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 of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender’s net accounts value × 60%
$914,320 (USD27,800)	$2,501,053 (USD76,450)	$5,684,983

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.

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 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, 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 2022 and 2021, and their parent company only financial performance and cash flows for the years ended December 31 2022 and 2021, 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 2022 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Accounts receivables of the Company and its subsidiaries through the 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 the subsequent period to assess their recoverability; performing an 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 reports. The determination of the provisions for obsolete inventories involve a high level of management judgment and was 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 tests 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 have 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 its subsidiaries, the determination of value in use was complex, and a 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 models 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 the historic performance of the Company.

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

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

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

In preparing the parent company only financial statements, management is responsible for assessing the 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 the 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 2022 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Ming Hong

Huang, Yu Ting

Ernst & Young, Taiwan

14 March 2023

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 2022 and 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December 2022 Amount	As of 31 December 2021 Amount
Current assets			
Cash and cash equivalents	4&6(1)	$665,159	$607,623
Financial assets at fair value through profit or loss, current	4,6(2)&12	8,746	8,151
Contract asset, current	4&6(16)	27,066	30,732
Notes receivable, net	4&6(17)	3,879	11,653
Trade receivables, net	4,6(3)&(17)	589,291	715,562
Trade receivables-related parties, net	4,6(3),(17)&7	9,751,428	7,332,806
Other accounts receivable, net	4&8	89,806	99,478
Other accounts receivable-related parties, net	4&7	1,421,331	1,395,800
Inventories, net	4&6(4)	1,604,104	1,559,501
Prepayments	6(5)	619,892	1,290,844
Other current assets		15,473	34,788
Total current assets		14,796,175	13,086,938
Non-current assets			
Investments accounted for under the equity method	4&6(6)	13,574,311	13,343,987
Property, plant and equipment	4,6(7)&8	1,203,928	1,134,461
Right-of-use assets	4&6(18)	104,299	51,336
Intangible assets	4	14,145	9,296
Deferred tax assets	4&6(22)	377,521	458,709
Other non-current assets		46,809	76,143
Total non-current assets		15,321,013	15,073,932
Total assets		$30,117,188	$28,160,870

(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 2022 and 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2022 Amount	As of 31 December 2021 Amount
Current liabilities			
Short-term borrowings	6(8)	$10,070,000	$6,055,143
Commercial paper payable	6(10)	849,648	4,045,492
Financial liabilities at fair value through profit or loss, current	4,6(11)&12	879	-
Contract liabilities, current	4&6(16)	189,061	447,395
Notes payable		130,385	152,468
Accounts payable		716,927	756,121
Accounts payable-related parties	7	3,702,446	3,510,953
Other payables	6(12)	526,389	660,868
Other payables-related parties	7	388,057	326,475
Current tax liabilities	4&6(22)	347,793	238,697
Lease liabilities, current	4&6(18)	39,988	31,851
Current portion of long-term loans	6(13)	987,695	25,982
Other current liabilities		9,108	8,477
Total current liabilities		17,958,376	16,259,922
Non-current liabilities			
Bonds payable	6(9)	2,000,000	2,000,000
Long-term loans	6(13)	105,026	1,123,363
Provisions, non-current	4&6(12)	42,865	37,050
Deferred tax liabilities	4&6(22)	154,697	49,059
Lease liabilities, non-current	4&6(18)	67,681	21,128
Net defined benefit obligation, non-current	4&6(14)	83,493	99,297
Credit balance in investment accounted for using equity method	4&6(6)	230,070	91,214
Other non-current liability	4	9	-
Total non-current liabilities		2,683,841	3,421,111
Total liabilities		20,642,217	19,681,033
Equity	4&6(15)		
Capital			
Common stock		3,036,166	3,036,166
Additional paid-in capital		431,446	59,979
Retained earnings			
Legal reserve		1,512,422	1,509,898
Special reserve		1,942,009	1,385,492
Unappropriated earnings		4,226,611	4,504,183
Subtotal		7,681,042	7,399,573
Other components of equity			
Exchange differences on translation of foreign operations		(1,620,071)	(1,942,009)
Treasury stock		(53,612)	(73,872)
Total equity		9,474,971	8,479,837
Total liabilities and equity		$30,117,188	$28,160,870

ınying 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 2022 and 2021

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

	Notes	For the years ended 31 December 2022	2021
		Amount	Amount
Operating revenues	4,6(16)&7	$13,642,388	$13,245,990
Operating costs	6(4)&(19)	(10,525,354)	(10,384,961)
Gross profit		3,117,034	2,861,029
Unrealized intercompany profit		(107,333)	82,025
Gross profit-net		3,009,701	2,943,054
Operating expenses			
Selling and distribution	6(19)	(1,478,636)	(1,116,488)
General and administrative	6(19)	(358,521)	(297,917)
Research and development	6(19)	(637,399)	(556,289)
Expected credit loss	6(17)	-	(42)
Total operating expenses		(2,474,556)	(1,970,736)
Operating income		535,145	972,318
Non-operating income and expenses			
Interest income	4&6(20)	112,872	57,235
Other income	4&6(20)	87,558	66,260
Other gains and losses	6(20)	707,235	94,230
Finance costs	6(20)	(157,665)	(107,105)
Share of profit or loss of subsidiaries,associates and joint ventures	4&6(6)	(569,468)	(835,797)
Total non-operating income and expenses		180,532	(725,177)
Income from continuing operations before income tax		715,677	247,141
Income tax expense	4&6(22)	(286,653)	(208,993)
Net income		429,024	38,148
Other comprehensive income(loss)	6(21)		
Items that may not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		4,674	(16,135)
Share of profit or loss of associates & joint ventures accounted for using equity method	6(6)	(428)	(964)
Income tax relating to items that may not be reclassified subsequently		(935)	3,227
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	6(6)	402,957	(694,441)
Income tax relating to items that may be reclassified subsequently		(80,591)	138,888
Total other comprehensive (loss)income, net of tax		325,677	(569,425)
Total comprehensive (loss)income		$754,701	$(531,277)
Earnings per share(NTD)	6(23)		
Earnings per share-basic		$1.42	$0.13
Earnings per share-diluted		$1.42	$0.13

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

JOHNSON HEALTH TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings			Other components of equity			
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total
Balance as of 1 January 2021	$3,036,166	$55,630	$1,441,895	$1,370,838	$4,900,499	$(1,387,118)	$1,626	($73,872)	$9,345,664
Distribution of 2020 retained earnings									
Legal reserve			68,003		(68,003)				-
Special reserve				14,654	(14,654)				-
Cash dividends					(338,899)				(338,899)
Net income in 2021					38,148				38,148
Other comprehensive income(loss), net of tax in 2021					(12,908)	(555,553)	(964)		(569,425)
Total comprehensive income(loss)	-	-	-	-	25,240	(555,553)	(964)	-	(531,277)
Share-based payment awards		4,349							4,349
Balance as of 31 December 2021	$3,036,166	$59,979	$1,509,898	$1,385,492	$4,504,183	$(1,942,671)	$662	($73,872)	$8,479,837
Balance as of 1 January 2022	$3,036,166	$59,979	$1,509,898	$1,385,492	$4,504,183	$(1,942,671)	$662	$(73,872)	$8,479,837
Distribution of 2021 retained earnings									
Legal reserve			2,524		(2,524)				-
Special reserve				556,517	(556,517)				-
Cash dividends					(151,294)				(151,294)
Net income in 2022					429,024				429,024
Other comprehensive loss, net of tax in 2022					3,739	322,366	(428)		325,677
Total comprehensive income	-	-	-	-	432,763	322,366	(428)	-	754,701
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed		371,467							371,467
Exercise employee stock option to purchase								20,260	20,260
Balance as of 31 December 2022	$3,036,166	$431,446	$1,512,422	$1,942,009	$4,226,611	$(1,620,305)	$234	$(53,612)	$9,474,971

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	$715,677	$247,141
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Income and expense:		
Depreciation	130,228	102,085
Amortisation	6,716	5,345
Expected credit losses	-	42
Net loss (gain) of financial assets/liabilities at fair value through profit or loss	284	5,761
Finance costs	157,665	107,105
Interest income	(112,872)	(50,694)
Share-based payment awards	-	4,349
Share of gain of subsidiaries,associates and joint ventures	569,468	835,797
Loss (Gain) on disposal of property,plant and equipment	1,200	(632)
Loss (Gain) on disposal of intangible assets	5	(1,103)
Loss (Gain) of realized intercompany profit	107,333	(82,025)
Other	-	1,251
Changes in operating assets and liabilities:		
Decrease (Increase) in contract asset	3,666	(19,437)
Decrease (Increase) in notes receivable, net	7,774	(7,812)
Decrease (Increase) in trade receivables, net	126,271	(70,973)
Increase in trade receivables- related parties, net	(2,418,622)	(3,072,044)
Decrease (Increase) in other receivable, net	344,997	(52,137)
Increase in other receivable- related parties, net	(25,531)	(330,910)
Increase in inventories, net	(44,603)	(573,210)
Decrease (Increase) in prepayments	670,952	(1,179,971)
Decrease (Increase) in other current assets	19,315	(26,590)
Increase in other non-current assets	(40,458)	(90,324)
Decrease in contract liabilities	(258,334)	(47,455)
(Decrease) Increase in notes payable	(22,083)	38,855
(Decrease) Increase in accounts payable	(39,194)	217,867
Increase in accounts payable-related parties	191,493	278,016
(Decrease) Increase in other payables	(135,734)	219,911
Increase (Decrease) in other payables-related parties	61,582	(2,161)
Increase in provisions	5,815	2,970
Increase (Decrease) in other current liabilities	631	(561)
Decrease in accrued pension liabilities	(11,130)	(1,529)
Increase in other non-current liabilities	9	-
Cash generated (uses in) from operations	12,520	(3,543,073)
Interest received	112,872	50,694
Interest paid	(123,234)	(97,493)
Income tax paid	(72,257)	(260,284)
Net cash used in from operating activities	(70,099)	(3,850,156)

	For the years ended 31 December	
	2022	2021
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	(169,967)	(89,811)
Net cash flow from acquisition of subsidiaries	(251,440)	-
Disposal of investments accounted for under the equity method	40,984	-
Acquisition of property, plant and equipment	(82,711)	(89,256)
Disposal of property,plant and equipment	844	632
Acquisition of intangible assets	(11,570)	(8,480)
Disposal of intangible assets	-	2,485
Received Cash dividend	50,825	35,222
Net cash used in investing activities	(423,035)	(149,208)
Cash flows from financing activities:		
Increase in short-term loans	41,715,000	9,528,796
Decrease in short-term loans	(37,700,143)	(8,845,653)
(Decrease) Increase in commercial paper payable	(3,229,020)	3,689,358
Increase in long-term loans	1,271,952	551,131
Decrease in long-term loans	(1,328,576)	(703,513)
Cash dividends	(151,294)	(338,899)
Repayment of lease capital	(47,509)	(32,407)
Exercise of employee stock option	20,260	-
Net cash generated from financing activities	550,670	3,848,813
Net increase (decrease) in cash and cash equivalents	57,536	(150,551)
Cash and cash equivalents at beginning of period	607,623	758,174
Cash and cash equivalents at end of period	$665,159	$607,623

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JOHNSON HEALTH TECH. CO., LTD.

Notes to Parent Company Only Financial Statements

For the years Ended 31 December 2022 and 2021
(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 2022 and 2021 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 14 March 2023.

3. Newly issued or revised standards and interpretations

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

The Group 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 2022. The adoption of these new standards and amendments had no material impact on the Group.

(28) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group 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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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

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

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

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

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

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

(29) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

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

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

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied with within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

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

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 2022 and 2021 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 a 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 from 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 does 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 purchases 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 the 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 are 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 is described 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 represent 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 the 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, and the gains or losses resulting from remeasurement are 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 does 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 the initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

<u>Classification between liabilities or equity</u>

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.

<u>Equity instruments</u>

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.

<u>Compound instruments</u>

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

(8) Derivative instruments

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

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

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

(9) Fair value measurement

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

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

The principal or the most advantageous market must be accessible to 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 are 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 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 the 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	5～10 years
Office equipment	5～7 years
Tooling equipment	2～5 years
Leasehold improvements	Lower of leasehold years or useful lives
Miscellaneous equipment	2～12 years

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

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

(13) Leases

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

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

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

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 Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

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

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

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

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

<u>Company as a lessor</u>

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 presents them as receivable at an amount equal to the net investment in the lease.

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

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

(14) Intangible Assets

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

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

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

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

(15) Impairment of Non-financial Assets

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

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

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

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

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is 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 is primarily related to the 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 for 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 the transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the Company lifetime expected credit losses. For some of the contracts, the Company collects the payments when contracts are signed-off and has the obligations to transfer the goods or provide the services, these contracts should be presented as contract liabilities.

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

(18) Borrowing cost

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

(19) Government grants

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

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

(20) Post-employment benefits

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

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

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

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

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

(21) Share-based payment transactions

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

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

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

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

Where an equity-settled award is canceled, 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 canceled award, and designated as a replacement award on the date that it is granted, the canceled 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 the vesting period.

(22) Treasury Stock

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

(23) Income Tax

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

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. The 5% income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

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

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

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

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

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

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

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

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

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

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires 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 assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

(1) Estimates and assumptions

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

A. The Fair Value of Financial Instruments

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

B. Impairment of Non-financial Assets

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

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

C. Pension Benefits

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

D. Income Tax

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

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. The Company didn't recognize deferred tax assets for the year ended 31 December 2022.

E. Accounts receivables–estimation of impairment loss

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

F. Inventory valuation

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

G. Share-Based payment

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

6. Contents of significant accounts

(26) Cash and cash equivalents

	As at	
	31 December 2022	31 December 2021
Cash on hand	$4,427	$5,748
Checking and savings accounts	660,732	601,875
Total	$665,159	$607,623

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

	As at	
	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward exchange contracts	$8,746	$-
Foreign exchange rates swap	-	8,151
Subtotal	$8,746	$8,151
Current	$8,746	$8,151
Non-current	-	-
Total	$8,746	$8,151

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.

(28) Trade receivables, net

	As at	
	31 December 2022	31 December 2021
Trade receivables	$280,871	$274,226
Installment accounts receivable	337,613	490,188
Less: unrealized gain on installment sales revenue	(28,431)	(47,970)
Less: loss allowance	(762)	(882)
Subtotal	589,291	715,562
Trade receivables-related party	9,751,428	7,332,806
Total	$10,340,719	$8,048,368

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

	As at	
	31 December 2022	31 December 2021
2022.01~2022.12	$-	$236,495
2023.01~2023.12	184,821	152,689
2024.01~2024.12	107,856	82,239
2025.01~2025.12	36,566	18,765
2026.01~2026.12	8,370	-
Total	$337,613	$490,188

Accounts receivables were not pledged.

The total carrying amount is NTD10,341,481 thousand, NTD8,049,250 thousand as at 31 December 2022 and 2021. Please refer to Note 6(17) for more details on loss allowance of trade receivables for the years ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(29) Inventories, net

	As at	
	31 December 2022	31 December 2021
Merchandises	$919,135	$873,109
Finished goods	366,152	342,623
Work in progress	212,923	198,622
Raw materials	105,894	145,147
Total	$1,604,104	$1,559,501

The cost of inventories recognized in expenses for the years ended 31 December 2022 and 2021 were NTD10,525,354 thousand and NTD10,384,961 thousand, respectively. The profit and loss related to the cost of goods sold are as follows:

	For the years ended 31 December	
	2022	2021
Warranty	$228,500	$92,792
Loss on disposal of inventory	208	1,695
Revenue from sale of scraps	(2,750)	(2,524)
Total	$225,958	$91,963

No inventories were pledged.

(30) Prepayments

	For the years ended 31 December	
	2022	2021
Prepayments to suppliers	$539,056	$1,102,701
Prepayments	72,832	188,010
Other	8,004	133
Total	$619,892	$1,290,844

(31) Investments accounted for using the equity method

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

	As at			
	31 December 2022		31 December 2021	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Johnson International Holding Co., Ltd.	$9,530,425	100.00%	$9,331,042	100.00%
Fuji Medical Instruments MFG. Co., Ltd.	2,177,051	100.00%	1,824,234	60.00%
Johnson Health Tech. North America, Inc.	1,115,285	100.00%	1,092,431	100.00%
Johnson Health Tech. Retail Inc.	124,372	100.00%	602,610	100.00%
Johnson Health Tech. UK Ltd.	134,019	44.43%	159,665	44.43%
Johnson Health Technologies, S.A. de C.V.	163,651	100.00%	55,242	100.00%
Johnson Health Tech SA Proprietary Limited	38,796	100.00%	47,003	100.00%
Johnson Health Tech. Rus Limited Liability Company	84,789	100.00%	34,607	100.00%
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	13,147	99.99%	17,234	99.99%
Johnson Health Tech. (Vietnam) Company Limited.	13,056	100.00%	16,659	100.00%
Johnson Health Care Co., Ltd.	26,811	78.90%	14,797	78.95%
PT Johnson Health Tech Indonesia	18,877	100.00%	11,587	100.00%
JHT FIT Company Limited	12,351	100.00%	66	100.00%
Johnson Health Tech Digital UK Limited	37,494	100.00%	-	100.00%
Johnson Health Tech Korea Co., Ltd.	23,305	100.00%	-	-
Johnson Health Tech India Pvt Ltd	14,717	100.00%	-	-
Johnson Health Tech. HK Ltd.	30,449	100.00%	-	-
Johnson Fitness (Malaysia) SDN. BHD.	15,716	99.38%	-	-
Subtotal	13,574,311		13,343,987	
Less: Investments accounted for using equity method at credit balance				
Johnson Health Tech Canada Inc.	(117,466)	100.00%	(76,172)	100.00%
Johnson Health Tech Philippines, Inc.	(26,883)	100.00%	(15,042)	100.00%
Johnson Health Industry (Vietnam) Company Limited.	(85,721)	100.00%	136,810	100.00%
Subtotal	(230,070)		(91,214)	
Total	$13,344,241		$13,252,773	

On 16 November 2021, the Company set up a fully-owned subsidiary, Johnson Health Tech Digital UK Limited in the UK. Funds repatriate on 8 September 2022.

On 3 January 2022, the Company set up a fully-owned subsidiary, Johnson Health Tech Korea Co., Ltd. in Korea.

On 23 May 2022, the Company set up a fully-owned subsidiary, Johnson Health Tech India Pvt Ltd. in India.

For the operating plan, the Company adjusted the investment structure in the third quarter of 2022. Johnson Health Tech. HK Ltd., which is the fully-owned subsidiary of Johnson International Holding Corp., Ltd., transferred all the shareholding to the Company.

For the operating plan, the Company adjusted the investment structure in the fourth quarter of 2022. Johnson Fitness (Malaysia) SDN. BHD., which is the 99.38%-owned subsidiary of Johnson International Holding Corp., Ltd., transferred all the shareholding to the Company.

On 13 December 2022, the Company acquires the remaining 40% shareholding of a 60%-owned subsidiary, Fuji Medical Instruments MFG. Co., which was established in Japan.

A. Share of profit or loss of subsidiaries, associates and joint ventures in 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
Fuji Medical Instruments MFG. Co., Ltd.	$133,906	$87,042
Johnson Health Tech Rus Limited Liability Company.	46,817	16,228
Johnson Health Technologies, S.A. de C.V.	93,165	7,585
Johnson Health Care Co., Ltd.	12,209	7,309
PT Johnson Health Tech Indonesia	7,222	3,858
Johnson Health Tech Philippines, Inc.	(11,501)	261
JHT FIT Company Limited	(4,410)	(808)
Johnson Health Tech SA Proprietary Limited	(10,179)	(3,729)
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Tica Ticaret Anonim Sirketi	(585)	(8,352)

	For the years ended 31 December	
	2022	2021
Johnson Health Tech (Vietnam) Company Limited	(4,713)	(9,865)
Johnson Health Tech. UK Ltd.	(24,529)	(10,869)
Johnson Health Tech Canada Inc.	(38,048)	(37,475)
Johnson International Holding Corp., Ltd.	100,074	(103,808)
Johnson Health Tech. North America, Inc.	(78,422)	(227,063)
Johnson Health Industry (Viet Nam) Company Limited	(227,206)	(247,090)
Johnson Health Tech Retail Inc.	(527,660)	(309,021)
Johnson Health Tech Korea Co., Ltd.	(6,309)	−
Johnson Health Tech India Pvt Ltd	(7,512)	−
Johnson Health Tech Digital UK Limited	(25,656)	−
Johnson Health Tech. HK Ltd.	8,662	−
Johnson Fitness (Malaysia) SDN. BHD.	(4,793)	−
Total	$(569,468)	$(835,797)

B. Exchange differences in translation of foreign operations in 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
Johnson Health Tech Canada Inc.	$(3,246)	$2,566
Johnson Health Tech Philippines, Inc.	(340)	1,429
JHT FIT Company Limited	335	3
Johnson Health Tech (Vietnam) Company Limited	1,110	(393)
PT Johnson Health Tech Indonesia	68	(393)
Johnson Health Tech Rus Limited Liability Company.	3,365	(854)
Johnson Health Care Co., Ltd.	(195)	(1,615)
Johnson Health Technologies, S.A. de C.V.	15,244	(2,239)
Johnson Health Industry (Viet Nam) Company Limited.	4,675	(4,995)
Johnson Health Tech SA Proprietary Limited	1,972	(5,088)
Johnson Health Tech. UK Ltd.	(1,117)	(7,141)
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Tica Ticaret Anonim Sirketi	(3,502)	(7,534)
Johnson Health Tech Retail Inc.	49,422	(23,048)
Johnson Health Tech. North America, Inc.	101,276	(31,960)
Fuji Medical Instruments MFG. Co., Ltd.	(17,417)	(106,039)
Johnson International Holding Corp., Ltd.	247,625	(507,140)
Johnson Fitness (Malaysia) SDN. BHD.	64	-
Johnson Health Tech. HK Ltd.	1,247	-
Johnson Health Tech Korea Co., Ltd.	1,785	-
Johnson Health Tech India Pvt Ltd	(764)	-
Johnson Health Tech Digital UK Limited	1,350	-
Total	$402,957	$(694,441)

C. Unrealized losses on fair value through other comprehensive income financial assets in 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
Fuji Medical Instruments MFG. Co., Ltd.	$428	$964

D. Investment in subsidiaries

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

(32) Owner-occupied property

	31 December 2022	31 December 2021
Owner-occupied property	$1,203,928	$1,134,461

A. Owner-occupied property

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
Cost:										
As at 1 January 2022	$678,817	$401,477	$164,652	$32,019	$90,191	$214,618	$81,523	$103,054	$87,525	$1,853,876
Additions	-	3,520	400	-	315	-	14,507	-	63,969	82,711
Disposals	-	(2,121)	(4,140)	-	(511)	(5,066)	(6,165)	-	-	(18,003)
Transfers	-	101,840	55,552	(1,725)	10,964	982	2,738	2,637	(103,755)	69,233
As at 31 December 2022	$678,817	$504,716	$216,464	$30,294	$100,959	$210,534	$92,603	$105,691	$47,739	$1,987,817
Depreciation and impairment:										
As at 1 January 2022	$-	$211,722	$116,193	$31,683	$68,894	$181,017	$70,862	$39,044	$-	$719,415
Depreciation	-	15,136	18,157	-	11,797	9,168	14,180	14,530	-	82,968
Disposals	-	(2,121)	(4,140)	-	(511)	(3,676)	(5,511)	-	-	(15,959)
Transfers	-	-	-	(1,389)	(445)	-	(701)	-	-	(2,535)
As at 31 December 2022	$-	$224,737	$130,210	$30,294	$79,735	$186,509	$78,830	$53,574	$-	$783,889
Net carrying amount:										
As at 31 December 2022	$678,817	$279,979	$86,254	$-	$21,224	$24,025	$13,773	$52,117	$47,739	$1,203,928
As at 1 January 2022	$678,817	$189,755	$48,459	$336	$21,297	$33,601	$10,661	$64,010	$87,525	$1,134,461

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

(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 2022 and 2021.

(33) Short-term loans

	Interest Rates (%)	As at 31 December 2022	As at 31 December 2021
Unsecured bank loans	1.38%~2.10%	$10,070,000	$6,055,143
Unused short-term lines of credits amount		$6,356,481	$4,915,480

(34) Bonds payable

	As at 31 December 2022	As at 31 December 2021
Domestic secured bonds	$2,000,000	$2,000,000
Less: current portion	-	-
Net	$2,000,000	$2,000,000

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

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

(35) Commercial Paper Payable

Accounting title	Guarantee	As at 31 December 2022	As at 31 December 2021
Commercial paper payable	Taiwan Cooperative Bank, etc.	$800,000	$3,900,000
	Mega Bill Finance Co., Ltd.	50,000	-
	International Bills Financial Corporation	-	150,000
Less: Discount on commercial paper payable		(352)	(4,508)
Net amount		$849,648	$4,045,492

	For the years ended 31 December 2022	For the years ended 31 December 2021
Interest rates	1.760%-1.871%	0.504%-0.762%
Maturity date	2023/1/6-2023/1/13	2022/1/21-2022/5/9

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

	As at	
	31 December 2022	31 December 2021
Held for trading:		
Derivatives not designated as hedging		
Forward exchange contracts	$879	$-
Current	$879	$-
Non-current		-
Total	$879	$-

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

(37) Other payables

	As at	
	31 December 2022	31 December 2021
Payroll	$180,780	$166,315
Export fees payable	66,466	92,705
Warranty expense	43,762	31,583
Advertising expense	31,285	33,550
Assembly expense	21,214	19,117
Employees' salaries and directors' remuneration	17,200	10,200
Other expense	165,682	307,398
Total	$526,389	$660,868

	As at	
	31 December 2022	31 December 2021
Product maintenance warranty		
Beginning balance	$67,983	$60,382
Warranty recognized	46,514	24,382
Amount utilized during the year	(28,521)	(16,781)
Ending balance	$85,976	$67,983
Current	$43,762	$31,583
Non-current	42,214	36,400
Total	$85,976	$67,983

(38) Long-term borrowings

Details of long-term loans as at 31 December 2022 and 31 December 2021 are as follows:

Lenders	As at 31 December 2022	Redemption
Taiwan Cooperative Bank, etc. syndicated bank loan	$490,364	The interest is paid monthly from 12 March 2021 to 12 March 2023, and repay the loan in full at maturity.
E.SUN Bank secured bank loan	464,800	The interest is paid quarterly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.
First Commercial Bank unsecured loans	146,482	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Subtotal	1,101,646	
Less: current portion	(987,695)	
Less: syndicated bank loans expense	(8,925)	
Total	$105,026	

Note: Long-term borrowings interest rate is between 0.74% to 1.35%, and interest is paid monthly.

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

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

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

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

(d) The current ratio shall not be lower than 100%. (Note 1)
(e) The financial liability ratio shall not be higher than 200%. (Note 2)
(f) The interest coverage ratio shall not be lower than 3. (Note 3)

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

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

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

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

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

The Company did not violate the above covenants for the years ended 31 December 2022 and 2021.

(39) 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 2022 and 2021 were NTD41,767 thousand and NTD37,186 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 of 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 2022.

The average duration of the defined benefits plan obligation as at 31 December 2022 and 2021, are 7.6 years and 7.8 years.

Pension costs recognized in profit or loss for the years ended 31 December 2022 and 2021:

	For the years ended 31 December	
	2022	2021
Current period service costs	$1,035	$1,069
Interest expense	685	250
Total	$1,720	$1,319

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

	As at		
	31 December 2022	31 December 2021	1 January 2021
Defined benefit obligation	$173,099	$181,747	$171,137
Plan assets at fair value	(89,606)	(82,450)	(86,446)
Other non-current liabilities - defined benefit obligation	$83,493	$99,297	$84,691

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 2021	$171,137	$(86,446)	$84,691
Current period service costs	1,069	-	1,069
Net interest expense (income)	511	(261)	250
Subtotal	172,717	(86,707)	86,010
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,056)	-	(6,056)
Experience adjustments	23,447	-	23,447
Remeasurements of the defined benefit assets	-	(1,256)	(1,256)
Subtotal	190,108	(87,963)	102,145
Payments from the plan	(8,361)	8,361	-
Contributions by employer	-	(2,848)	(2,848)
As at 31 December 2021	$181,747	$(82,450)	$99,297
Current period service costs	1,035	-	1,035
Net interest expense (income)	1,267	(582)	685
Subtotal	184,049	(83,032)	101,017

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,879)	-	(6,879)
Experience adjustments	8,643	-	8,643
Remeasurements of the defined benefit assets	-	(6,438)	(6,438)
Subtotal	185,813	(89,470)	96,343
Payments from the plan	(12,714)	12,714	-
Contributions by employer	-	(12,850)	(12,850)
As at 31 December 2022	$173,099	$(89,606)	$83,493

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

	As at	
	31 December 2022	31 December 2021
Discount rate	1.2%	0.7%
Expected rate of salary increases	2.0%	2.0%

A sensitivity analysis for significant assumption as at 31 December 2022 and 2021 is, as shown below:

For the year ended 31 December 2022:

	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.1%	$-	$1,324
Discount rate decrease by 0.1%	1,341	-
Future salary increase by 0.1%	1,178	-
Future salary decrease by 0.1%	-	1,167

For the year ended 31 December 2021:

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

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

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

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

(40)Equity

G. Share capital

As at 1 January 2021 the Company’s authorized capital was NTD4,500,000 thousand, divided into 450,000,000 shares with par value of NTD10 each. The issued and outstanding capital stocks were NTD3,036,166 thousand. As at 31 December 2022, the capital remained unchanged.

H. Capital surplus

	As at	
	31 December 2022	31 December 2021
Additional paid-in capital	$54,807	$54,807
Employee stock option	5,056	706
Difference between consideration and carrying amount of subsidiaries acquired or disposed	371,467	－
Gain on sale of assets	42	42
Other	74	4,424
Total	$431,446	$59,979

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.

I. Legal reserve

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

J. Special reserve

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

The FSC on 31 March 2021 issued Order No. Jin - Guan - Cheng - Fa -

1090150022, which sets out the following provisions for compliance:

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

The Company’s special reserve of NTD64,037 thousand at first-time adoption of IFRS with the absolute value of other equity (deduction) – net as at 1 January 2021. As at the year ended 2022 and 2021, the Company did not reverse any special reserve as a result of using, disposing of or reclassifying related assets.

During 2022 and 2021, when distributing 2021 and 2020 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, amount equal to other net deductions from shareholders’ equity were NTD556,517 thousand and NTD14,654 thousand for the years ended 2022 and 2021, respectively.

K. Treasury Stock

(d) 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 2022

(unit : shares)

Reason	Beginning balance	Increase	Decrease	Cancellation	Ending balance
Transfer to employee	1,028,000	-	(333,000)	-	695,000

For the year ended 31 December 2021

(unit : shares)

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

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

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

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

The board meeting held on 10 May 2021 approved to transfer 333,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price was NTD60.84. The Company recognized a compensation cost of NTD4,349 thousand in share capital-employee stock option on the vesting date. The 333,000 share options vest on 18 November 2022. On the day of transfer, the difference between the transfer price and buyback price was offset by share capital- employee stock option in the amount of NTD4,349 thousand.

As at 31 December 2022, the treasury shares that the Company bought back not yet transferred to employee amounted to 695,000 shares.

(e) 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.

(f) In compliance with the 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.

L. Distribution of retained earnings and dividend policies

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

(f) Income tax obligation
(g) Offsetting accumulated deficits, if any
(h) Legal reserve at 10% of net income after tax
(i) Special reserve in compliance with the Company Act or Securities and Exchange Act
(j) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting

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

According to the Company Act, the Company needs to set aside an amount to a 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 2021 earnings distribution and dividends per share as approved by the resolution of the shareholders' meeting held on 27 June 2022 is as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal reserve	(Note 2)	$2,524		
Special reserve	(Note 2)	556,517		
Cash dividends-common stock (Note 1)	(Note 2)	151,294	(Note 2)	$0.50

Note 1: The Company's board of directors was authorized by the Articles of Incorporation and approved the common stock cash dividend of 2021 by special resolution on 10 May 2022.

Note 2:The resolution to distribute the Company's 2022 earnings have not been finalized.

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

(41)Operating revenue

	For the years ended 31 December	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$13,634,499	$13,239,185
Other operating revenues	7,889	6,805
Total	$13,642,388	$13,245,990

The Company recognizes revenues when control of the products is transferred to the customers at a point in time. Information on revenues from contracts with customers during the years ended 31 December 2022 and 2021 are as follows:

C. Contract balance

(e) Contract asset – current

	As at		
	31 December 2022	31 December 2021	1 January 2021
Sales of goods	$27,066	$30,732	$11,295

The significant changes in the Company's balances of contract assets for the years ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
The opening balance transferred to trade receivables	$(30,732)	$(11,295)
Increase of contract assets	27,066	30,732

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

(f) Contract liabilities – current

	As at		
	31 December 2022	31 December 2021	1 January 2021
Sales of goods	$189,061	$447,395	$494,850

During the period, contract liabilities decreased as performance obligations were partially satisfied and NTD301,699 thousand was recognized as revenue during the period.

During the past period, contract liabilities significantly decreased as performance obligations were partially satisfied and NTD475,502 thousand was recognized as revenue during the period.

(g) Transaction price allocated to unsatisfied performance obligations

None.

(h) Assets recognized from costs to fulfill a contract

None.

(42) Expected credit losses

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses		
Trade receivables	$-	$42

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

The Company measures the loss allowance of its contract assets and trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2022 is as follows:

C. The gross carrying amount of contract asset is NTD27,066 thousand. There is no need to recognize loss allowance based on individual customer assessment method.

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

Note receivables and trade receivables as at 31 December 2022

	Not yet due	Overdue				
	(note)	<=60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$217,254	$60,701	$3,609	$2,424	$762	$284,750
Loss rate	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	(762)	(762)
Per book	$217,254	$60,701	$3,609	$2,424	$-	$283,988

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

Note receivables and trade receivables as at 31 December 2022－related party

	Not yet due	Overdue				
	(note)	<=60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$6,332,457	$2,022,731	$792,310	$428,372	$175,558	$9,751,428
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Per book	$6,332,457	$2,022,731	$792,310	$428,372	$175,558	$9,751,428

Installment accounts receivable as at 31 December 2022

	Not yet due (note)	Overdue				
		<=60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$307,963	$-	$-	$-	$1,219	$309,182
Loss rate	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	
Per book	$307,963	$-	$-	$-	$1,219	$309,182

Note receivables and trade receivables as at 31 December 2021

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

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

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

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

Installment accounts receivable as at 31 December 2021

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

The movement in the provision for impairment of note receivables and trade receivables during the ended 31 December 2022 and 2021 is as follows:

	Note receivables	Trade receivables
2022.01.01	$−	$882
Write off	−	-
Addition for the current period	−	-
Reclassification for the current period	−	(120)
2022.12.31	$−	$762
2021.01.01	$-	$840
Write off	-	-
Addition for the current period	-	42
2021.12.31	$-	$882

(43) Leases

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

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

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

A. Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	As at 31 December	
	2022	2021
Buildings	$104,299	$49,335
Transportation equipment	-	2,001
Total	$104,299	$51,336

During the years ended 31 December 2022 and 2021, the Company's additions to right-of-use assets amounted to NTD105,675 thousand and NTD31,659 thousand, respectively.

ii. Lease liabilities

	As at 31 December	
	2022	2021
Current	$39,988	$31,851
Non-Current	67,681	21,128
Total	$107,669	$52,979

Please refer to Note 6(20)(d) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 31 December 2021 and refer to Note 12(5) Liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2022 and 2021.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2022	2021
Buildings	$47,260	$33,393
Transportation equipment	-	1,313
Total	$47,260	$34,706

C. Income and costs relating to leasing activities

	For the years ended 31 December	

	2022	2021
The expenses relating to short-term leases	$29,006	$23,062

D. Cash outflow related to lessee and lease activity

During the year ended 31 December 2022 and 2021, the Company's total cash outflows for leases amounted to NTD76,515 thousand and NTD54,969 thousand, respectively.

(44) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2022 and 2021:

Function / Nature	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$240,966	$668,972	$909,938	$219,075	$585,930	$805,005
Labor and health insurance	27,287	59,860	87,147	23,602	52,511	76,113
Pension	11,264	32,223	43,487	9,403	29,103	38,506
Director compensation	-	7,704	7,704	-	7,596	7,596
Other employee benefits expense	12,133	22,302	34,435	11,516	21,294	32,810
Depreciation	48,906	81,322	130,228	37,679	64,406	102,085
Amortization	227	6,489	6,716	188	5,157	5,345

As at 31 December 2022 and 31 December 2021, the Company's employees were 1,240 and 1,148, respectively; the number of directors who were not concurrently employees was both 7.

As at 31 December 2022 and 31 December 2021, the Company's average employee benefits expenses were NT$872 thousand and NT$804 thousand, respectively.

As at 31 December 2022 and 31 December 2021, the Company's average employee salaries expenses were NT$738 thousand and NT$706 thousand employees, respectively; the average adjusted employee salaries expense was decreased to 4.53%.

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

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

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

According to the Articles of Incorporation, at least 1% of profit of the current year is distributable as employees’ compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of the 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 2022, the Company estimated the amount of the employees’ compensation and remuneration to directors for the year ended 31 December 2022 to be NTD10,000 thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

A resolution was passed at the board meeting held on 22 March 2022 to distribute NTD3,000 thousand and NTD7,200 thousand in cash as employee compensation and remuneration to directors of 2021, respectively. There are no material differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2021.

(45) Non-operating income and expenses

E. Interest income

	For the years ended 31 December	
	2022	2021
Financial assets measured at amortized cost	$112,872	$57,235

F. Other income

	For the years ended 31 December	
	2022	2021
Government subsidy income	$-	$8,533
Others	87,558	57,727
Total	$87,558	$66,260

G. Other gains and losses

	For the years ended 31 December	
	2022	2021
Foreign exchange gains (losses), net	$936,755	$78,536
Gains (losses) on financial assets at fair value through profit or loss(Note 1)	595	(7,418)
Gains on financial liabilities at fair value through profit or loss (Note 2)	(879)	1,657
(Losses) gains on disposal of investments	(226,390)	23,181
(Losses) gains on disposal of property, plant and equipment	(1,200)	632
Gains on disposal of intangible assets	-	1,103
Others	(1,646)	(3,461)
Total	$707,235	$94,230

Note:

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

H. Finance costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	$156,537	$106,599
Interest on lease liabilities	1,128	506
Total	$157,665	$107,105

(46) Components of other comprehensive income

C. For the year ended 31 December 2022

	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	$4,674	$4,674	$(935)	$3,739
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(428)	(428)	-	(428)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	402,957	402,957	(80,591)	322,366
Total of other comprehensive income	$407,203	$407,203	$(81,526)	$325,677

D. For the year ended 31 December 2021

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

(47) Income tax

The major components of income tax expense(income) for the year ended 31 December 2022 and 2021 are as follows:

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

	For the years ended 31 December	
	2022	2021
Current income tax expense:		
Current income tax charge	$176,519	$198,115
Adjustments in respect of current income tax of prior periods	4,834	4,886
Deferred tax income:		
Deferred tax income relating to origination and reversal of temporary differences	105,300	9,192
Other components of deferred tax income		(3,200)
Total income tax expense	$286,653	$208,993

F. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred tax income:		
Exchange differences resulting from translating the financial statements of a foreign operation	$80,591	$(138,888)
Remeasurements of defined benefit plans	935	(3,227)
Income tax relating to components of other comprehensive income	$81,526	$(142,115)

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

	For the years ended 31 December	
	2022	2021
Accounting profit before tax from continuing operations	$715,677	$247,141
Tax at the domestic rates applicable to profits in the country concerned	143,135	49,428
Tax effect of expenses not deductible for tax purposes	135,360	150,755
5 % surtax on undistributed retained earnings	-	7,124

Adjustments in respect of current income tax of prior periods	4,834	4,886
Other adjustments according to tax law	3,324	(3,200)
Total income tax expense recognized in profit or loss	$286,653	$208,993

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

(f) For the year ended 31 December 2022

	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)	$1,103	$(106,798)	$-	$(105,695)
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	(1,630)	56	-	(1,574)
Net defined benefit liability – non-current	6,444	(2,225)	-	4,219
Remeasurement on defined benefit plans	13,415	-	(935)	12,480
Exchange differences on translation of foreign operations	423,120	-	(80,591)	342,529
Provision-warranties	13,415	3,667	-	17,082
Land appreciation tax	(47,428)	-	-	(47,428)
Deferred tax expense/(income)		$(105,300)	$(81,526)	
Net deferred tax assets/(liabilities)	$409,650			$222,824
Reflected in balance sheet as follows:				
Deferred tax assets	$458,709			$377,521
Deferred tax liabilities	$(49,059)			$(154,697)

(g) For the year ended 31 December 2021

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

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December
Net deferred tax assets/(liabilities)	$276,727			$409,650
Reflected in balance sheet as follows:				
Deferred tax assets	$326,938			$458,709
Deferred tax liabilities	$(50,211)			$(49,059)

(h) 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 2022 and 2021, the temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD397,711 thousand and NTD595,713 thousand respectively.

(i) The assessment of income tax returns

As at 31 December 2022, the tax authorities have assessed income tax returns of the Company through 2020.

(48) 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	
	2022	2021
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	$429,024	$38,148
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	302,628	302,589
Basic earnings per share (NTD)	$1.42	$0.13

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

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

7. Related party transactions

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Johnson Health Tech North America, Inc.	Subsidiary
Johnson Health Industry (Viet Nam) Company Limited	Subsidiary
Johnson Health Technologies, S.A. DE C.V.	Subsidiary
Johnson Health Technologies Canada Inc.	Subsidiary
Johnson Health Tech Retail Inc	Subsidiary
Johnson Health Tech GmbH	Subsidiary
Johnson Industries (Shanghai) Co., Ltd.	Subsidiary
Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary
Johnson Health Tech UAE L.L.C	Subsidiary
Johnson Industrial do Brasil Ltda	Subsidiary
Johnson Health Tech France	Subsidiary
Johnson Health Tech Netherland B.V.	Subsidiary
Johnson Health Tech UK Ltd.	Subsidiary
Johnson Health Technologies Ibérica, SL	Subsidiary
Johnson Health Tech Italia S.P.A.	Subsidiary
Johnson Health Tech (Thailand) Co., Ltd.	Subsidiary

Significant transactions with related parties

A. Sales

	For the years ended 31 December	
	2022	2021
Johnson Health Tech North America, Inc.	$4,639,651	$3,671,155
Johnson Health Tech Netherland B.V.	1,465,771	1,005,269
Johnson Health Tech GmbH	883,844	968,863
Johnson Health Tech UK Ltd.	770,641	497,300
Johnson Health Tech Retail Inc	765,432	2,090,588
Others	3,202,293	2,931,683
Total	$11,727,632	$11,164,858

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	
	2022	2021
Johnson Industries (Shanghai) Co., Ltd.	$5,921,199	$6,139,341
Johnson Health Industry (Vietnam) Company Limited	924,924	1,470,397
Johnson Health Technology (Shanghai) Co., Ltd.	520,462	498,567
Others	248,354	180,190
Total	$7,614,939	$8,288,495

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

C. Accounts receivable, net

	As at	
	31 December 2022	31 December 2021
Johnson Health Tech North America, Inc.	$3,199,417	$2,853,551
Johnson Health Tech Retail Inc	3,208,085	2,586,202
Johnson Health Tech UAE L.L.C	305,660	329,796
Johnson Health Technologies Canada Inc.	305,454	256,087
Johnson Health Tech UK Ltd.	654,307	192,642
Johnson Health Tech Italia S.P.A.	259,859	186,961
Johnson Health Technologies Ibérica, SL	159,419	175,446
Johnson Health Tech Netherland B.V.	241,389	163,226
Johnson Health Tech GmbH	337,273	162,185
Johnson Industrial do Brasil Ltda.	344,809	129,181
Johnson Health Technologies, S.A. de C.V.	257,658	68,597
Others	478,098	228,932
Total	$9,751,428	$7,332,806

D. Other accounts receivable, net

	As at	
	31 December 2022	31 December 2021
Johnson Industrial do Brasil Ltda	$468,285	$673,503
Fuji Medical Instruments Mfg. Co., Ltd.	350,420	-
Johnson Health Tech UAE LLC	196,292	56,128
Johnson Health Technologies Canada Inc.	176,752	128,499
Johnson Health Technology (Shanghai) Co., Ltd.	71,469	76,176
Johnson Industries (Shanghai) Co., Ltd.	55,131	102,434
Johnson Health Technologies, S.A. DE C.V.	2,706	89,649
Others	100,276	269,411
Total	$1,421,331	$1,395,800

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 2022	31 December 2021
Johnson Industries (Shanghai) Co., Ltd.	$3,394,424	$3,038,930
Johnson Health Industry (Vietnam) Company Limited	130,906	127,380
Johnson Health Technology (Shanghai) Co., Ltd.	64,992	307,352
Others	112,124	37,291
Total	$3,702,446	$3,510,953

F. Other payables, net

	As at	
	31 December 2022	31 December 2021
Johnson Health Tech. North America, Inc.	$141,134	$175,592
Johnson Health Tech France	106,303	100,358
Johnson Health Tech Netherland B.V.	63,102	10,528
Johnson Health Tech GmbH	33,342	14,394
Others	44,176	25,603
Total	$388,057	$326,475

G. Expenses

	For the years ended 31 December	
	2022	2021
Johnson Health Tech. North America, Inc.	$670,130	$541,240
Johnson Health Tech. Netherland B.V	147,787	120,877
Johnson Health Tech Retail Inc	313,085	50,834
Others	146,195	46,496
Total	$1,277,197	$759,447

H. Other Income

	For the years ended 31 December	
	2022	2021
Johnson Industries (Shanghai) Co., Ltd.	$35,902	$27,055
Johnson Health Tech North America, Inc.	19,655	292
Johnson Industrial do Brasil Ltda.	16,190	-
Johnson Health Technology (Shanghai) Co., Ltd.	13,276	12,158
Johnson Health Technologies Canada Inc.	10,223	6,689
Johnson Health Tech UK Ltd.	7,952	992
Johnson Health Industry (Viet Nam) Company Limited	7,428	2,966
Johnson Health Tech UAE L.L.C	3,387	5,928
Others	30,930	15,245
Total	$144,943	$71,325

I. Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$62,200	$36,602

8. Assets pledged as security

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

	As at		
	31 December 2022	31 December 2021	Contents of secured debt
Property, plant and equipment - land	671,271	$671,271	Syndicated loans /Loan secured
Property, plant and equipment – buildings (carrying value)	43,642	44,965	Syndicated loans /Loan secured
Other receivable - deposit	79,373	42,709	LC loan
Total	$794,286	$758,945	

9. Commitments and contingencies

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

The contracts of the Company as at 31 December 2022 and 2021 are as follows:

C. As at 31 December 2022:

None.

D. As at 31 December 2021:

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

(6) The Company issued guaranty notes as security for borrowings in the sum of NTD800,907 thousand as at 31 December 2022.

(7) The Company entered into financial guarantees to related parties as at 31 December 2022. Refer to Note 13(1)(b).

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(12) Categories of financial instruments

	As at	
Financial Assets	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$8,746	$8,151
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	660,732	601,875
Notes and trade receivable	10,344,598	8,060,021
Other receivables	1,511,137	1,495,278
Subtotal	12,516,467	10,157,174
Total	$12,525,213	$10,165,325

<u>Financial Liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	$10,070,000	$6,055,143
Commercial paper payable	849,648	4,045,492
Notes and accounts payable	4,549,758	4,419,542
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	1,092,721	1,149,345
Lease liability	107,669	52,979
Subtotal	18,669,796	17,722,501
Financial liabilities at fair value through profit or loss:		
Held for trading	879	-
Total	$18,670,675	$17,722,501

(13) 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, a 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.

(14) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 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 2022	$-	$63,212
For the year ended 31 December 2021	$-	$45,841

(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 2022	$-	$(4,864)
For the year ended 31 December 2021	$-	$(3,702)

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	$-	$(4,674)
For the year ended 31 December 2021	$-	$(7,982)

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period would cause the profit for the years ended 31 December 2022 and 2021 to decrease by NTD12,012 thousand and NTD11,250 thousand, respectively.

(15) 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 conditions 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 2022 and 2021, the credit concentration risk of other accounts receivables is insignificant. The accounts receivable of the top ten customers accounted for 86.76% and 77.11% of the Company's balance of accounts receivables, respectively.

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

(16) 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 at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	>= 5 years	Total
As at 31 December 2022					
Short-term borrowings	$10,102,159	$-	$-	$-	$10,102,159
Commercial paper payable	850,000	-	-	-	850,000
Notes and accounts payable	4,549,758	-	-	-	4,549,758
Bonds payable	16,600	2,016,600	-	-	2,033,200
Long-term loans	993,453	66,161	33,923	15,504	1,109,041
Lease liabilities	40,825	38,894	28,907	-	108,626
As at 31 December 2021					
Short-term borrowings	$6,066,643	$-	$-	$-	$6,066,643
Commercial paper payable	4,050,000	-	-	-	4,050,000
Notes and accounts payable	4,419,542	-	-	-	4,419,542
Bonds payable	16,600	2,033,200	-	-	2,049,800
Long-term loans	35,620	1,062,945	69,351	8,547	1,176,463
Lease liabilities	32,675	22,060	-	-	54,735

(17) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term borrowings	Commercial paper Payable	Bonds payable	Long-term loans	Lease liabilities	Total
As at 1 January 2022	$6,055,143	$4,045,492	$2,000,000	$1,149,345	$52,979	$13,302,959
Cash flows	4,014,857	(3,229,020)	-	(56,624)	(47,509)	681,704
Non-cash changes	-	33,176	-	-	102,199	135,375
As at 31 December 2022	$10,070,000	$849,648	$2,000,000	$1,092,721	$107,669	$14,120,038

Reconciliation of liabilities for the year ended 31 December 2021:

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

(18) Fair value of financial instruments

D. 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:

(f) 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.

(g) 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.

(h) 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).

(i) 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 the 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.)

(j) 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 the 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).

E. Fair value measurement hierarchy

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

(19) 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 2022 and 2021 is as follows:

Forward currency contracts

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

Contract	Contract amount (in thousands)	Maturity
As at 31 December 2022		
Pre-sale forward Foreign exchange contract	Sell USD 6,000	2023/02/22
Foreign exchange rates swap	Sell USD 20,000	2023/01/06
Foreign exchange rates swap	Sell EUR 4,000	2023/01/06
As at 31 December 2021		
Foreign exchange rates swap	Sell USD 82,200	From 2022/02/18 to 2022/05/18

The counterparties of said derivatives financial instruments are well-known local and international banks with good credit rating, therefore carry low credit risk. Foreign exchange forward contract transactions mainly aim at hedging the risk of exchange rate changes of net assets or net liabilities. There will be corresponding cash inflow or outflow at maturity. There is no significant cash flow risk as the Company's working capital is sufficient to support such activity.

(20) Fair value measurement hierarchy

C. Fair value measurement hierarchy

All assets 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.

D. 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 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Pre-sale forward Foreign exchange contract	$-	$8,746	$-	$8,746
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$-	$879	$-	$879

As at 31 December 2021

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

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

(21) 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 2022			31 December 2021		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
Financial assets						
Monetary item:						
USD	$328,840	30.7080	$10,098,029	$300,604	27.6900	$8,323,737
EUR	37,612	32.7040	1,230,068	29,091	31.3450	911,872
JPY	2,031,526	0.2324	472,127	371,509	0.2406	89,385
Financial liabilities						
Monetary item:						
USD	$71,529	30.7080	$2,196,514	$93,666	27.6900	$2,593,621
EUR	56,202	32.7040	1,838,039	43,855	31.3450	1,374,621
JPY	4,545,269	0.2324	1,056,320	4,519,073	0.2406	1,087,289

The Company is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Company and subsidiaries use a large number of different functional currencies. The exchange gain (loss) for the years ended 31 December 2022 and 2021 were NTD936,755 thousand and NTD78,536 thousand, respectively.

(22) 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 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 payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(5) Information at significant transactions

K. Financing provided to others for the year ended 31 December 2022: Please refer to Attachment 1.

L. Endorsement/Guarantee provided to others for the year ended 31 December 2022: Please refer to Attachment 2.

M. Securities held as of 31 December 2022 (excluding subsidiaries, associates and joint ventures): None

N. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

O. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

P. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

Q. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the year ended 31 December 2022:

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

R. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as of 31 December 2022: Please refer to Attachment 3.

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

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

(6) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as of 31 December 2022, net income(loss) of the investee company and investment income(loss) recognized as of 31 December 2022: Please refer to Attachment 5.

(7) Information on investments in mainland China

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

Attachment 1: Financing provided

A. The Company

No	Lender	Counter- party	Financial statement account	Related party or not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Yes	$120,000	$71,000	$-	-	1	$4,639,651		-	-	-	$4,737,485	$9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Viet Nam) Company Limited	Other receivable-related parties	Yes	500	-	-	-	1	289		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Llc	Other receivable-related parties	Yes	1,000	-	-	-	1	141,009		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Denmark Aps	Other receivable-related parties	Yes	19,000	-	-	-	1	82,782		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	Other receivable-related parties	Yes	275,000	275,000	152,911	3.00%	1	190,832		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Other receivable-related parties	Yes	43,000	-	-	-	1	20,461		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Yes	210,000	210,000	191,680	3.00%	1	373,797		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C. V.	Other receivable-related parties	Yes	85,000	-	-	-	1	318,487		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, Iberica. S.L.	Other receivable-related parties	Yes	15,000	-	-	-	1	291,913		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	Other receivable-related parties	Yes	660,000	510,000	436,718	3.00%	1	336,224		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Ltd.	Other receivable-related parties	Yes	130,000	130,000	-	-	1	770,648		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Hellas S.A.	Other receivable-related parties	Yes	13,000	-	-	-	1	50,786		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	Other receivable-related parties	Yes	52,000	-	-	-	1	138,358		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading,INC.	Other receivable-related parties	Yes	1,100,000	1,100,000	-	-	1	765,432		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor VE Saglik Malzemeleri Ticaret Anonim Sirketi	Other receivable-related parties	Yes	23,065	23,065	23,065	0.50%	2	-	For business operation	-	-	-	1,894,994	3,789,988
0	Johnson Health Tech. Co., Ltd.	FUJI MEDICAL INSTRUMENTS MFG. CO., LTD.	Other receivable-related parties	Yes	537,740	537,740	350,700	2.00%	2	-	Short-term financing	-	-	-	1,894,994	3,789,988

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

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

Note 2： Johnson Health Tech. Co., Ltd.’s financing limit for the amount of financing between foreign subsidiaries which the Company holds was set at 50% of its net worth stated in the most recent financial report. Johnson Health Tech. Co., Ltd.’s financing limit for the company which needs short-term financing was set at 20% of its net worth stated in the most recent financial report.

Note 3： Johnson Health Tech. Co., Ltd.’s financing limit for total financing between foreign subsidiaries which the Company holds was set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech. Co., Ltd.’s financing limit for total financing of the company which needs short-term financing was set at 40% of its net worth stated 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.

Attachment 1: Financing provided
B. Subsidiaries

No	Lender	Counter- party	Financial statement account	Related party or not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Yes	$22,480	$13,842	$11,935	3.00%	2	-	For business operation	-	-	-	$16,659	$16,659
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Yes	164,750	164,750	105,440	1.44%	2	-	For business operation	-	-	-	448,251	597,668
3	Johnson Health Tech. (Thailand) Company Limited	JHT FIT Company Limited	Other receivable-related parties	Yes	13,440	-	-	-	2	-	For business operation	-	-	-	37,820	37,820
4	Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Other receivable-related parties	Yes	70,140	70,140	23,380	0.5565%	2	-	For business operation	-	-	-	80,302	240,905

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

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

Note 2： Johnson Health Tech. (Vietnam) Company Limited 's financing limit for a counterparty and total financing limit were set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech France's financing limit for a counterparty was set at 60% of its net worth stated in the most recent financial report; total financing limit was set at 80% of its net worth stated in the most recent financial report. Johnson Health Tech. (Thailand) Company Limited 's financing limit for a counterparty and total financing limit were set at 40% of its net worth stated in the most recent financial report. Johnson Health Tech Japan Co., Ltd. 's financing limit for a counterparty and total financing limit were set at 20% of its net worth stated in the most recent financial report.

Note 3： According to the FSC Jin-Guan-Cheng-Liu-Zi-Letter No. 0980000271, the amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares is not restricted.

Attachment 2 : Endorsement/Guarantee provided:
A.The Company

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest 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)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech GmbH	2	$9,474,971	$290,110	$287,320	$-	$-	3.03	$23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	2	9,474,971	299,065	296,935	193,495	-	3.13	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	9,474,971	133,520	133,520	-	-	1.41	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Iberica S. L.	2	9,474,971	300,420	300,420	273,791	-	3.17	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co.,Ltd.	2	9,474,971	49,060	46,760	-	-	0.49	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Company Limited	2	9,474,971	96,690	92,280	45,525	-	0.97	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	2	9,474,971	161,170	159,040	34,048	-	1.68	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	2	9,474,971	146,463	136,680	56,950	-	1.44	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	9,474,971	161,150	153,800	66,760	-	1.62	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (VietNam) Company Limited	2	9,474,971	2,223,870	2,060,920	887,306	-	21.75	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	9,474,971	64,460	61,520	15,380	-	0.65	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Netherlands B.V.	2	9,474,971	100,140	100,140	-	-	1.06	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	2	9,474,971	209,525	207,800	92,280	-	2.19	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	2	9,474,971	320,160	313,880	155,183	-	3.31	23,687,427	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	2	9,474,971	705,650	683,000	37,234	-	7.21	23,687,427	Y	N	Y

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

Attachment 2 : Endorsement/Guarantee provided:
B.Subsidiaries

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest 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.	Macrolease Corporation	1	$9,474,971	$130,802	$71,729	$71,729	-	0.76	$23,687,427	N	N	N
1	Johnson Health Tech North America, Inc.	United Leasing, Inc	1	9,474,971	31,730	29,760	29,760	-	0.31	23,687,427	N	N	N
1	Johnson Health Tech North America, Inc	Lease Servicing Center, Inc.	1	9,474,971	2,431	1,294	1,294	-	0.01	23,687,427	N	N	N
1	Johnson Health Tech North America, Inc	Mitsubishi HC Capital America, Inc.	1	9,474,971	171,039	171,039	171,039	-	1.81	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	Eclipx Commercial	1	9,474,971	225	-	-	-	0.00	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance(TL Rentals)	1	9,474,971	432	-	-	-	0.00	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance	1	9,474,971	7,060	7,060	7,060	-	0.07	23,687,427	N	N	N
3	Johnson Health Tech France	PEAC Finance	1	9,474,971	2,208	2,208	2,208	-	0.02	23,687,427	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	9,474,971	6,616	2,675	2,675	-	0.03	23,687,427	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	United Leasing,Inc.	1	9,474,971	2,850	1,987	1,987	-	0.02	23,687,427	N	N	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	9,474,971	677,850	664,800	467,600	-	7.02	23,687,427	N	Y	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	9,474,971	900,851	749,008	413,632	-	7.91	23,687,427	N	N	Y
6	Johnson Health Technologies Iberica S. L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	9,474,971	252,301	252,301	252,301	-	2.66	23,687,427	N	N	N
7	Johnson Health Tech. GmbH	PEAC Finance	1	9,474,971	1,493	682	682	-	0.01	23,687,427	N	N	N
7	Johnson Health Tech. GmbH	PEAC (Germany) GmbH	1	9,474,971	33,597	27,375	27,375	-	0.29	23,687,427	N	N	N
8	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	9,474,971	93,300	86,700	52,500	-	0.92	23,687,427	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	9,474,971	242,623	125,539	125,539	-	1.32	23,687,427	N	N	N
10	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	9,474,971	389,870	248,192	44,376	-	2.62	23,687,427	N	N	Y

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

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

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	Collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Investee company	Account receivable USD 104,188 (NTD 3,199,417) Non-trade receivable USD 250 (NTD 7,691)	1.52	$ -	-	$528,933	$ -
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Investee company	Account receivable USD 9,290 (NTD 305,660) Non-trade receivable USD 7,056 (NTD 196,292)	1.12	-	-	87,287	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia Spa	Investee company	Account receivable EUR 7,946 (NTD 259,859) Non-trade receivable EUR 167 (NTD 5,470)	1.23	-	-	22,947	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Commercial Inc.	Investee company	Account receivable USD 9,458 (NTD 305,454) Non-trade receivable USD 6,245 (NTD 176,752)	0.60	-	-	24,902	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Investee company	Account receivable USD 8,391 (NTD 257,658) Non-trade receivable USD 88 (NTD 2,706)	1.53	-	-	21,303	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Investee company	Account receivable EUR 7,381 (NTD 241,389) Non-trade receivable EUR 86 (NTD 2,803)	6.98	-	-	85,367	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. DEUTSCHLA	Investee company	Account receivable EUR 10,313 (NTD 337,273) Non-trade receivable EUR 128 (NTD 4,177)	3.57	-	-	82,740	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH UK LTD	Investee company	Account receivable USD 21,307(NTD 654,307) Non-trade receivable USD 16 (NTD 479)	1.82	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Investee company	Account receivable USD 10,322 (NTD 334,809) Non-trade receivable USD 15,831 (NTD 468,285)	0.58	-	-	35,128	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Investee company	Account receivable USD 104,471 (NTD 3,208,085) Non-trade receivable USD 217 (NTD 6,671)	0.37	-	-	-	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. IBERICA. S.L.	Investee company	Account receivable EUR 4,875 (NTD 159,419) Non-trade receivable EUR 40 (NTD 1,294)	1.75	-	-	18,329	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Investee company	Account receivable USD 386 (NTD 11,852) Non-trade receivable USD 2,322 (NTD 71,317) CNY 34 (NTD 152)	1.24	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Investee company	Non-trade receivable USD 1,795 (NTD 55,131)	-	-	-	-	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 57,453 (NTD 1,764,271) EUR 47,131 (NTD 1,207,889) JPY 381,956 (NTD 88,767)	1.73	-	-	1,231,194	-

			Non-trade receivable USD 31 (NTD 946)					
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Investee company	Account receivable USD 6,689 (NTD 205,394) Non-trade receivable CNY 45 (NTD 200)	1.79	-	-	71,765	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 1,795 (NTD 55,123) EUR 202 (NTD 6,608) JPY 14,036 (NTD 3,262)	2.80	-	-	-	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	Investee company	Account receivableUSD 4,793 (NTD 147,194) CNY 67 (NTD 297)	0.82	-	-	64,491	-

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

No (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Sales	$4,639,651	The same commercial terms as with a general customer	13.80%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	3,199,417	The same commercial terms as with a general customer	8.23%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	7,691	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	770,641	The same commercial terms as with a general customer	2.29%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	654,307	The same commercial terms as with a general customer	1.68%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	479	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	883,844	The same commercial terms as with a general customer	2.63%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	337,273	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Other accounts receivable	4,177	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Sales	1,465,771	The same commercial terms as with a general customer	4.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Receivables from related parties	241,389	The same commercial terms as with a general customer	0.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Other accounts receivable	2,803	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Sales	268,927	The same commercial terms as with a general customer	0.80%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Receivables from related parties	(27,692)	The same commercial terms as with a general customer	-0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Other accounts receivable	77	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Sales	350,294	The same commercial terms as with a general customer	1.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Receivables from related parties	40,336	The same commercial terms as with a general customer	0.10%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Other accounts receivable	160	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	336,224	The same commercial terms as with a general customer	1.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	334,809	The same commercial terms as with a general customer	0.86%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	468,285	The same commercial terms as with a general customer	1.20%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Sales	138,443	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Receivables from related parties	(1,123)	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Sales	190,832	The same commercial terms as with a general customer	0.57%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Receivables from related parties	305,454	The same commercial terms as with a general customer	0.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Other accounts receivable	176,752	The same commercial terms as with a general customer	0.45%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Sales	291,913	The same commercial terms as with a general customer	0.87%

0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Receivables from related parties	159,419	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Other accounts receivable	1,294	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Sales	138,306	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Receivables from related parties	17,106	The same commercial terms as with a general customer	0.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Other accounts receivable	10,577	The same commercial terms as with a general customer	0.03%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	241,643	The same commercial terms as with a general customer	0.72%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	259,859	The same commercial terms as with a general customer	0.67%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	5,470	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Sales	373,797	The same commercial terms as with a general customer	1.11%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Receivables from related parties	305,660	The same commercial terms as with a general customer	0.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Other accounts receivable	196,292	The same commercial terms as with a general customer	0.51%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	765,432	The same commercial terms as with a general customer	2.28%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	3,208,085	The same commercial terms as with a general customer	8.25%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	6,671	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Sales	318,487	The same commercial terms as with a general customer	0.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Receivables from related parties	257,658	The same commercial terms as with a general customer	0.66%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Other accounts receivable	2,706	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Sales	141,009	The same commercial terms as with a general customer	0.42%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Receivables from related parties	76,480	The same commercial terms as with a general customer	0.20%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Purchases	924,924	The same commercial terms as with a general customer	2.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Payables to related parties	130,906	The same commercial terms as with a general customer	0.34%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Other payables to related parties	5	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Purchases	5,921,199	The same commercial terms as with a general customer	17.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Payables to related parties	3,394,424	The same commercial terms as with a general customer	8.73%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Other payables to related parties	946	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	520,462	The same commercial terms as with a general customer	1.55%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Payables to related parties	64,993	The same commercial terms as with a general customer	0.17%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Sales	153,932	The same commercial terms as with a general customer	0.46%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Receivables from related parties	147,491	The same commercial terms as with a general customer	0.38%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Purchases	260,496	The same commercial terms as with a general customer	0.77%

1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Payables to related parties	202,800	The same commercial terms as with a general customer	0.52%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other payables to related parties	200	The same commercial terms as with a general customer	0.00%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Sales	1,562,400	The same commercial terms as with a general customer	4.65%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Receivables from related parties	9,404	The same commercial terms as with a general customer	0.02%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other accounts receivable	4,265	The same commercial terms as with a general customer	0.01%

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

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

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

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2022: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	$5,536,240	$5,536,240	-	100.00%	$9,530,425	$157,174	$100,074	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Vietnam) Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	92,706 (USD 2,900)	92,706 (USD 2,900)	-	100.00%	13,056	(4,713)	(4,713)	
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%	163,651	93,165	93,165	
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%	(117,466)	(38,048)	(38,048)	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%	134,019	(55,210)	(24,529)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	150 EAST GILMAN STREET,MADISON,WI 53703	Selling cardiovascular and weight training equipment	1,552,050 (USD 48,661)	1,552,050 (USD 48,661)	-	100.00%	124,372	(527,660)	(527,660)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	20,813 (JPY 75,000)	20,813 (JPY 75,000)	4,859	78.90%	26,811	15,474	12,209	
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%	(26,883)	(11,501)	(11,501)	
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	LO CN-24, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, Vietnam	Manufacturing and selling cardiovascular and weight training equipment	618,082 (USD 20,000)	618,082 (USD 20,000)	-	100.00%	(85,721)	(227,206)	(227,206)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	Moscow, Novodanilovskaya nab. 6, building 1, floor 2, Premises XXVIII, Room 4,	Selling cardiovascular and weight training equipment	16,949 (USD 556)	16,949 (USD 556)	-	100.00%	84,789	46,817	46,817	
Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	14F, OE BLDG, 1-22, Noninbashi 1-chome, Chuo-ku, Osaka, 540-0011, Japan	Massage chair research, development, manufacturing and trading	2,065,699 (JPY 7,361,000)	1,814,259 (JPY 6,241,000)	-	100.00%	2,177,051	(360,495)	(201,420)	Note3
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1600 Landmark Dr. Cottage Grove WI 53527 USA	Selling cardiovascular and weight training equipment	3,019,549 (USD 91,472)	3,019,549 (USD 91,472)	-	100.00%	1,115,285	(78,422)	(78,422)	
Johnson Health Tech. Co., Ltd.	PT Johnson Health Tech Indonesia	Rukan Citta Graha Blok 2A,Jl Arteri Kedoya,Kel.Kedoya Selatan,Kec.Kebon Jeruk,Kota Adm.Jakarta Barat,Prov.DKI Jakarta	Selling cardiovascular and weight training equipment	10,198 (USD 350)	10,198 (USD 350)	-	100.00%	18,877	7,222	7,222	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Resitpasa Mah. Eski Buyukdere Cad. Windowist Blok No: 26 Ic Kapi No: 3 Sariyer/ Istanbul.	Selling cardiovascular and weight training equipment	33,120 (EUR 1,000)	33,120 (EUR 1,000)	-	99.99%	13,147	(585)	(585)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech SA Proprietary Limited	Unit 1B Riversands Outlet Park, Riversands Boulevard, Riversands	Selling cardiovascular and weight training equipment	55,820 (USD 2,000)	55,820 (USD 2,000)	-	100.00%	38,796	(10,179)	(10,179)	
Johnson Health Tech. Co., Ltd.	JHT FIT Company Limited	2/3, BANGNA TOWER, FLOOR 9, BANG NA-TRAD, BANG KAEO, BANG PHLI, SAMUT PRAKAN 10540	Video transmission and streaming service	17,230 (USD 486) (EUR 100)	870 (USD 31)	-	100.00%	12,351	(4,410)	(4,410)	

Johnson Health Tech. Co., Ltd.	Johnson Health Tech Digital UK Limited	United Kingdom	Video transmission and streaming service	61,800 (USD 2,000)	-	-	100.00%	37,494	(25,656)	(25,656)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	Republic of Korea	Selling cardiovascular and weight training equipment	27,829 (USD 1,000)	-	-	100.00%	23,305	15,817	15,817	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech India Pvt Ltd	Forbes Building, Charanjit Rai Marg, Fort, Mumbai, Mumbai City Maharashtra	Selling cardiovascular and weight training equipment	22,993 (USD 775)	-	-	100.00%	14,717	(7,512)	(7,512)	
Johnson Health Tech. Co., 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)	-	3, 340, 000	100.00%	30,449	5,238	8,662	
Johnson Health Tech. Co., 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)	-	16, 052, 000	99.38%	15,716	(26,874)	(4,793)	
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%	185,600	(55,210)	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%	750,271	(28,046)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	465,102	(13,087)	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 8 28850 - Torrejón de Ardoz (Madrid) España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	770,787 (USD 23,992)	446,175	99.99%	648,544	14,526	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan Co., Ltd.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 109-0022, Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	99.78%	375,512	(11,332)	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%	80,685	(15,629)	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)	-	-	-	-	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Zona Industriale Campolungo11,Ascoli Piceno,AP,Italy	Selling cardiovascular and weight training equipment	505,995 (USD 15,683)	505,995 (USD 15,683)	1,098,000	99.82%	545,618	33,552	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	64,780 (USD 2,006)	64,780 (USD 2,006)	2,000	100.00%	20,716	(992)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Duwboot 25-29, 3991, CD Houten, Netherland.	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	674,088	91,803	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)	-	-	-	-	Not applicable	
Johnson International	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development,	5,493 (USD 166)	5,493 (USD 166)	400	21.10%	7,170	15,474	Not applicable	

Holding Corp., Ltd.			manufacturing and trading								
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%	177,090	83,592	Not applicable	
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Gänseberg 522926 Ahrensburg	Selling cardiovascular and weight training equipment	46,442 (USD 1,503)	46,442 (USD 1,503)	-	100.00%	167,802	7,892	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	78 Logis Boulevard,Dandenong SouthVIC 3175	Selling cardiovascular and weight training equipment	573,150 (EUR 18,505)	573,150 (EUR 18,505)	20,715,330	100.00%	389,796	32,117	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. Poland Sp. z o.o.	ul. Działkowa, No. 62, WARSAW, 02-234 code, post office WARSAW, POLAND country	Selling cardiovascular and weight training equipment	121,209 (EUR 3,299)	121,209 (EUR 3,299)	33,840	100.00%	86,226	(8,171)	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	12,512 (USD 395)	12,512 (USD 395)	-	100.00%	(27,353)	(12,325)	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%	807	24,057	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%	754,909	(121,983)	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%	482,043	(107,635)	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%	113,314	(49,923)	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%	279,665	(221,573)	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)	394,287 (USD 12,698)	-	100.00%	91,331	(39,653)	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%	803	8,509	Not applicable	
Johnson Health Tech. Netherland B.V.	Johnson Health Tech Denmark Aps	Tuborgvej 5, 2900 Hellerup, Denmark	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	(119,569)	(14,619)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Alimou Avenue nr. 36-40, 17455 Alimos	Selling cardiovascular and weight training equipment	50,699 (EUR 1,496)	50,699 (EUR 1,496)	14,960	99.73%	48,925	4,297	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	15 Aleea Dealul Mitropoliei Street, Room 9, Apartment 2, District 4, Bucharest	Selling cardiovascular and weight training equipment	4,058 (EUR 120)	4,058 (EUR 120)	1,732,000	99.00%	12,438	12,329	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Plynární 1617, 170 00 Praha 7-Holešovice	Selling cardiovascular and weight training equipment	12,853 (CKZ 9,900)	12,853 (CKZ 9,900)	99	99.00%	12,550	(2,387)	Not applicable	
Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Shiodome Shiba Rikyu Building 21F, 1-2-15 Kaigan, Minato-ku, Tokyo, Japan	Video transmission and streaming service	-	-	-	100.00%	-	-	Not applicable	

Note1： Current investment income from investees recognized by the Company included investment gain / loss recognized by these investees from their reinvestment.

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

Note3： Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from sidestream transactions.

Attachment 6 : Information on investments in mainland China

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

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Beginning accumulated outflow of investment from 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 (USD 22,500)	$(151,852)	100.00%	$(151,852)	$2,223,310	$ -
Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	62,955 (USD 2,000)	-	-	62,955 (USD 2,000)	161,026	100.00%	161,026	3,042,621	-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	72,566 (USD 2,350)	Indirect investments through JIH (BVI)	72,566 (USD 2,350)	-	-	72,566 (USD 2,350)	1,459	100.00%	1,459	36,464	-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	29,905 (USD 950)	Indirect investments through JIH (BVI)	29,905 (USD 950)	-	-	29,905 (USD 950)	56	100.00%	56	5,622	-

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

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

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

Accumulated investment in Mainland China as at 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender’s net accounts value × 60%
$914,320 (USD27,800)	$2,501,053 (USD76,450)	$5,684,983

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.

VIII. Review and Risk Analysis on Financial Situations and Performance

1. Financial Overview（Consolidated Statements）：

Unit: NTD in Thousand

Item \ Year	2022	2021	Increase (Decrease) Discrepancies	
			Amount	%
Current assets	26,419,441	23,461,882	2,957,559	12.61
Real estate, factory & facility	4,494,351	4,138,726	355,625	8.59
Intangible assets	2,857,429	2,807,002	50,427	1.80
Other assets	5,094,723	4,854,966	239,757	4.94
Total assets	38,865,944	35,262,576	3,603,368	10.22
Current debts	24,799,590	21,072,476	3,727,114	17.69
Long-term loan	446,964	1,167,433	(720,469)	(61.71)
Debt provision-non current	263,069	319,931	(56,862)	(17.77)
Deferred Tax Liability	167,017	202,221	(35,204)	(17.41)
Other liabilities	3,707,024	1,119,331	2,587,693	231.18
Total debt	29,383,664	25,881,392	3,502,272	13.53
Equity	3,036,166	3,036,166	0	0.00
Capital surplus	431,446	59,979	371,467	619.33
Retained surplus	7,681,042	7,399,573	281,469	3.80
Other equity	(1,620,071)	(1,942,009)	321,938	(16.58)
Total equity of parent company	9,474,971	8,479,837	995,134	11.74
Non-controlling equity	7,309	901,347	(894,038)	(99.19)
Total equity	9,482,280	9,381,184	101,096	1.08

Note:

1. Decrease in Long-term loan: Mainly due to the reduction of long-term loans and the use of short-term loans to meet operational needs.
2. Increase in other liabilities: Mainly due to an increase in lease liabilities.
3. Increase in capital surplus: Mainly due to the difference between the price and book value of the acquisition of Fuji's equity.
4. Decrease in non-controlling equity: Mainly due to the impact of acquiring 40% of Fuji's equity.

2. Financial Performance Analysis（Consolidated Statements）

Unit: NTD in Thousand

Item \ Year	2022	2021	Increased (Decreased) Amount	Variation Rate%
Operating income	33,612,947	30,779,328	2,833,619	9.21
Operating costs	(19,006,576)	(16,873,072)	(2,133,504)	12.64
Operating gross	14,606,371	13,906,256	700,115	5.03
Operating expenses	(14,821,305)	(13,752,068)	(1,069,237)	7.78
Operating profit	(214,934)	154,188	(369,122)	(239.40)
Non-operating income and expenses	518,540	9,512	509,028	5,351.43
Net profit before-tax	303,606	163,700	139,906	85.46
Income tax profit (expense)	(78,665)	(64,331)	(14,334)	22.28
Net profit for this period	224,941	99,369	125,572	126.37
Other composite loss or profit for this period (net profit after-tax)	419,424	(641,879)	1,061,303	(165.34)
Total composite loss or profit for this period	644,365	(542,510)	1,186,875	(218.77)

Note (i.e., increase or decrease rate variation):
1. Decrease in operating profit: Mainly due to the increase in shipping costs, the increase in sales expenses, resulting in a decrease in operating profit.
2. Increase in non-operating income and expenses: Mainly due to the increase in foreign exchange gains.
3. Increase in net profit before-tax/for this period: Mainly due to the increase in revenue, resulting in an increase in profits.
4. Advantage in other composite loss or profit (net profit after-tax) for this period: Mainly due to the cumulative change in foreign currency translation differences on financial statements of foreign operations resulted in the difference.
5. Increase in total composite loss or profit for this period: Mainly due to the increase in revenue, resulting in an increase in profits.

3. Cash Flow Analysis

1. Consolidated report

Unit: NTD in Thousand

Cash balance at the beginning of the year (2021/12/31)	Cash flow from operating activities for the whole year (2022)	Cash flow from investment & funding for the whole year (2022)	Effect of exchange rate variability	Cash remaining (2022/12/31)
2,615,077	392,453	178,796	345,228	3,531,554

Cash flow analysis for the year:
1. The company’s cash flow from operating activities was NT$390 million, mainly due to the impact of the easing of the pandemic, which led to growth in net profit.
2. The cash flow from investment and funding amounted to NTD$ 1.78 billion, mainly due to the increase of loans, etc.

2. Future cash flow analysis for one year

Unit: NTD in Thousand

Cash remaining at the beginning of the year (1)	Estimated net cash flow from operating activities for the year (2)	Estimated cash flow for the year (3)	Estimated amount of cash remaining (deficiency) (1)+(2)-(3)	Measures for calculating estimated cash flow shortage	
				Investment program	Wealth management program
3,531,554	2,419,384	3,165,203	2,785,735	-	-

4. Impacts of Substantial Capital Expenditure within Recent Years on Company Business: None

5. Reinvestment Policy within Recent Years and Reasons of Profit/Loss Gained, Improvement Plans and Investment Project for the Next Year: Refer to Shareholder Report and Operating System Overview

6. Risk Evaluation & Analysis

1. Impact of variations of interest, exchange rate, and inflation on the company's loss or profit and future counter-measures:
   (1) The company's interest expenses are derived mostly from long-term debts used for supporting operating activities. The company has taken advantage of a long-term loan with fixed interest as financing tool for reducing interest rate risk.
   (2) Since 98% of the company's revenue is derived from exports, fluctuations in USD to NTD exchange rate had an enormous impact on the company's profit. Thus, the company adopted a natural hedge to meet import demand through foreign exchange earnings from exports. The relatively larger amount of foreign exchange earnings from exports uses forward foreign exchange and exchange (SWAP) methods to avoid exchange rate risks.
2. Measures adopted to handle profit or loss derived from high-risk, high-leverage investments, cash loans to others, endorsements and trading policy on commodity derivatives, and profit or loss:

The company adopted a discrete attitude towards managing its financial situation without engaging in high-risk, high leverage investments. As for loans, endorsements, or commodity derivatives, the company has established a comprehensive policy and internal control procedures.

3. R&D Expenses for Future Research Projects and Estimated Costs

Item	Product Development Strategy	Estimated invested amount (NTD)
1	Research & development of critical electrical control components	15 million
2	New generation human-machine interface with dashboard development	35 million
3	Integrated audio-visual multimedia & wireless functions	8 million
4	Cloud technology application development	10 million
5	Online media streaming technology development	15 million
6	AI technology development	25 million
7	New commercial machine development	50 million

	(Project 1)	

4. The impact of changes in domestic and international policies and laws on the company's financial businesses, and countermeasures:
   The company has not experienced any changes in domestic and international policies and laws that could affect operations.
5. The effect of changes in global technologies (including cybersecurity risks) and industrial
   transformation on the company's financial status and countermeasures:
   None
6. The effect of change in corporate image on the company's risk management and countermeasures: None
7. The impact of the company's acquisition activity and possible risks, and countermeasures: None
8. The effect of factory expansion and its possible profit, risk, and countermeasures: None
9. The impact of the risk of imports or exports at the concentration center, and countermeasures: N/A
10. The impact of equity change, or significant transfer made by a director, supervisor, or shareholder with more than 10%, and countermeasures: None
11. The impact of change in company franchise as well as risks and countermeasures: None
12. The impact of a lawsuit or non-litigation event on shareholder equity or securities: None
13. Other risks and countermeasures: N/A

7. Other Matters: N/A

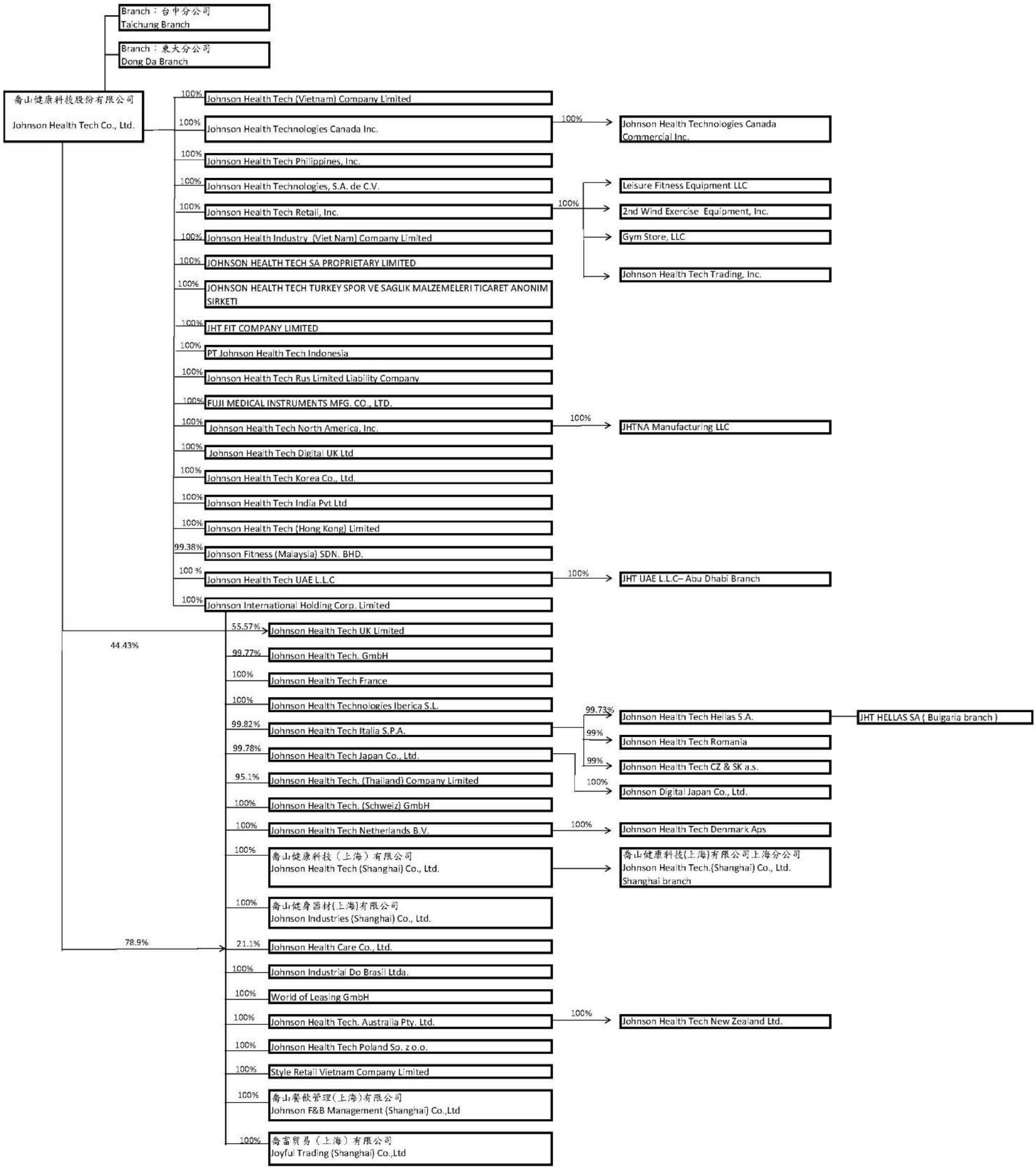
IX. Other Items Deserving Special Mention

1. Affiliated Enterprises

(i) Affiliated enterprise consolidated operation report

1. Affiliated enterprise overview

(1) Affiliated enterprise organizational chart (As of 2023/03/31)



(2) Affiliated enterprise basic information （As of 2023/03/31）

Unit: NTD (foreign currency)

Item	Name of Enterprise	Date of Founding	Currency	Paid-in capital	Address	Major Business or Product
1	Johnson International Holding Corp. Limited	2000/02/17	NTD	5,777,396,486	Tortola, British Virgin Islands	Financial investment
2	Johnson Health Tech North America, Inc.	2009/01/01	USD	66,935,833	Wisconsin, USA	US - fitness equipment import & sales
3	Johnson Health Tech UK Limited	2007/12//13	GBP	14,485,568	Staffordshire, U.K.	UK - fitness equipment import & sales
4	Johnson Health Tech. GmbH	2002/01/01	EUR	2,300,000	Frechen, Germany	Germany - fitness equipment import & sales
5	Johnson Health Technology (Shanghai) Co., Ltd.	2000/11/17	RMB	244,757,242	Shanghai, China	Manufacture and sale of fitness equipment
6	Johnson Health Technologies Iberica S.L.	2003/11/10	EUR	17,674,625	Madrid, Spain	Spain, Portugal - fitness equipment import and sales
7	Johnson Health Tech Japan Co., Ltd.	2004/03/08	JPY	675,950,000	Tokyo, Japan	Japan - fitness equipment import and sales
8	Johnson Health Tech France	2003/06/06	EUR	22,127,251	Trappes, France	France - fitness equipment import and sales
9	Johnson Health Tech (Thailand) Company Limited	2004/12/22	THB	50,000,000	Bangkok, Thailand	Thailand - fitness equipment import and sales
10	Johnson Fitness (Malaysia) Sdn. Bhd.	2005/02/23	MYR	16,152,000	Kuala Lumpur, Malaysia	Malaysia - fitness equipment import and sales
11	Johnson Health Tech Italia S.P.A.	2005/03/23	EUR	11,940,000	Ancona, Italy	Italy - fitness equipment in import and sales
12	Johnson Health Tech. (Schweiz) GmbH	2005/11/16	CHF	2,000,000	Regensdorf, Switzerland	Switzerland -fitness equipment import and sales
13	Johnson Health Tech Netherlands B.V.	2006/01/06	EUR	12,282,702	Houten Utrecht, the Netherlands	The Netherlands -fitness equipment import and sales
14	Johnson Health Tech (Hong Kong) Limited	2006/07/13	HKD	3,340,000	Hong Kong	Hong Kong - fitness equipment and sales
15	Johnson Industries (Shanghai) Co., Ltd.	2006/02/21	RMB	292,683,285	Shanghai, China	Manufacture and sale of fitness equipment
16	Johnson Health Care Co., Ltd.	2007/03/09	JPY	95,000,000	Osaka, Japan	Fitness equipment, massage chair and relevant product and research development
17	Johnson Industrial Do Brasil Ltda.	2006/09/25	BRL	63,689,218	Brazil	Manufacture and sale of fitness equipment
18	World of Leasing GmbH	2008/03/31	EUR	1,150,000	Ahrensburg, Germany	Fitness equipment rental
19	Johnson Health Tech. Australia Pty. Ltd.	2010/01/13	AUD	20,715,330	Victoria ,Australia	Australia - fitness equipment import and sales
20	Johnson Health Tech Poland SP. Z.O.O.	2013/07/22	PLN	5,691,000	Warszawa, Poland	Portland - fitness equipment import and sales

21	Johnson Health Tech (Vietnam) Company Limited	2013/09/03	VND	65,962,500,000	Ho Chi Minh City, Vietnam	Vietnam - fitness equipment import and sales
22	Style Retail Vietnam Company Limited	2014/06/18	VND	8,528,000,000	Ho Chi Minh City, Vietnam	Vietnam- fitness equipment import and sales
23	Johnson F&B Management (Shanghai) Co., Ltd.	2014/04/25	RMB	14,424,335	Shanghai, China	China - food and relevant product sales
24	Joyful Trading (Shanghai) Co., Ltd.	2014/09/10	RMB	6,308,875	Shanghai, China	China - food and relevant product import and sales
25	Johnson Health Technologies, S.A. de C.V.	2015/05/20	MXN	55,455,882	Mexico	Mexico - fitness equipment import and sales
26	Johnson Health Tech Philippines, Inc.	2015/10/20	PHP	76,522,800	Philippines	Philippines - fitness equipment import and sales
27	Johnson Health Tech Retail, Inc.	2013/08/27	USD	37,150,000	USA	Financial business investment
28	Johnson Health Technologies Canada Commercial Inc.	2015/09/10	CAD	6,000,000	Québec H1J 1M3, Canada	Canada - fitness equipment import and sales
29	Johnson Health Tech UAE L.L.C	2015/09/10	AED	4,288,750	Dhabi, UAE	Dubai - fitness equipment import and sales
30	Johnson Health Industry (Viet Nam) Company Limited	2019/03/20	VND	464,795,303,815	Bac Ninh Province, Vietnam	Manufacture and sale of fitness equipment
31	Johnson Health Tech Rus Limited Liability Company	2019/10/23	RUB	35,000,000	Moscow, Russia	Russia - fitness equipment import and sales
32	Fuji Medical Instruments Mfg. Co., Ltd.	1965/04/13	JPY	270,000,000	Japan	Massage chair manufacturing and sales
33	PT Johnson Health Tech Indonesia	2020/09/03	IDR	5,198,333,050	Indonesia	Indonesia - fitness equipment import and sales
34	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	2021/02/03	TRY	9,500,000	Turkey	Turkey district – fitness equipment import and sales
35	Johnson Health Tech SA Proprietary Ltd.	2021/01/25	USD	2,000,000	South Africa	South Africa district – fitness equipment import and sales
36	JHT FIT Company Limited	2021/07/02	THB	20,000,000	Thailand	Thailand district – media transmission and streaming service provision
37	Johnson Health Tech Digital UK Ltd	2021/11/16	USD	2,000,000	UK	UK district – media transmission and streaming service provision
38	Johnson Health Tech Korea Co., Ltd.	2022/01/03	KRW	1,180,000,000	Seoul, Korea	South Korea district – fitness equipment import and sales
39	Johnson Health Tech India Pvt Ltd	2022/05/23	INR	60,000,000	India	India district – fitness equipment import and sales

(3) Overall management businesses (As of 2023/03/31)

Item	Name of Affiliated Enterprise	Business
1	Johnson International Holding Corp. Limited	Financial investment
2	Johnson Health Tech North America, Inc.	US - fitness equipment import and sales
3	Johnson Health Tech UK Limited	UK - fitness equipment import and sales
4	Johnson Health Tech. GmbH	Germany - fitness equipment import and sales
5	Johnson Health Technology (Shanghai) Co., Ltd.	Manufacture and sale of fitness equipment
6	Johnson Health Technologies Iberica S.L.	Spain and Portugal - fitness equipment import and sales
7	Johnson Health Tech Japan Co., Ltd.	Japan -fitness equipment import and sales
8	Johnson Health Tech France	France -fitness equipment import and sales
9	Johnson Health Tech. (Thailand) Company Limited	Thailand - fitness equipment import and sales
10	Johnson Fitness (Malaysia) Sdn. Bhd.	Singapore-Malaysia -fitness equipment import and sales
11	Johnson Health Tech Italia S.P.A.	Italy - fitness equipment import and sales
12	Johnson Health Tech. (Schweiz) GmbH	Switzerland - fitness equipment import and sales
13	Johnson Health Tech Netherlands B.V.	The Netherlands - fitness equipment import and sales
14	Johnson Health Tech (Hong Kong) Limited	Hong Kong - fitness equipment import and sales
15	Johnson Industries (Shanghai) Co., Ltd.	Manufacture and sale of fitness equipment
16	Johnson Health Care Co., Ltd	Fitness equipment, massage chair and relevant research & development product
17	Johnson Industrial Do Brasil Ltda.	Fitness equipment manufacturing and sales
18	World of Leasing GmbH	Fitness equipment rental
19	Johnson Health Tech. Australia Pty. Ltd.	Australia - fitness equipment import and sales
20	Johnson Health Tech Poland SP. Z.O.O.	Portland - fitness equipment import and sales
21	Johnson Health Tech(Vietnam) Company Limited	Vietnam - fitness equipment import and sales
22	Style Retail Vietnam Company Limited	Vietnam - fitness equipment import and retail sales
23	Johnson F&B Management (Shanghai) Co., Ltd.	China – sale of relevant food products
24	Joyful Trading (Shanghai) Co., Ltd.	China – sale of relevant food products
25	Johnson Health Technologies S.A. de C.V.	Mexico - fitness equipment import and sales
26	Johnson Health Tech Philippines, Inc.	Philippines - fitness equipment import and sales
27	Johnson Health Tech Retail, Inc.	Financial investment
28	Johnson Health Technologies Canada Commercial Inc.	Canada - fitness equipment import and sales
29	Johnson Health Tech UAE L.L.C	Dubai - fitness equipment import and sales
30	Johnson Health Industry (Viet Nam) Company Limited	Fitness equipment manufacturing and sales
31	Johnson Health Tech Rus Limited Liability Company	Russia district- fitness equipment import and sales
32	Fuji Medical Instruments Mfg. Co., Ltd.	Massage chair & sales
33	PT Johnson Health Tech Indonesia	Indonesia district – fitness equipment import and sales
34	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Turkey district – fitness equipment import and sales
35	Johnson Health Tech SA Proprietary Ltd.	South Africa district – fitness equipment import and sales
36	JHT FIT Company Limited	Thailand district – media transmission and streaming service provision
37	Johnson Health Tech Digital UK Ltd	UK district – media transmission and streaming service provision

38	Johnson Health Tech Korea Co., Ltd.	South Korea district – fitness equipment import and sales
39	Johnson Health Tech India Pvt Ltd	India district – fitness equipment import and sales

(4) Same shareholder information for those presumed to have control or a subsidiary relationship: None.

(5) Directors, supervisors, and general manager of related companies.

Deadline: 2023/03/31

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
1	Johnson International Holding Corp. Limited	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
2	Johnson Health Tech North America, Inc.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Mark Zabel	-	-
3	Johnson Health Tech UK Limited	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director	Crista Lin	-	-
		Director/General manager	Matthew Pengelly	-	-
4	Johnson Health Tech. GmbH	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Ulfert Bohme	-	0.23%
5	Johnson Health Technology (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director/General Manager	Jason Lo	-	-
		Auditor	Crista Lin	-	-
6	Johnson Health Technologies Iberica S.L.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	18	0.00%
		General Manager	Ernesto Aspe	-	-
7	Johnson Health Tech Japan Co.,Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	30	0.22%
		Director	Seiji Yasunaga	-	-
		Supervisor	Crista Lin	-	-
		General Manager	Tatsuo Takahashi	-	-
8	Johnson Health Tech France	General Manager	Denis Daon	-	-
9	Johnson Health Tech. (Thailand) Company Limited	Director	Peter Lo	30,000	1.50%
		Director	Cindy Lo	10,000	0.50%
		Director	Jason Lo	30,000	1.50%
		Director/General Manager	Jesada Kiatnawanand	-	-

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
10	Johnson Fitness (Malaysia) Sdn. Bhd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	100,000	0.62%
		Director	Raja Yusof Bin Raja Abas	750,000	4.64%
		General Manager	Chi-Wei Chu	-	-
11	Johnson Health Tech Italia S.P.A.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Pino Di Eugenio	2,000	0.18%
12	Johnson Health Tech. (Schweiz) GmbH	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Oliver Mueller	-	-
13	Johnson Health Tech Netherlands B.V.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		General Manager	Marco Vonk	-	-
14	Johnson Health Tech (Hong Kong) Limited.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Mei-Fang Teng	-	-
15	Johnson Industries (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Auditor	May Lo	-	-
16	Johnson Health Care Co., Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	1	0.00%
		Director	Hsu-Ya Wu	-	-
		Director	Hsi-Kang Hsiang	-	-
		Supervisor	Crista Lin	-	-
17	Johnson Industrial Do Brasil Ltda.	General Manager	Reginaldo Recchia	-	-
18	World of Leasing GmbH	General Manager	Thorsten Kraft	-	-
19	Johnson Health Tech. Australia Pty. Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Michael Conlan	-	-
20	Johnson Health Tech Poland SP. Z.O.O	Director/General Manager	Michał Marszałek	-	-
21	Johnson Health Tech (Vietnam) Company Limited	General Manager	Nguyen Ngoc Van	-	-
22	Style Retail Vietnam Company Limited	General Manager	Nguyen Ngoc Van	-	-

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
23	Johnson F&B Management (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Auditor	Crista Lin	-	-
24	Joyful Trading (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Auditor	Crista Lin	-	-
25	Johnson Health Technologies, S.A.de C.V.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Jose Guillermo Maciel Barrios	-	-
26	Johnson Health Tech Philippines, Inc.	General Manager	Anthony A. Manungay	1	0.00%
		Director	Jason Lo	1	0.00%
		Director	Fulvio D. Dawilan	1	0.00%
		Director	Irwin C. Nidea, JR.	1	0.00%
		Director	Rodel. C. Unciano	1	0.00%
27	Johnson Health Tech Retail, Inc.	General Manager	Robert Zande	-	-
28	Johnson Health Technologies Canada Commercial Inc.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Nasser Obeid	-	-
29	Johnson Health Tech UAE L.L.C	General Manager	Hany Abdel Elah A Abu Omar	-	-
30	Johnson Health Industry (Vietnam) Company Limited	General Manager	Yitao Lian	-	-
31	Johnson Health Tech Rus Limited Liability Company	General Manager	Andrei Korotkov	-	-
32	Fuji Medical Instruments Mfg. Co., Ltd.	Director	Hsu-Ya Wu	-	-
		Director	Daisuke Watanabe	-	-
		Director/General Manger	Seiji Yasunaga	-	-
		Independent Director	Makoto Shimokawa	-	-
		Independent Director/Supervisor	Kouji Kamino	-	-
		Independent Director/Supervisor	Yumiko Terada	-	-
		Independent Director/Supervisor	Motoharu Iyomasa	-	-
33	PT Johnson Health Tech Indonesia	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Hadi Wibowo	-	-

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
34	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director	Pino Di Eugenio	1	0.01%
35	Johnson Health Tech SA Proprietary Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
36	JHT FIT Company Limited	General Manager	Jesada Kiatnawanan	-	-
37	Johnson Health Tech Digital UK Ltd	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Danny Oliver	-	-
38	Johnson Health Tech Korea Co., Ltd.	General Manager	Jae-Yong, Lee	-	-
39	Johnson Health Tech India Pvt Ltd	Director	Jason Lo	-	-
		Director	Peter Lo	1	0.00%
		Director/General Manager	Rajiv Wallia	-	-

(6) Affiliated Enterprise Operation Overview (2022)

Unit: NTD (foreign currency)

Item	Name of Enterprise	Currency	Paid in Capital	Assets	Liability	Equity	Net Sales Revenue	Operating Profit (Loss)	Net Profit for this period (Net loss)
1	Johnson International Holding Corp. Limited	NTD	5,777,396,486	9,889,171,719	31,487,765	9,857,683,954	-	(77,217)	157,173,971
2	Johnson Health Technology (Shanghai) Co., Ltd.	RMB	244,757,242	789,373,680	286,109,756	503,263,924	717,623,668	(61,019,099)	(34,285,018)
3	Johnson Health Tech North America, Inc.	USD	66,935,833	198,927,330	167,201,781	31,725,549	324,380,893	(3,156,986)	(2,632,470)
4	Johnson Health Tech. Australia Pty. Ltd.	AUD	20,715,330	29,291,341	10,569,159	18,722,182	40,702,651	926,259	1,551,397
5	Johnson Health Tech. GmbH	EUR	2,300,000	32,668,797	18,427,064	14,241,733	51,325,839	(129,765)	(416,659)
6	Johnson Health Technologies Iberica S.L.	EUR	17,674,625	30,892,549	11,062,128	19,830,421	18,365,660	8,927	462,503
7	Johnson Health Tech France	EUR	22,127,251	27,246,970	4,305,724	22,941,246	20,268,933	(1,694,660)	(892,947)
8	Johnson Health Tech Japan Co., Ltd.	JPY	675,950,000	1,900,274,974	281,144,860	1,619,130,114	1,672,231,448	(107,769,022)	(49,976,111)
9	Johnson Health Tech Poland SP.Z. O.O	PLN	5,691,000	22,073,857	9,820,104	12,253,753	15,681,713	(1,500,001)	(1,221,273)
10	Johnson Health Tech (Thailand) Co., Ltd.	THB	50,000,000	258,852,402	163,322,266	95,530,136	274,546,925	(23,514,974)	(18,381,120)
11	Johnson Health Tech Italia S.P.A.	EUR	11,940,000	36,868,895	20,156,697	16,712,198	21,512,341	692,202	1,068,259
12	Johnson Fitness (Malaysia) Sdn. Bhd.	MYR	16,152,000	17,005,081	14,772,632	2,232,449	15,962,676	(3,676,600)	(3,968,426)
13	Johnson Health Tech. (Schweiz) GmbH	CHF	2,000,000	6,340,210	5,716,157	624,053	5,911,821	(64.522)	(31,787)
14	Johnson Health Tech Netherlands B.V.	EUR	12,282,702	56,537,216	35,925,423	20,611,793	95,285,152	3,900,289	2,922,900
15	Johnson Industries (Shanghai) Co., Ltd.	RMB	292,683,285	1,211,353,445	522,631,938	688,721,507	1,404,677,284	33,763,207	36,356,273
16	Johnson Health Tech (Hong Kong) Limited	HKD	3,340,000	20,363,756	12,632,550	7,731,206	25,207,888	759,402	1,376,715
17	Johnson Health Care Co., Ltd.	JPY	95,000,000	1,111,750,268	965,548,312	146,201,956	2,169,202,124	107,492,445	68,240,219
19	World of Leasing GmbH	EUR	1,150,000	5,429,897	303,718	5,126,179	2,297,686	229,863	251,277
20	Johnson Health Tech UK Limited	GBP	14,485,568	44,742,461	36,604,229	8,138,232	37,003,163	(535,789)	(1,496,601)

Item	Name of Enterprise	Currency	Paid in Capital	Assets	Liability	Equity	Net Sales Revenue	Operating Profit (Loss)	Net Profit for this period (Net loss)
21	Johnson Health Tech (Vietnam) Company Limited.	VND	65,962,500,000	74,637,460,838	64,617,791,276	10,019,669,562	19,918,789,582	(6,864,739,630)	(3,702,405,604)
22	Style Retail Vietnam Company Limited	VND	8,528,000,000	27,410,486,399	48,402,608,702	(20,992,122,303)	12,233,594,879	(9,620,445,574)	(9,681,975,585)
23	Johnson F&B Management (Shanghai) Co., Ltd.	RMB	14,424,335	8,273,304	19,455	8,253,849	-	(6,368)	329,391
24	Joyful Trading (Shanghai) Co., Ltd.	RMB	6,308,875	1,284,294	11,813	1,272,481	-	(33,864)	12,720
25	Johnson Health Technologies, S.A. de C.V.	MXN	55,455,882	388,333,766	284,594,627	103,739,139	380,278,592	83,945,516	62,901,945
26	Johnson Health Technologies Canada Commercial Inc.	CAD	6,000,000	22,478,673	27,661,885	(5,183,212)	20,700,204	238,800	(1,662,090)
27	Johnson Health Tech. Philippines, Inc.	PHP	76,522,800	122,923,437	171,694,872	(48,771,435)	69,781,546	(20,975,393)	(21,045,266)
28	Johnson Health Tech Retail, Inc.	USD	37,150,000	166,178,703	162,128,539	4,050,164	168,024,006	(22,657,164)	(17,712,557)
29	Johnson Health Tech UAE L.L.C	AED	4,288,750	70,671,781	70,575,313	96,468	82,139,747	3,268,856	2,965,402
30	Johnson Health Industry (Vietnam) Company Limited	VND	464,795,303,815	1,461,349,196,613	1,527,136,839,114	(65,787,642,501)	748,694,775,891	(118,902,411,742)	(178,481,499,012)
31	Johnson Health Tech Rus Limited Liability Company	RUB	35,000,000	556,913,992	353,376,498	203,537,494	660,522,877	144,396,327	109,914,399
32	Fuji Medical Instruments Mfg. Co., Ltd.	JPY	270,000,000	11,308,439,189	7,995,711,698	3,312,727,491	18,408,367,502	422,870,823	(1,589,828,771)
33	PT Johnson Health Tech Indonesia	IDR	5,198,333,050	17,155,944,692	7,588,159,238	9,567,785,454	20,515,999,708	4,616,199,415	3,598,162,603
34	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	TRY	9,500,000	27,687,493	19,689,909	7,997,584	15,999,835	533,629	(324,047)
35	Johnson Health Tech SA Proprietary Ltd.	ZAR	29,072,477	39,456,011	17,984,982	21,471,029	34,807,786	(8,025,754)	(5,586,592)
36	JHT FIT Company Limited	THB	20,000,000	16,395,817	2,503,062	13,892,755	95,990	(6,297,354)	(5,185,888)
37	Johnson Health Tech Digital UK Ltd	GBP	1,707,067	1,317,364	305,788	1,011,576	369,499	(704,880)	(695,491)
38	Johnson Health Tech Korea Co., Ltd.	KRW	1,180,000,000	4,898,174,307	3,032,575,833	1,865,598,474	9,271,476,021	1,002,858,602	685,598,474

Item	Name of Enterprise	Currency	Paid in Capital	Assets	Liability	Equity	Net Sales Revenue	Operating Profit (Loss)	Net Profit for this period (Net loss)
39	Johnson Health Tech India Pvt Ltd	INR	60,000,000	239,251,133	199,631,250	39,619,883	143,717,034	(23,941,501)	(20,380,117)

(ii) Affiliated Enterprise Consolidated Financial Statements

Johnson Health Tech Co., Ltd.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of JOHNSON HEALTH TECH. CO., LTD. as of and for the year ended 31 December 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, JOHNSON HEALTH TECH. CO., LTD. and subsidiaries do not prepare a separate set of combined financial statements.

Hereby certified.

JOHNSON HEALTH TECH. CO., LTD.

Lo, Kun Chuan
Chairman

14 March 2023

2. Private Purchase of Corporate Securities in Recent Years until the Publication of the Annual Report: None

3. Any Subsidiary that Holds or Disposes the Parent Company's Stock in Recent Years until the Publication of the Annual Report: None

4. Other Matters Worth Mentioning: None

5. Major Impacts of any Incident Related to Shareholder Equity or Corporate Securities in Recent Years Leading up to the Publication of the Annual Report: None

Johnson Health Tech. Co.,Ltd.

Chairman：Lo, Kun Chuan (Peter Lo)

喬山健康科技股份有限公司
Johnson Health Tech. Co., Ltd.
428 台中市大雅區東大路二段 999 號
No.999, Sec2, DongDa Rd., Daya Dist., Taichung City 428, Taiwan, R.O.C
TEL: +886-4-25667100 FAX: +886-4-25667534
E-mail: sales@johnsonfitness.com
https://www.johnsonfitness.com.tw