JOHNSON HEALTH TECH. CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
31 DECEMBER 2020 AND 2019

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

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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 2019, 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

26 March 2021

安永聯合會計師事務所

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AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Impairment of accounts receivable

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

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

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

Inventory valuation

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

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

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

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Goodwill impairment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Others

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

Chen, Ming Hong

Huang, Yu Ting

Ernst & Young, Taiwan

26 March 2021

Notice to Readers

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

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

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

(continued)

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

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2020 and 2019

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

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

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

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

			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 2019	$3,040,166	$54,996	$1,273,663	$987,409	$4,133,966	$(1,016,542)	$ -	$(48,948)	$8,424,710	$5,891	$8,430,601
Distribution of 2018 retained earnings											
Legal reserve			38,978		(38,978)				-		-
Special reserve				29,133	(29,133)				-		-
Cash dividends					(197,351)				(197,351)		(197,351)
Net income in 2019					1,292,531				1,292,531	1,490	1,294,021
Other comprehensive loss, net of tax in 2019					(8,485)	(354,297)			(362,782)		(362,782)
Total comprehensive income	-	-	-	-	1,284,046	(354,297)	-	-	929,749	1,490	931,239
Treasury stock buyback								(47,832)	(47,832)		(47,832)
Cancellation of treasury stock	(4,000)	(72)			(17,683)			21,755	-		-
Share-based payment awards		9,975							9,975		9,975
Exercise employee stock option to purchase treasury stock		(9,975)			(6,693)			27,193	10,525		10,525
Increase in non-controlling interests									-	69	69
Balance as at 31 December 2019	$3,036,166	$54,924	$1,312,641	$1,016,542	$5,128,174	$(1,370,839)	$ -	$(47,832)	$9,129,776	$7,450	$9,137,226
Balance as at 1 January 2020	$3,036,166	$54,924	$1,312,641	$1,016,542	$5,128,174	$(1,370,839)	$ -	$(47,832)	$9,129,776	$7,450	$9,137,226
Distribution of 2019 retained earnings											
Legal reserve			129,254		(129,254)				-		-
Special reserve				354,296	(354,296)				-		-
Cash dividends					(424,164)				(424,164)		(424,164)
Additions through business combinations									-	882,459	882,459
Net income in 2020					679,293				679,293	68,061	747,354
Other comprehensive loss, net of tax in 2020					746	(16,279)	1,626		(13,907)	(21,909)	(35,816)
Total comprehensive income	-	-	-	-	680,039	(16,279)	1,626	-	665,386	46,152	711,538
Treasury stock buyback								(32,306)	(32,306)		(32,306)
Share-based payment awards		706							706		706
Exercise employee stock option to purchase treasury stock								6,266	6,266		6,266
Balance as at 31 December 2020	$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

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

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

	For the years ended December 31	
	2020	2019
Cash flows from operating activities:		
Net income before income tax	$975,332	$1,617,202
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	912,549	856,661
Amortisation	71,458	19,873
Expected credit losses	51,598	99,054
Net (gain) loss of financial assets/liabilities at fair value through profit or loss	(25,965)	1,475
Finance costs	163,228	158,022
Interest income	(180,441)	(277,977)
Share-based payment awards	706	9,975
Loss (Gain) on disposal of property, plant and equipment	7,944	(30,470)
Loss (Gain) on disposal of intangible assets	84	(133)
Changes in operating assets and liabilities:		
Decrease (Increase) in contract asset	58,379	(36,289)
Decrease in notes receivable	36,499	35,627
Decrease (Increase) in trade receivables	802,270	(59,082)
Decrease in other receivables	39,066	23,066
Increase in inventories, net	(666,891)	(1,033,778)
Increase in prepayments	(283,927)	(23,440)
Decrease in other current assets	21,788	67,595
Decrease (Increase) in other non-current assets	52,682	(128,117)
Increase in contract liabilities	355,550	21,604
(Decrease) Increase in notes payable	(126,664)	30,036
Increase (Decrease) in accounts payable	803,701	(145,112)
Increase (Decrease) in other payables	134,848	(74,575)
Increase in provision	51,898	3,259
(Decrease) Increase in other current liabilities	(188,431)	42,144
Decrease in accrued pension liabilities	(1,225)	(1,030)
Increase in other non-current liabilities	27,277	74,375
Cash generated from operations	3,093,313	1,249,965
Interest received	180,441	277,977
Interest paid	(109,195)	(150,900)
Income tax paid	(222,769)	(433,811)
Net cash generated from operating activities	2,941,790	943,231

	For the years ended December 31	
	2020	2019
Cash flows from investing activities:		
Acquisition of subsidiaries (Deduct the cash obtained)	$(1,781,626)	$ -
Disposal of investment property	570	-
Acquisition of property, plant and equipment	(781,490)	(647,502)
Disposal of property, plant and equipment	10,069	196,985
Acquisition of intangible assets	(58,438)	(62,836)
Disposal of intangible assets	5,365	775
Cash inflow from business combination	22,068	-
Net cash used in investing activities	(2,583,482)	(512,578)
Cash flows from financing activities:		
Increase in short-term loans	17,012,751	8,236,448
Decrease in short-term loans	(16,442,202)	(8,165,831)
Increase in commercial paper payable	198,716	148,580
Issued corporate bonds	-	2,000,000
Increase in long-term loans	1,268,346	232,071
Decrease in long-term loans	(783,480)	(1,659,918)
Cash dividends	(424,164)	(197,351)
Repayment of lease capital	(567,928)	(472,681)
Increase in treasury stock	(32,306)	(47,832)
Exercise of employee stock option	6,266	10,525
Increase in other non-current assets	(653,853)	-
Net cash generated (used in) from financing activities	(417,854)	84,011
Effect of changes in exchange rate on cash and cash equivalents	71,866	(486,669)
Net increase (decrease) in cash and cash equivalents	12,320	27,995
Cash and cash equivalents at beginning of period	3,280,481	3,252,486
Cash and cash equivalents at end of period	$3,292,801	$3,280,481

(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 2020 and 2019
(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 2020 and 2019 were authorized for issue in accordance with a resolution of the board of directors' meeting on 26 March 2021.

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 2020. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Group.

(a) Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The Group elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after 1 January 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the 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	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

(a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

A. A company will not have to derecognize or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after 1 January 2021 have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the 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 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023

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

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

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

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

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

The carrying amount of a 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 June 2020. 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) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

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

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

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

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

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

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

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

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

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

(f) 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.

The abovementioned standards and interpretations issued by IASB have not yet 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 2020 and 2019 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.

(3) Basis of Consolidation

<u>Preparation principle of consolidated financial statement</u>

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:

			As at	
Investor	Subsidiary	Business nature	31 Dec 2020	31 Dec 2019
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	78.95%	78.95%
The Company	Johnson Health Industry (Vietnam) Company Limited	Manufacturing and selling fitness equipment	100.00%	100.00% (Note 1)
The Company	Johnson Health Electronic (Vietnam) Company Limited	Manufacturing and selling fitness equipment	-% (Note 3)	100.00% (Note 2)
The Company	Johnson Health Tech Rus Limited Liability Company.	Selling cardiovascular and weight training equipment	100.00%	100.00% (Note 4)
The Company	Fuji Medical Instruments MFG. Co., Ltd.	Massage chair research and development manufacturing and trading	60.00% (Note 5)	-%
The Company	Johnson Health Tech. North America, Inc.	Manufacturing and selling fitness equipment	100.00% (Note 6)	-%

Investor	Subsidiary	Business nature	As at 31 Dec 2020	As at 31 Dec 2019
The Company	PT Johnson Health Tech Indonesia	Selling cardiovascular and weight training equipment	100.00% (Note 9)	-%
Johnson International Holding Corp., Ltd.	J&S Trading Co., Ltd.	Selling cardiovascular and weight training equipment	-% (Note 7)	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Technologies, S.A. de C.V.	Selling cardiovascular and weight training equipment	-%	-%
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	99.38%	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 Health Technology (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	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	Massage chair research and development manufacturing and trading	21.05%	21.05%
Johnson International Holding Corp., Ltd.	Johnson Industrial do Brasil Ltda.	Manufacturing and selling fitness equipment	99.99%	99.99%

Investor	Subsidiary	Business nature	As at 31 Dec 2020	As at 31 Dec 2019
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Leasing cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. North America, Inc.	Manufacturing and selling cardiovascular, fitness equipment and weight training equipment	-% (Note 6)	100.00%
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% (Note 8)	-%

Note:

1. On 20 March 2019, the Company set up a fully-owned subsidiary, Johnson Health Industry (Vietnam) Company Limited in Vietnam.

2. On 20 March 2019, the Company set up a fully-owned subsidiary, Johnson Health Electronic (Vietnam) Company Limited in Vietnam.

3. In order to integrate operating resources in Vietnam, Johnson Health Electronic (Vietnam) Company Limited was merged with Johnson Health Industry (Vietnam) Company Limited in the third quarter of 2020.

4. On 21 December 2019, the Company set up a fully-owned subsidiary, Johnson Health Tech Rus Limited Liability Company in Russia.

5. In order to expand business, the Company acquired 60% of shares of Fuji Medical Instruments MFG. Co., Ltd. on 13 March 2020.

6. In order to integrate operating resources in North America, the Company adjusted investment structure in the third quarter of 2020. Johnson International Holding Corp., Ltd.'s fully-owned subsidiary, Johnson Health Tech. North America, Inc., was transferred to the Company.

7. J&S Trading Co., Ltd. had completed liquidation and deregistration in the third quarter of 2020.

8. On 28 January 2020, Johnson Health Tech Italia S.P.A. set up a 99%-owned subsidiary, Johnson Health Tech CZ & SK a.s. in Czechia.

9. On 4 September 2020, the Company set up a fully-owned subsidiary, PT Johnson Health Tech Indonesia in Indonesia.

(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 on 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 a 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 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 do 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 purchase 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.

Financial assets measured at amortized cost

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

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

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

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

(a) purchased or originated credit-impaired financial assets. For those financial assets, the 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 are described as below:

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

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

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

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the 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 is 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 represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

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

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

B. Impairment of financial assets

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

The 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 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 cancelled or expires.

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

E. Offsetting of financial instruments

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

(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 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 though 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 by 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 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 of cost and net realizable value item by item.

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

Raw materials – Weighted average of actual procurements

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

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

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

(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 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) 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 excludes 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 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 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 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.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment.

<u>Group as a lessor</u>

At 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 present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the 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 is accounted for by changing the amortization period or method, as appropriate, and is treated as changes in accounting estimates.

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

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses. Accounting policies of the 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 probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the 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.

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.

(18) Revenue recognition

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

Sale of goods

The 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 of 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 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 signed-off and has the obligations to transferred the goods or provide the services, these contracts should be presented as contract liabilities.

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

(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 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, 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 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 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 as at the beginning and end of that period.

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

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

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

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

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The 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 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 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 purpose 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.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require 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 assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

(1) Estimates and assumptions

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

A. The Fair Value of Financial Instruments

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

B. Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the 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. Impairment of Goodwill

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.

D. 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.

E. Income Tax

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

F. 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.

G. 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 2020	31 December 2019
Cash on hand	$16,428	$6,110
Checking and savings accounts	3,276,373	2,630,271
Cash equivalents	-	644,100
Total	$3,292,801	$3,280,481

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

	As at	
	31 December 2020	31 December 2019
Financial assets at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward exchange contracts	$15,709	$5,216
Current	$15,709	$5,216
Non-current	-	-
Total	$15,709	$5,216

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 2020	31 December 2019
Accounts receivable	$4,956,749	$5,140,597
Installment accounts receivable	2,192,086	2,247,596
Less: unrealized gain on installment sales revenue	(130,730)	(110,021)
Leased accounts receivable	192,171	346,002
Less: unrealized gain on leased accounts receivable	(12,027)	(21,516)
Subtotal	7,198,249	7,602,658
Less: loss allowance	(202,001)	(191,657)
Total	$6,996,248	$7,411,001

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

	As at	
	31 December 2020	31 December 2019
2020.01~2020.12	$-	$1,283,978
2021.01~2021.12	1,196,330	515,564
2022.01~2022.12	471,609	266,419
2023.01~2023.12	308,899	120,730
2024.01~2024.12	144,154	60,905
2025.01~2025.12	52,388	-
2026.01~2026.12	18,706	-
Total	$2,192,086	$2,247,596

	As at			
	31 December 2020		31 December 2019	
	Current	Non-current	Current	Non-current
Leased accounts receivable	$192,171	$-	$346,002	$-
Less: Unrealized gain on leased accounts receivable	(12,027)	-	(21,516)	-
Leased accounts receivable, net	$180,144	$-	$324,486	$-

Accounts receivables were not pledged.

The total carrying amount are NTD7,198,249 thousand, NTD7,602,658 thousand as at 31 December 2020 and 2019. Please refer to Note 6(19) for more details on loss allowance of trade receivables for the years ended 31 December 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

(4) Inventories, net

	As at	
	31 December 2020	31 December 2019
Raw materials	$734,871	$586,144
Work in progress	517,686	448,712
Merchandises	6,693,263	5,510,035
Total	$7,945,820	$6,544,891

The cost of inventories recognized in expenses amounted to NTD14,120,832 thousand for the year ended 31 December 2020, including the loss from valuation of inventories in the amount of NTD25,832 thousand.

The cost of inventories recognized in expenses amounted to NTD11,769,438 thousand for the year ended 31 December 2019, including the gain from price recovery of inventories in the amount of NTD (1,477) thousand.

No inventories were pledged.

(5) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leasehold improvement	Other equipment	Construction in progress	Total
Cost:										
As at 1 January 2020	$761,025	$1,981,471	$1,245,708	$339,876	$511,520	$1,018,575	$310,704	$260,031	$323,228	$6,752,138
Additions	-	24,858	48,354	64,713	55,883	44,361	16,280	36,017	491,024	781,490
Additions through business combinations	372,128	75,525	1,789	1,271	-	11,893	-	-	1,279	463,885
Disposals	-	(8,730)	(132,567)	(37,484)	(28,259)	(13,284)	(5,967)	(7,123)	-	(233,414)
Transfers	3,171	312,831	171,807	30,995	49,053	11,647	4,613	67,809	(778,727)	(126,801)
Exchange differences	(16,096)	(9,088)	(10,470)	3,454	(11,706)	(233)	(8,559)	3,962	(6,125)	(54,861)
As at 31 December 2020	$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
Depreciation and impairment:										
As at 1 January 2020	$-	$709,298	$947,051	$201,188	$386,396	$966,178	$171,047	$109,980	$-	$3,491,138
Depreciation	-	87,316	64,406	52,948	54,261	23,330	37,392	13,519	-	333,172
Disposals	-	(1,428)	(131,630)	(28,946)	(27,598)	(13,284)	(5,767)	(6,748)	-	(215,401)
Reclassification	-	195	994	(685)	201	(16,826)	(831)	17,112	-	160
Exchange effect	-	(6,044)	(7,129)	2,293	(11,406)	375	(4,139)	1,726	-	(24,324)
As at 31 December 2020	$-	$789,337	$873,692	$226,798	$401,854	$959,773	$197,702	$135,589	$-	$3,584,745
Net carrying amount:										
As at 31 December 2020	$1,120,228	$1,587,530	$450,929	$176,027	$174,637	$113,186	$119,369	$225,107	$30,679	$3,997,692
As at 1 January 2020	$761,025	$1,272,173	$298,657	$138,688	$125,124	$52,397	$139,657	$150,051	$323,228	$3,261,000

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Tooling equipment	Leased assets	Leasehold improvement	Other equipment	Construction in progress	Total
Cost:											
As at 1 January 2019	$812,324	$2,124,365	$1,180,778	$356,658	$504,992	$1,021,587	$8,860	$301,559	$242,520	$84,909	$6,638,552
Additions	-	61,082	103,850	47,332	59,668	31,948	-	35,098	9,460	292,312	640,750
Additions through business combinations	-	-	-	5,316	1,218	-	-	218	-	-	6,752
Disposals	(47,986)	(143,382)	(19,575)	(53,166)	(27,970)	(3,584)	-	(17,280)	(6,715)	(20)	(319,678)
Transfers	1,216	9,074	20,944	(6,639)	(18,140)	3,970	(8,860)	(3,563)	24,101	(12,624)	9,479
Exchange effect	(4,529)	(69,668)	(40,289)	(9,625)	(8,248)	(35,346)	-	(5,328)	(9,335)	(41,349)	(223,717)
As at 31 December 2019	$761,025	$1,981,471	$1,245,708	$339,876	$511,520	$1,018,575	$-	$310,704	$260,031	$323,228	$6,752,138
Depreciation and impairment:											
As at 1 January 2019	$-	$706,338	$936,657	$195,629	$383,919	$948,917	$5,051	$146,730	$97,833	$-	$3,421,074
Depreciation	-	85,182	58,210	49,262	46,248	54,600	-	38,224	17,128	-	348,854
Disposals	-	(53,217)	(15,447)	(37,827)	(25,637)	(3,581)	-	(11,260)	(6,194)	-	(153,163)
Reclassification	-	(8,173)	(1,772)	(1,515)	(11,004)	40	(5,051)	(165)	5,051	-	(22,589)
Exchange effect	-	(20,832)	(30,597)	(4,361)	(7,130)	(33,798)	-	(2,482)	(3,838)	-	(103,038)
As at 31 December 2019	$-	$709,298	$947,051	$201,188	$386,396	$966,178	$-	$171,047	$109,980	$-	$3,491,138
Net carrying amount:											
As at 31 December 2019	$761,025	$1,272,173	$298,657	$138,688	$125,124	$52,397	$-	$139,657	$150,051	$323,228	$3,261,000
As at 1 January 2019	$812,324	$1,418,027	$244,121	$161,029	$121,073	$72,670	$3,809	$154,829	$144,687	$84,909	$3,217,478

(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 2020 and 2019.

(6) Intangible assets

	Trademarks	Patents	Software	Others	Goodwill	Total
Cost:						
As at 1 January 2020	$20,589	$27,768	$262,178	$125,021	$1,151,571	$1,587,127
Addition-acquired separately	-	-	42,169	16,269	-	58,438
Additions through business combinations	384,803	186,785	16,274	28,554	1,070,703	1,687,119
Disposals	(5,030)	(26,829)	(5,755)	(15,530)	-	(53,144)
Exchange differences	(823)	(91)	(1,293)	(5,265)	(45,059)	(52,531)
As at 31 December 2020	$399,539	$187,633	$313,573	$149,049	$2,177,215	$3,227,009
Amortization and impairment:						
As at 1 January 2020	$5,941	$26,999	$242,210	$77,673	$-	$352,823
Amortization	17,226	22,421	17,106	14,705	-	71,458
Disposals	-	(26,829)	(5,719)	(15,147)	-	(47,695)
Exchange differences	(331)	-	(129)	(4,164)	-	(4,624)
As at 31 December 2020	$22,836	$22,591	$253,468	$73,067	$-	$371,962
Net carrying amount:						
As at 31 December 2020	$376,703	$165,042	$60,105	$75,982	$2,177,215	$2,855,047
As at 1 January 2020	$14,648	$769	$19,968	$47,348	$1,151,571	$1,234,304

	Trademarks	Patents	Software	Others	Goodwill	Total
Cost:						
As at 1 January 2019	$10,657	$27,219	$251,712	$90,027	$1,173,665	$1,553,280
Addition-acquired separately	-	567	13,264	38,490	-	52,321
Additions through business combinations	10,515	-	-	-	-	10,515
Disposals	-	-	(831)	-	-	(831)
Exchange differences	(583)	(18)	(1,967)	(3,496)	(22,094)	(28,158)
As at 31 December 2019	$20,589	$27,768	$262,178	$125,021	$1,151,571	$1,587,127
Amortization and impairment:						
As at 1 January 2019	$5,364	$26,940	$227,328	$73,260	$-	$332,892
Amortization	731	61	12,036	7,045	-	19,873
Disposals	-	-	(189)	-	-	(189)
Exchange differences	(154)	(2)	3,035	(2,632)	-	247
As at 31 December 2019	$5,941	$26,999	$242,210	$77,673	$-	$352,823
Net carrying amount:						
As at 31 December 2019	$14,648	$769	$19,968	$47,348	$1,151,571	$1,234,304
As at 1 January 2019	$5,293	$279	$24,384	$16,767	$1,173,665	$1,220,388

Intangible asset amortization expenses are summarized as follows:

	For the years ended 31 December	
	2020	2019
Operating expenses	$71,458	$19,873

(7) Impairment testing of goodwill

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

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

	As at	
	31 December 2020	31 December 2019
Fitness equipment cash-generating unit	$1,106,512	$1,151,571
Massage chair cash-generating unit	1,070,703	-
Total	$2,177,215	$1,151,571

Fitness equipment manufacturing cash-generating unit

The recoverable amount of the fitness equipment manufacturing cash-generating unit 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 13.50%; cash flows beyond the five-year period are extrapolated using a 10% growth rate (based on the current scale) for the years ended 31 December 2020 and 2019, respectively. Based on the result of this analysis, management assessed that it is not required to recognize impairment loss for goodwill with respect to the book value in the amount of NTD1,106,512 thousand as at 31 December 2020.

Massage chair manufacturing cash-generating unit

The recoverable amount of the massage chair manufacturing cash-generating unit 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 is 13.50%; 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 2020. Based on the result of this analysis, management assessed that it is not required to recognize impairment loss for goodwill with respect to the book value in the amount of NTD1,070,703 thousand as at 31 December 2020.

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 2020	31 December 2019
Restricted deposit	$653,853	$-
Deposits	363,743	$278,442
Prepayment for equipment	35,705	43,683
Other non-current assets	170,242	151,181
Total	$1,223,543	$473,306

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

(9) Short-term loans

		As at	
	Interest Rates (%)	31 December 2020	31 December 2019
Unsecured bank loans	0.00%-2.05%	$6,011,150	$5,087,457
Syndicated bank loans	-	-	120,224
		$6,011,150	$5,207,681
Unused short-term lines of credits amount		$3,981,294	$2,198,053

(10) Bonds payable

	As at	
	31 December 2020	31 December 2019
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 2020	As at 31 December 2019
Commercial paper payable	International Bills Financial Corporation	$150,000	$150,000
	Dah Chung Bills Finance Corp.	200,000	-
Less: Discount on commercial paper payable		(279)	(83)
Net amount		$349,721	$149,917

	For the years ended 31 December 2020	For the years ended 31 December 2019
Interest rates	0.280%-0.762%	0.912%
Maturity date	2021/1/29-2021/3/16	2020/1/22

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

	As at 31 December 2020	As at 31 December 2019
Held for trading:		
Derivatives not designated as hedging		
Forward exchange contracts	$1,657	$17,129
Interest rate swap	-	-
Total	$1,657	$17,129
Current	$1,657	$17,129
Non-current	-	-
Total	$1,657	$17,129

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

(13) Other payables

	As at	
	31 December 2020	31 December 2019
Payroll	$561,444	$534,124
Warranty expense	259,137	371,703
Advertising expense	138,468	44,806
Bonus to employees & directors compensation expense	18,200	23,300
Interest expense	10,748	7,507
Other expense	1,713,408	1,411,649
Total	$2,701,405	$2,393,089

	Warranty
2020.01.01	$545,905
Warranty recognized	306,186
Amount utilized during the year	(417,362)
Exchange effect	38,200
2020.12.31	$472,929
Current－2020.12.31	$259,137
Non-current－2020.12.31	213,792
2020.12.31	$472,929
Current－2019.12.31	$371,703
Non-current－2019.12.31	174,202
2019.12.31	$545,905

(14) Long-term borrowings

Details of long-term loans as at 31 December 2020 and 31 December 2019 are as follows:

Lenders	As at 31 December 2020	Redemption
CTBC Bank secured bank loan	$583,415	Repayable JPY150,000 thousand half-yearly from 12 March 2020 to 21 February 2023. The interest is paid monthly, and pay off the remaining debt at expiration.
E.SUN Bank secured bank loan	553,000	The interest is paid monthly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.

Lenders	As at 31 December 2020	Redemption
First Commercial Bank unsecured bank loans	180,357	Repayable monthly from 6 September 2019 to 30 September 2029. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
HSBC Bank unsecured bank loans	24,790	Repayable monthly from 5 April 2018 to 5 April 2024 and interest is paid monthly.
Subtotal	1,341,562	
Less: current portion	(89,367)	
Less: syndicated bank loans expense	(15,045)	
Total	$1,237,150	

Note: Long-term borrowings interest rate is between 0.55% to 0.85%, and interest is paid monthly.

Lenders	As at 31 December 2019	Redemption
Taiwan Cooperative Bank syndicated bank loans	$675,000	Repayable semi-annually from 30 November 2016 to 30 November 2021. The first period starts on the first drawdown date until the expiration of 24 months with every 6 months accounts for one period thereafter. The interest is paid monthly.
First Commercial Bank unsecured bank loans	123,570	Repayable monthly from 6 September 2019 to 6 September 2026. The grace period starts on the first drawdown date until the expiration of 24 months thereafter. The interest is paid monthly.
Taiwan Bank unsecured bank loans	38,909	Repayable monthly from 17 November 2011 to 27 November 2022 and interest is paid monthly.
Yuan Ta Bank unsecured bank loans	32,827	Repayable monthly from 23 December 2014 to 23 June 2019 and interest is paid monthly.
Société Générale Bank unsecured bank loans	9,326	Repayable monthly from 18 October 2018 to 18 September 2023 and interest is paid monthly.
HSBC Bank mortgage loans	26,839	Repayable monthly from 5 April 2018 to 5 April 2025 and interest is paid monthly.
Subtotal	906,471	
Less: current portion	(231,459)	
Less: syndicated bank loans expense	(5,980)	
Total	$669,032	

Note: Long-term borrowings interest rate is between 0.55% to 5.51%, and interest is paid monthly.

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

A. In 30 August 2016, the Company has entered into a syndicated loan agreement with Taiwan Cooperative Bank and nine lending institutions of syndicated credits. The agreement offered the Company a credit line of NTD7.8 billion, which contains the following restrictive covenants:

   (a) The current ratio shall not be lower than 100%. (Note 1)
   (b) The liability ratio shall not be higher than 250%. (Note 2)
   (c) The interest coverage ratio shall not be lower than 3. (Note 3)

   Note 1: Current ratio= current assets/ current liabilities
   Note 2: Liability ratio = total liabilities / owners' equity
   Note 3: Interest coverage ratio = (income before income tax + interest expense + amortization expense) / interest expense

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

   When the Company fails to meet any terms of the covenants for the first time, the lending banks may deem it as non-violation without filing claims with respect to the contract. However, if the Company violates the same financial ratio requirement for a second time, it is regarded as a breach. The 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 Company shall pay the first installment of principal upon maturity of 24 months from the first drawdown date; subsequent repayments shall be made every six months to repay the principal in seven equal installments. The Company has paid off the loans in advance in 2020.

   The Company did not violate the above covenants for the years ended 31 December 2020 and 2019.

(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 the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2020 and 2019 were NTD32,443 thousand and NTD30,994 thousand respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NTD2,849 thousand to its defined benefit plan during the 12 months beginning after 31 December 2020.

The average duration of the defined benefits plan obligation as at 31 December 2020 and 2019, are 8.1 years and 8.6 years.

Pension costs recognized in profit or loss for the years ended 31 December 2020 and 2019:

	For the years ended 31 December	
	2020	2019
Current period service costs	$1,213	$1,215
Interest expense	596	679
Total	1,809	1,894

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

	As at		
	31 December 2020	31 December 2019	1 January 2019
Defined benefit obligation	$171,137	$170,682	$155,110
Plan assets at fair value	(86,446)	(84,020)	(78,024)
Other non-current liabilities - defined benefit obligation	$84,691	$86,662	$77,086

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 2019	$155,110	$(78,024)	$77,086
Current period service costs	1,215	-	1,215
Net interest expense (income)	1,396	(717)	679
Subtotal	157,721	(78,741)	79,980
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	3,007	-	3,007
Experience adjustments	10,425	-	10,425
Remeasurements of the defined benefit assets	-	(2,825)	(2,825)
Subtotal	171,153	(81,566)	89,587
Payments from the plan	(471)	471	-
Contributions by employer	-	(2,925)	(2,925)
As at 31 December 2019	$170,682	$(84,020)	$86,662
Current period service costs	1,213	-	1,213
Net interest expense (income)	1,195	(599)	596
Subtotal	173,090	(84,619)	88,471
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	5,761	-	5,761
Experience adjustments	(3,954)	-	(3,954)
Remeasurements of the defined benefit assets	-	(2,738)	(2,738)
Subtotal	174,897	(87,357)	87,540
Payments from the plan	(3,760)	3,760	-
Contributions by employer	-	(2,849)	(2,849)
As at 31 December 2020	$171,137	$(86,446)	$84,691

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

	As at	
	31 December 2020	31 December 2019
Discount rate	0.3%	0.7%
Expected rate of salary increases	2.0%	2.0%

A sensitivity analysis for significant assumption as at 31 December 2020 and 2019 is as shown below:

For the year ended 31 December 2020:

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

For the year ended 31 December 2019:

	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$7,359
Discount rate decrease by 0.5%	7,909	-
Future salary increase by 0.5%	6,955	-
Future salary decrease by 0.5%	-	6,559

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

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

After considering external environmental factors in 2020, the discount rate to be used is assumed to be only 0.3%. Therefore, it is assumed that the adjustment rate range used in the sensitivity analysis of current period has been changed from 0.5% in the previous period to 0.1%.

(16) Equity

A. Share capital

As at 1 January 2019 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 NTD3,040,166 thousand.

The board meeting approved to cancel 400,000 shares of treasury stock in the amount of NTD21,755 thousand on 7 May 2019. The issued shares after the cancellation amounted to 303,616,617 shares and the paid-in capital amounted to NTD3,036,166 thousand. As at 31 December 2020, the capital remained unchanged.

B. Capital surplus

	As at	
	31 December 2020	31 December 2019
Additional paid-in capital	$54,807	$54,807
Employee stock option	706	-
Gain on sale of assets	42	42
Other	75	75
Total	$55,630	$54,924

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

C. Legal reserve

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

D. Special reserve

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

Pursuant to FSC Letter No. Jin-Guan-Zheng-Fa-Zi 1010012865 dated 6 April 2012, and on a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company’s adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed.

The Company’s special reserve of NTD64,037 thousand at first-time adoption of IFRS with the absolute value of other equity (deduction) – net as at 1 January 2018. As at the years ended 2020 and 2019, the Company did not reverse any special reserve as a result of using, disposing of or reclassifying related assets.

During 2020 and 2019, when distributing 2019 and 2018 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 NTD354,296 thousand and NTD29,133 thousand for the years ended 2020 and 2019, 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 2020

(unit: shares)

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

For the year ended 31 December 2019

(unit: shares)

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

The board meeting held on 18 March 2016 approved to repurchase 900,000 shares. The expected period to execute the decision will take place between 21 March 2016 and 20 May 2016; the repurchase price will be between NTD45 to NTD75.

The board meeting held on 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 29 March 2019 approved to transfer 500,000 shares to employees and the same day as the benchmark date for employee shares. The transfer price of NTD21.05 was approved by the resolution of the shareholders' meeting on 28 June 2018, and the Company recognized compensation cost of NTD9,975 thousand on the grant date. The Company's employees fully exercised the employee stock options of 500,000 shares on 10 April 2019. On the day to transfer, the difference between transfer price and buyback price was offset by retained earnings in the amount of NTD6,693 thousand.

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

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 transfer price and buyback price was offset by share capital- employee stock option in the amount of NTD706 thousand.

As at 31 December 2020, the treasury shares that the Company bought back not yet transferred to employee amounted to 1,028,000 shares.

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

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

F. Distribution of retained earnings and dividend policies

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

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

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

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

Details of the 2019 earnings distribution and dividends per share as approved by the resolution of the shareholders' meeting held on 10 June 2020 are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2020	2019	2020	2019
Legal reserve	(Note 2)	$129,254		
Special reserve	(Note 2)	354,296		
Cash dividends-common stock	(Note 2)	424,164	(Note 2)	$1.40

Note 1: The Company's board of directors was authorized by the Articles of Incorporation and approved the common stock cash dividend of 2019 by special resolution on 28 April 2020.

Note 2: The resolution to distribute the Company's 2020 earnings have 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	
	2020	2019
Beginning balance	$7,450	$5,891
Profit attributable to non-controlling interests	68,061	1,490
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(22,993)	69
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	1,084	-
Additions through business combinations	882,459	-
Ending balance	$936,061	$7,450

(18) Operating revenue

	For the years ended 31 December	
	2020	2019
Revenue from contracts with customers		
Sale of goods	$27,850,956	$24,830,500
Other operating revenues	515,800	542,061
Total	$28,366,756	$25,372,561

Analysis of revenue from contracts with customers during the years ended 31 December 2020 and 2019 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2020

	Americas department	European department	Asian department	Other department	Total
Sale of goods	$13,279,880	$4,724,070	$8,727,313	$1,119,693	$27,850,956
Other operating revenues	450,770	1,129	52,568	11,333	515,800
Total	$13,730,650	$4,725,199	$8,779,881	$1,131,026	$28,366,756

For the year ended 31 December 2019

	Americas department	European department	Asian department	Other department	Total
Sale of goods	$12,297,704	$6,512,950	$4,958,250	$1,061,596	$24,830,500
Other operating revenues	471,609	736	53,701	16,015	542,061
Total	$12,769,313	$6,513,686	$5,011,951	$1,077,611	$25,372,561

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 2020	31 December 2019	1 January 2019
Sales of goods	$16,832	$75,211	$38,922

The significant changes in the Group’s balances of contract assets for the years ended 31 December 2020 and 2019 are as follows:

	For the years ended 31 December	
	2020	2019
The opening balance transferred to trade receivables	$(75,211)	$(38,922)
Increase of contract assets	16,832	75,211

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

(a) Contract liabilities – current

	As at		
	31 December 2020	31 December 2019	1 January 2019
Sales of goods	$803,407	$303,032	$281,428

During the period, contract liabilities significantly decreased as performance obligations were partially satisfied and NTD296,897 thousand included in the contract liability balance at the beginning of the period was recognized as revenue during the period.

(b) Transaction price allocated to unsatisfied performance obligations

None.

(c) Assets recognized from costs to fulfil a contract

None.

(19) Expected credit losses

	For the years ended 31 December	
	2020	2019
Operating expenses – Expected credit losses		
Trade receivables	$(51,598)	$(99,054)

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

The credit risk for the Group’s financial assets measured at amortized cost are assessed as low as at 31 December 2020. 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 2020 is as follows:

A. The gross carrying amount of contract asset is NTD16,832 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, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

Note receivables and trade receivables as at 31 December 2020

	Not yet due (note)	Overdue				
		<=60 days	60-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$4,042,156	$580,647	$56,673	$127,324	$215,215	$5,022,015
Loss rate	0-10%	0-10%	0-10%	0-10%	70-78%	
Lifetime expected credit losses	(578)	(42)	(19)	(237)	(167,170)	(168,046)
Per book	$4,041,578	$580,605	$56,654	$127,087	$48,045	$4,853,969

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

Installment accounts receivable and leased accounts receivable as at 31 December 2020

	Not yet due (note)	Overdue				
		<=60 days	60-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$2,138,362	$18,966	$6,716	$23,377	$54,079	$2,241,500
Loss rate	-%	-%	-%	10-20%	50-60%	
Lifetime expected credit losses	-	-	-	(3,816)	(30,139)	(33,955)
Per book	$2,138,362	$18,966	$6,716	$19,561	$23,940	$2,207,545

Note receivables and trade receivables as at 31 December 2019

	Not yet due (note)	Overdue				
		<=60 days	60-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$4,002,004	$805,234	$97,764	$98,122	$191,369	$5,194,493
Loss rate	-%	0-10%	0-10%	0-10%	60-70%	
Lifetime expected credit losses	-	(2,800)	(1,581)	(2,281)	(131,632)	(138,294)
Per book	$4,002,004	$802,434	$96,183	$95,841	$59,737	$5,056,199

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

Installment accounts receivable and leased accounts receivable as at 31 December 2019

	Not yet due (note)	Overdue				Total
		<=60 days	60-90 days	91-180 days	>=181 days	
Gross carrying amount	$2,363,755	$38,124	$7,464	$24,764	$27,954	$2,462,061
Loss rate	-%	40-50%	60-70%	40-50%	80-90%	
Lifetime expected credit losses	-	(15,367)	(4,672)	(10,281)	(23,043)	(53,363)
Per book	$2,363,755	$22,757	$2,792	$14,483	$4,911	$2,408,698

The movement in the provision for impairment of note receivables and trade receivables during the ended 31 December 2020 and 2019 is as follows:

	Note receivables	Trade receivables
2020.01.01	$-	$191,657
Addition for the current period	-	51,598
Write off	-	(40,629)
Exchange differences	-	(625)
2020.12.31	$-	$202,001
2019.01.01	$-	168,735
Write off	-	99,054
Reversal for the current period	-	(76,491)
Exchange differences	-	359
2019.12.31	$-	$191,657

(20) Leases

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

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 follow:

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	As at 31 December	
	2020	2019
Land	$431,665	$441,499
Buildings	1,435,601	1,553,275
Machinery and equipment	53,309	28,257
Transportation equipment	103,291	90,022
Office equipment	8,119	20,671
Total	$2,031,985	$2,133,724

During the years ended 31 December 2020 and 2019, the Group's additions to right-of-use assets amounted to NTD$530,034 thousand and NTD565,012 thousand, respectively.

(ii) Lease liabilities

	As at 31 December	
	2020	2019
Current	$431,107	$388,677
Non-Current	1,183,418	1,324,614
Total	$1,614,525	$1,713,291

Please refer to Note 6(22)(c) for the interest on lease liabilities recognized during the years ended 31 December 2020 and 31 December 2019, and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2020 and 31 December 2019.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2020	2019
Land	$10,668	$44,939
Buildings	463,235	362,259
Machinery and equipment	27,691	7,938
Transportation equipment	75,435	88,353
Office equipment	2,348	4,318
Total	$579,377	$507,807

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2020	2019
The expenses relating to short-term leases	$38,929	$109,854

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group recognized in other income to reflect changes in lease payments that arise from such rent concessions to which the Group has applied the practical expedient.

D. Cash outflow related to lessee and lease activity

During the year ended 31 December 2020 and 2019, the Group's total cash outflows for leases amounting to NTD584,388 thousand and NTD$582,535 thousand, respectively.

(21) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2020 and 2019:

Function / Nature	For the years ended 31 December					
	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$756,755	$3,990,324	$4,747,079	$936,201	$3,745,154	$4,681,355
Labor and health insurance	83,500	442,359	525,859	116,257	363,953	480,210
Pension	9,918	92,336	102,254	10,462	82,646	93,108
Other employee benefits expense	61,182	600,274	661,456	67,178	707,135	774,313
Depreciation	75,744	836,805	912,549	117,451	739,210	856,661
Amortization	-	71,458	71,458	-	19,873	19,873

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

Based on the profit of the year ended 31 December 2020, the Company estimated the amount of the employees' compensation and remuneration to directors for the year ended 31 December 2020 to be NTD11,100 thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

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

A resolution was passed at the board meeting held on 20 March 2020 to distribute NTD16,200 thousand and NTD7,200 thousand in cash as the employee compensation and remuneration to directors of 2019. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2019 amounted to NTD100 thousand and recognized in profit or loss of the subsequent year in 2020.

(22) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2020	2019
Financial assets measured at amortized cost	$180,441	$277,977

B. Other income

	For the years ended 31 December	
	2020	2019
Government subsidy income	$255,979	$-
Rental income	-	945
Others	90,230	93,722
Total	$346,209	$94,667

C. Other gains and losses

	For the years ended 31 December	
	2020	2019
Foreign exchange losses, net	$(291,679)	$(73,867)
Losses on disposal of investments	(6,797)	(2,999)
(Losses) Gains on disposal of property, plant and equipment	(7,944)	30,470
Gains on financial assets at fair value through profit or loss (Note 1)	10,493	84
Gains (Losses) on financial liabilities at fair value through profit or loss (Note 2)	15,472	(1,559)
Others	(37,724)	(42,713)
Total	$(318,179)	$(90,584)

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	
	2020	2019
Interest on loans from bank	$113,524	$115,018
Interest on lease liabilities	49,704	43,004
Total	$163,228	$158,022

(23) Components of other comprehensive income

A. For the year ended 31 December 2020

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$932	$932	$(186)	$746
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	4,214	4,214	(1,504)	2,710
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(43,342)	(43,342)	4,070	(39,272)
Total of other comprehensive income	$(38,196)	$(38,196)	$2,380	$(35,816)

B. For the year ended 31 December 2019

	Arising during the period	Reclassification Adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$(10,606)	$(10,606)	$2,121	$(8,485)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(442,871)	(442,871)	88,574	(354,297)
Total of other comprehensive income	$(453,477)	$(453,477)	$90,695	$(362,782)

(24) Income tax

The major components of income tax expense(income) for the year ended 31 December 2020 and 2019 are as follows:

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

	For the years ended 31 December	
	2020	2019
Current income tax expense:		
Current income tax charge	$234,193	$476,090
Adjustments in respect of current income tax of prior periods	(18,451)	10,367
Deferred tax expense(income):		
Deferred tax expense(income) relating to origination and reversal of temporary differences	33,788	(46,629)
Deferred tax (income)expense relating to origination and reversal of tax loss and tax credit	(5,824)	25,800
Tax income recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(6,676)	(68,811)
Deferred tax expense relating to changes in tax rate or the imposition of new taxes	-	-
Other components of deferred tax income	(9,052)	(73,636)
Total income tax expense	$227,978	$323,181

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2020	2019
Deferred income tax expense:		
Exchange differences resulting from translating the financial statements of a foreign operation	$(4,070)	$(88,574)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	1,504	-
Remeasurements of defined benefit plans	186	(2,121)
Income tax relating to components of other comprehensive income	$(2,380)	$(90,695)

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	
	2020	2019
Accounting profit before tax from continuing operations	$975,332	$1,617,202
Tax at the domestic rates applicable to profits in the country concerned	$195,066	$323,440
Tax effect of different tax rates of operating individuals at other tax region	274,325	49,322
Tax effect of revenues exempt from taxation	(131,640)	(89,719)
Tax effect of expenses not deductible for tax purposes	44,693	52,624
Tax effect of deferred tax assets/liabilities	(57,700)	42,850
5 % surtax on undistributed retained earnings	8,817	2,372
Adjustments in respect of current income tax of prior periods	(18,451)	10,367
Other adjustments according to tax law	(87,132)	(68,075)
Total income tax expense recognized in profit or loss	$227,978	$323,181

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

(a) For the year ended 31 December 2020

	Balance as at 1 January	Business combinations	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	$108,829	$6,829	$(20,899)	$-	$(4,697)	$90,062
Unrealized sales gross profit	72,215	52,837	(21,778)	-	(2,664)	100,610
Unrealized other income	6,532	3,372	937	-	(488)	10,353
Accrued expense	94,986	10,100	(1,461)	-	(5,926)	97,699
Prepaid Expenses	(29)	-	(8,345)	-	364	(8,010)
Realized financial assets measured at fair value through profit or loss	2,383	-	(5,165)	-	(1)	(2,783)
Exchange differences on translation of foreign operations	280,162	-	-	4,070	-	284,232
Unrealized Pension	7,562	-	(813)	-	-	6,749
Actuarial gain (loss) on defined benefit plans	10,374	-	-	(186)	-	10,188
Unrealized exchange gain or loss	21,278	(1,351)	(8,861)	-	69	11,135
Allowance for bad debts exceeded	381	90	5,076	-	(32)	5,515
Deferred expense	(3,265)	-	862	-	(55)	(2,458)
Depreciation	(3,730)	-	(375)	-	291	(3,814)
Unused tax losses	682,770	-	9,344	-	(40,041)	652,073
Provision-warranties	76,052	11,661	(6,639)	-	(3,467)	77,607
Land appreciation tax	(47,428)	-	-	-	-	(47,428)
Valuation gains (losses) measured at fair value through other comprehensive income	-	(374)	-	(1,504)	21	(1,857)
Other deferred income tax assets	48,793	-	12,270	-	(2,725)	58,338
Other deferred income tax liabilities	(98,829)	-	24,559	-	1,947	(72,323)
Deferred income tax expense/(income)		$83,164	$(21,288)	$2,380	$(57,404)	
Net deferred income tax assets/(liabilities)	$1,259,036					$1,265,888
Reflected in balance sheet as follows:						
Deferred tax assets	$1,471,574					$1,445,275
Deferred tax liabilities	$(212,538)					$(179,387)

(b) For the year ended 31 December 2019

	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	$60,868	$50,915	$-	$(2,954)	$108,829
Unrealized sales gross profit	121,805	(50,880)	-	1,290	72,215
Unrealized other income	-	6,738		(206)	6,532
Accrued expense	49,402	47,810	-	(2,226)	94,986
Prepaid Expenses	(7,222)	7,212	-	(19)	(29)
Realized financial assets measured at fair value through profit or loss	2,154	233	-	(4)	2,383
Exchange differences on translation of foreign operations	191,588	-	88,574	-	280,162
Unrealized Pension	7,164	415	-	(17)	7,562
Actuarial gain (loss) on defined benefit plans	8,253	-	2,121	-	10,374
Unrealized exchange gain or loss	886	20,393	-	(1)	21,278
Deductible difference caused by excess of allowance for doubtful debts	-	378	-	3	381
Bad debt loss	2,194	(2,207)	-	13	-
Deferred expense	(1,536)	(1,390)	-	(339)	(3,265)
Depreciation	(7,537)	3,736	-	71	(3,730)
Unused tax losses	661,696	37,966	-	(16,892)	682,770
Provision-warranties	70,787	6,853	-	(1,588)	76,052
Land appreciation tax	(47,428)	-	-	-	(47,428)
Other deferred income tax assets	52,065	(2,057)	-	(1,215)	48,793
Other deferred income tax liabilities	(65,034)	(36,475)	-	2,680	(98,829)
Deferred income tax expense/(income)		$89,640	$90,695	$(21,404)	
Net deferred income tax assets/(liabilities)	$1,100,105				$1,259,036
Reflected in balance sheet as follows:					
Deferred tax assets	$1,237,428				$1,471,574
Deferred tax liabilities	$(137,323)				$(212,538)

(c) The following table contains information of the unused tax:

Year	Tax losses for the period	Unused tax losses as at 31 December 2020	Unused tax losses as at 31 December 2019	Expiration Year(Note)
2007	$535,526	$-	$76,450	2027
2008	546,762	$198,993	402,270	2028
2009	222,640	207,557	207,557	2029
2012	45,514	38	12,170	2032
2013	177,126	62,676	63,572	2022~2033
2014	159,637	56,177	56,910	2023~2034
2015	203,811	83,886	90,190	2024~2035
2016	153,332	111,161	114,475	2025~2036
2017	407,723	375,251	375,251	2026~2037
2018	526,425	503,893	503,919	2027~2038
2019	521,504	12,138	521,504	2028~2039
2020	615,708	615,708	-	2029~2040
Total	$4,115,708	$2,227,478	$2,424,268	

Note: The loss deduction of Johnson Industry Brazil Ltd., 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 2020 and 2019, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD5,746,922 thousand and NTD5,658,683 thousand respectively.

(e) The assessment of income tax returns

As at 31 December 2020 the tax authorities have assessed income tax returns of the Company through 2018.

(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	
	2020	2019
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	$679,292	$1,292,531
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	302,663	303,231
Basic earnings per share (NTD)	$2.24	$4.26

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.

(26) Business combinations

Acquisition of Fuji Medical Instruments MFG. Co., Ltd.

On 13 March 2020, the Group acquired 60% of the voting shares of Fuji Medical Instruments MFG. Co., Ltd., which is a non-listed company based in Japan specializing in the sale of massage chairs. The Group has acquired Fuji Medical Instruments MFG. Co., Ltd. because it significantly enlarges the range of products that can be offered to its clients.

The Group has elected to measure the non-controlling interest in the acquiree at fair value.

The fair value ($JPY in thousand) of the identifiable assets and liabilities of Fuji Medical Instruments MFG. Co., Ltd. as at the date of acquisition were:

	Fair value recognized on the acquisition date (after adjustment)	Original disclosure amount as at 2020.03.01
Current assets	$4,510,883	$4,701,801
Non-current assets	4,375,611	2,806,618
	8,886,494	7,508,419
Current liabilities	(3,129,621)	(3,339,650)
Non-current liabilities	(164,501)	(118,803)
	(3,294,122)	(3,458,453)
	$5,592,372	$4,049,966

The goodwill of Fuji Medical Instruments MFG. Co., Ltd. amount to:

	Fair value recognized on the acquisition date (after adjustment)	Original disclosure amount as at 2020.03.01
Purchase consideration	$6,241,000	$6,241,000
Add: non-controlling interests at fair value	2,236,949	1,619,986
Less: identifiable net assets at fair value	(5,592,372)	(4,049,966)
Goodwill	$2,885,577	$3,811,020
Analysis of cash flows on acquisition:		
Transaction costs of the acquisition	$(6,241,000)	$(6,241,000)
Net cash acquired with the subsidiary	187,095	187,095
Net cash of acquisition	$(6,053,905)	$(6,053,905)

The net assets recognized in the financial statements ended 31 March 2020 were based on a provisional assessment of fair value as the Group had sought an independent valuation for the assets owned by Fuji Medical Instruments MFG. Co., Ltd. The results of this valuation had not been received as of the date the financial statements ended 31 March 2020 were approved for issue by management. The valuation of the assets and liabilities was completed in March 2021 and showed that the fair value at the date of acquisition was JPY5,592,372 thousand, an increase of JPY1,542,406 thousand compared to the provisional value.

Fuji Medical Instruments MFG. Co., Ltd. contributed NTD257,942 thousand from the date of acquisition (1 March 2020) to 31 March 2020 to the profit for the year from continuing operations of the Group. If the combination had taken place at the beginning of that year, the profit for the year from continuing operations for the Group for 2020 would have been NTD203,189 thousand.

7. Related party transactions

Significant transactions with related parties

(1) Key management personnel compensation:

	For the years ended 31 December	
	2020	2019
Short-term employee benefits	$113,742	$127,566

8. Assets pledged as security

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

	As at		
	31 December 2020	31 December 2019	Contents of secured debt
Property, plant and equipment - land	$670,557	$666,171	Syndicated loan / Secured loan
Property, plant and equipment – buildings (carrying value)	641,276	47,610	Syndicated loan / Secured loan
Other non-current assets-restricted assets	653,853	-	Secured loan
Right-of-use assets-land	263,903	-	Secured loan
Other receivable - deposit	122,888	241,750	Engineering/Credit Card of Enterprise/LC loan / Notes payable
Inventory	-	131,575	Secured loan
Trade receivables	-	10,313	Secured loan
Property, plant and equipment - vehicles equipment	-	7,628	Secured loan
Total	$2,352,477	$1,105,047	

9. Commitments and contingencies

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

The contracts of the Group as at 31 December 2020 and 2019 are as follows:

A. As at 31 December 2020:

None.

B. As at 31 December 2019:

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

(2) The Company issued guaranty notes as security for borrowings in the sum of NTD810,863 thousand as at 31 December 2020.

(3) The Company entered into financial guarantees to related parties as at 31 December 2020. 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

Financial Assets	As at 31 December 2020	As at 31 December 2019
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$15,709	$5,216
Equity instruments measured at fair value through other comprehensive income loss	12,423	-
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	3,276,373	3,274,371
Notes and trade receivables	7,061,514	7,464,897
Other receivables	364,569	403,635
Subtotal	10,702,456	11,142,903
Total	$10,730,588	$11,148,119

Financial Liabilities	As at 31 December 2020	As at 31 December 2019
Financial liabilities at amortized cost:		
Short-term borrowings	$6,011,150	$5,207,681
Commercial paper payable	349,721	149,917
Notes and accounts payable	4,771,824	3,752,291
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	1,326,517	900,491
Lease liability	1,614,525	1,713,291
Subtotal	16,073,737	13,723,671
Financial liabilities at fair value through profit or loss:		
Held for trading	1,657	17,129
Total	$16,075,394	$13,740,800

(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 activates. 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 the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity price risk).

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

Foreign currency risk

The 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 as 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 2020	$-	$5,801
For the year ended 31 December 2019	$-	$3,277

(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 2020	$-	$17,894
For the year ended 31 December 2019	$-	$20,036

(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 2020	$-	$(11,155)
For the year ended 31 December 2019	$-	$(1,413)

(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 2020	$-	$1,962
For the year ended 31 December 2019	$-	$1,121

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 2020 and 2019 to increase/decrease by NTD7,687 thousand and NTD6,258 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 condition 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 for prepayment or insurance.

As at 31 December 2020 and 2019, 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 counter parties.

(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 as at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	>= 5 years	Total
As at 31 December 2020					
Short-term borrowings	$6,336,848	$-	$-	$-	$6,336,848
Commercial paper payable	350,000	-	-	-	350,000
Notes and accounts payable	4,771,824	-	-	-	4,771,824
Bonds payable	16,600	33,200	2,016,600	-	2,066,400
Long-term loans	99,444	1,120,112	81,255	57,356	1,358,167
Lease liabilities	517,650	686,551	280,485	249,121	1,733,807
As at 31 December 2019					
Short-term borrowings	$5,403,301	$-	$-	$-	$5,403,301
Commercial paper payable	150,000	-	-	-	150,000
Notes and accounts payable	3,752,125	-	-	-	3,752,125
Bonds payable	16,600	33,200	2,029,050	-	2,078,850
Long-term loans	244,557	680,603	-	-	925,160
Lease liabilities	499,174	702,973	348,257	308,738	1,859,142

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Commercial paper Payable	Long-term loans	Lease liabilities	Total liabilities from financing activities
As at 1 January 2020	$5,207,681	$149,917	$900,491	$1,713,291	$7,971,380
Cash flows	570,549	198,716	484,866	(567,928)	686,203
Non-cash changes	226,146	1,088	773	573,557	801,564
Foreign exchange movement	6,774	-	(59,613)	(104,395)	(157,234)
As at 31 December 2020	$6,011,150	$349,721	$1,326,517	$1,614,525	$9,301,913

Reconciliation of liabilities for the year ended 31 December 2019:

	Short-term borrowings	Commercial paper Payable	Long-term loans	Lease liabilities	Total liabilities from financing activities
As at 1 January 2019	$5,165,260	$-	$2,358,866	$-	$7,524,126
Cash flows	70,617	148,580	(1,427,847)	(472,681)	(1,681,331)
Non-cash changes	-	1,337	4,680	2,312,421	2,318,438
Foreign exchange movement	(28,196)	-	(35,208)	(126,449)	(189,853)
As at 31 December 2019	$5,207,681	$149,917	$900,491	$1,713,291	$7,971,380

(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 DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

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

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the 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 fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group'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 2020 and 2019 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 2020			
Johnson Health Tech. Co., Ltd.	Forward currency contract	Sell USD 7,000	From 2021/01/25 to 2021/02/03
Johnson Health Tech. Co., Ltd.	Forward currency contract	Sell USD 4,000	From 2021/03/03 to 2021/03/10
Johnson Health Technology (Shanghai) Co., Ltd.	Forward currency contract	Sell USD 4,000	From 2021/03/22 to 2021/06/22
As at 31 December 2019			
Johnson Health Tech. Co., Ltd.	Forward currency contract	Buy USD 2,000	From 2020/01/23 to 2020/04/24
Johnson Health Tech. Co., Ltd.	Forward currency contract	Buy USD 9,000	2020/04/23
Johnson Health Tech. Co., Ltd.	Forward currency contract	Sell EUR 5,000	From 2020/02/27 to 2020/06/12
Johnson Health Tech. Co., Ltd.	Forward currency contract	Sell EUR 24,000	From 2020/01/31 to 2020/08/06

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the 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 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$15,709	$-	$15,709
Equity instruments measured at fair value through other comprehensive income loss	12,423	-	-	12,423
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$-	$1,657	$-	$1,657

As at 31 December 2019

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

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2020 and 2019, 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 2020			31 December 2019		
	Foreign Currency (thousands)	Exchange rate	NTD (thousands)	Foreign Currency (thousands)	Exchange rate	NTD (thousands)
Financial assets						
Monetary item:						
EUR	$86,524	35.0648	$3,033,952	$108,907	33.6300	$3,662,532
USD	71,463	28.5080	2,037,265	63,669	29.9800	1,908,793
CNY	235,211	4.3590	1,025,291	307,115	4.2940	1,318,750
JPY	4,327,634	0.2765	1,196,569	867,156	0.2761	239,422
Financial liabilities						
Monetary item:						
CNY	$555,102	4.3590	$2,419,700	$348,250	4.2940	$1,495,385
USD	46,027	28.5080	1,312,130	50,004	29.9800	1,499,112
EUR	22,733	35.0648	797,143	34,434	33.6300	1,158,023
JPY	3,440,459	0.2765	951,270	359,763	0.2761	99,331

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 2020 and 2019 were NTD291,679 thousand and NTD73,867 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 the 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 payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(1) Information at significant transactions

A. Financing provided: transactions disclosed as below are belong to consolidated entities and eliminated.

No	Lender	Counter- party	Financial statement account	Related Party or Not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Other receivable-related parties	Yes	$670,000	$670,000	$604,684	3%	1	$233,874	-	$-	-	-	$1,869,133	$3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Vietnam) Company Limited	Other receivable-related parties	Yes	2,000	2,000	-	-	1	1,268	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Style Retail Vietnam Company Limited	Other receivable-related parties	Yes	6	-	-	-	1	3	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Other receivable-related parties	Yes	98,000	98,000	66,266	3%	1	40,852	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Yes	218,000	200,000	124,194	3%	1	232,761	-	-	-	-	1,869,133	3,738,266

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 Philippines, Inc.	Other receivable-related parties	Yes	46,000	43,000	41,699	3%	1	24,906	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Canada Inc.	Other receivable-related parties	Yes	115,000	115,000	50,401	3%	1	196,719	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading, Inc.	Other receivable-related parties	Yes	950,000	-	-	-	1	3,186,039	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Yes	550,000	550,000	6	3%	1	1,580,901	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Hellas S.A.	Other receivable-related parties	Yes	23,000	23,000	19,354	3%	1	24,367	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson fitness (Malaysia) Sdn. Bhd.	Other receivable-related parties	Yes	5,500	-	-	-	1	44,733	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	Other receivable-related parties	Yes	12,000	-	-	-	1	217,370	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Denmark Aps	Other receivable-related parties	Yes	12,000	12,000	2,570	3%	1	21,232	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Romania SA	Other receivable-related parties	Yes	4,000	4,000	74	3%	1	7,365	-	-	-	-	1,869,133	3,738,266

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 Rus Limited Liability Company	Other receivable-related parties	Yes	1,000	1,000	118	3%	1	61,750	-	-	-	-	1,869,133	3,738,266
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Other receivable-related parties	Yes	54,630	-	-	-	2	-	For business operation	-	-	-	1,869,133	3,738,266
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Yes	30,880	23,968	17,341	3%	2	-	For business operation	-	-	-	26,917	26,917
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Yes	164,200	164,200	41,801	1.44	2	-	For business operation	-	-	-	533,846	711,795
3	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Yes	608,600	-	-	-	2	-	For business operation	-	-	-	826,394	826,394
4	J&S Trading Co., Ltd	Johnson Fitness (Malaysia) Sdn. Bhd.	Other receivable-related parties	Yes	25,000	-	-	-	1	-	For business operation	-	-	-	- (Note 3)	- (Note 3)

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 Technology (Shanghai) Co., Ltd.’s financing limit for a counterparty and total financing limit were set at 30% of its net worth indicated in the most recent financial report. 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. The remaining individuals' financing limit for a counterparty was set at 20% of its net worth stated in the most recent financial report, total financing limit was set at 40% of its net worth stated in the most recent financial report.

Note 3: J&S Trading Co., Ltd. is not required to calculate the limit due to the completion of liquidation and deregistration in the third quarter of 2020.

Note 4: According to the FSC Letter Jin-Guan-Cheng-Liu-Zi-No. 0980000271, the amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares, is not restricted.

B. Endorsement/Guarantee provided:

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company Name	Relationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. France	2	$9,345,664	$302,500	$-	$-	$-	-	$23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	2	9,345,664	617,650	314,550	73,017	-	3.37	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	2	9,345,664	762,738	303,750	9,250	-	3.25	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	9,345,664	468,800	339,080	-	-	3.63	23,364,161	Y	N	N
0	Johnson Health Technology Co., Ltd.	Johnson Health Technologies Ibérica, SL	2	9,345,664	503,320	208,620	83,876	-	2.23	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan K.K.	2	9,345,664	56,120	54,920	-	-	0.59	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	2	9,345,664	180,180	84,420	53,466	-	0.90	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Schweiz) GmbH	2	9,345,664	158,620	153,960	35,465	-	1.65	23,364,161	Y	N	N

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company Name	Relationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Canada Commercial Inc.	2	9,345,664	288,690	273,660	95,288	-	2.93	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail, Inc.	2	9,345,664	302,500	-	-	-	-	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	9,345,664	151,250	140,700	69,540	-	1.51	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Vietnam) Company Ltd.	2	9,345,664	441,450	422,100	-	-	4.52	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	9,345,664	114,240	112,560	-	-	1.20	23,364,161	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	2	9,345,664	31,416	30,954	-	-	0.33	23,364,161	Y	N	N
1	Johnson Health Tech. North America, Inc.	Macrolease Corporation	1	9,345,664	165,165	47,368	47,368	-	0.51	23,364,161	N	N	N

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company Name	Relationship (Note 1)										
1	Johnson Health Tech. North America, Inc.	United Leasing, Inc	1	9,345,664	38,470	36,870	36,870	-	0.39	23,364,161	N	N	N
1	Johnson Health Tech. North America, Inc.	Lease Servicing Center, Inc.	1	9,345,664	20,370	12,941	12,941	-	0.14	23,364,161	N	N	N
1	Johnson Health Tech. North America, Inc.	Johnson Health Tech. Retail Inc.	1	9,345,664	226,875	211,050	-	-	2.26	23,364,161	N	N	N
2	Johnson Health Tech France	PEAC Finance	1	9,345,664	15,010	10,500	10,500	-	0.11	23,364,161	N	N	N
3	Johnson Health Tech. Australia Pty., Ltd	Eclipx Commercial	1	9,345,664	1,459	227	227	-	0.00	23,364,161	N	N	N
3	Johnson Health Tech. Australia Pty., Ltd	CE Finance (TL Rentals)	1	9,345,664	435	435	435	-	0.00	23,364,161	N	N	N
4	Johnson Health Tech Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	9,345,664	13,331	9,865	9,865	-	0.11	23,364,161	N	N	N

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company Name	Relationship (Note 1)										
4	Johnson Health Tech Canada Commercial Inc.	United Leasing, Inc	1	9,345,664	4,720	4,321	4,321	-	0.05	23,364,161	N	N	N
5	JOHNSON HEALTH TECH. IBERICA. S.L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	9,345,664	84,959	83,876	83,876	-	0.90	23,364,161	N	N	N
6	Johnson Health Tech. GmbH	PEAC Finance	1	9,345,664	2,714	2,370	2,370	-	0.03	23,364,161	N	N	N
7	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	9,345,664	28,050	27,000	9,155	-	0.29	23,364,161	N	N	N
8	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	9,345,664	1,378,316	1,378,316	1,128,606	-	14.75	23,364,161	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	9,345,664	74,160	74,160	74,160	-	0.79	23,364,161	N	N	N

Note 1: Code “1” represents there are business relationship between the two companies.
Code “2” represents a subsidiary in which the parent holds directly over 50% of equity interest.
Code “3” represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

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

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

C. Securities held as at end of the period (excluding subsidiaries, associates and joint venture):

Company	Securities species	Securities	Relationship with the securities issuer	Account	As at 31 December 2020			
					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-non-current	16,500	$12,423	0.06%	$12,423

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock for the period: None

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

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

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

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

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

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

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	Investee company	Accounts Receivable USD38,511 (NTD1,097,878) Other Receivable USD - (NTD6)	0.93	$-	$-	$234,570	$-

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 GmbH	Investee company	Accounts Receivable EUR 5,185 (NTD181,817) Other Receivable EUR 21 (NTD723)	5.49	-	-	176,720	-
Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Investee company	Accounts Receivable USD 3,946 (NTD72,322) Other Receivable USD 20,288 (NTD618,546)	0.49	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	Investee company	Accounts Receivable EUR 2,493 (NTD88,298) Other Receivable EUR 613 (NTD20,599)	2.99	-	-	62,169	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Investee company	Accounts Receivable USD 7,887 (NTD215,945) Other Receivable USD 4,426 (NTD135,077)	0.94	-	-	72,351	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Investee company	Accounts Receivable USD 76,239 (NTD 2,173,423) Other Receivable USD 9 (NTD259)	1.66	-	-	795,190	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	Investee company	Accounts Receivable USD 6,272 (NTD175,824) Other Receivable USD 1,916 (NTD57,610)	1.10	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Investee company	Accounts Receivable USD 1,222 (NTD30,247) Other Receivable USD 2,312 (NTD70,498)	0.41	-	-	6,764	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Indirect investment under equity method	Accounts Receivable USD 63,205 (NTD1,801,841) EUR 15,853 (NTD555,884) JPY 683,303 (NTD188,933) CNY 2 (NTD8) Other Receivable USD 152 (NTD4,323)	1.59	-	-	1,438,046	-

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Indirect investment under equity method	Accounts Receivable USD 5,479 (NTD156,195) CNY 11 (NTD 49) Other Receivable USD 12 (NTD 54)	1.73	-	-	-	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Industry (Vietnam) Company Limited.	Indirect investment under equity method	Accounts Receivable USD 3,881 (NTD110,653)	1.97	-	-	4,247	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Indirect investment under equity method	Accounts Receivable USD 914 (NTD26,059) EUR 148 (NTD 5,185) JPY 19,509 (NTD 5,394) CNY 3,566 (NTD 15,543) Other Receivable CNY 164 (NTD 717)	1.90	-	-	33,683	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Indirect investment under equity method	Accounts Receivable USD 6,491 (NTD 185,035) Other Receivable CNY 373 (NTD 1,626)	5.23	-	-	42,998	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Vietnam) Company Limited	Indirect investment under equity method	Accounts Receivable USD 33,039 (NTD 941,885) CNY 35 (NTD 153)	2.03	-	-	-	-

I. Transaction of derivative financial instruments:

Please refer to Note 12(8).

J. Significant intercompany transactions between consolidated entities are as follows:
(amounts exceeding the lower of NTD100 million or 20% of the capital stock)

No (Note 1)	Company name	Counter party	Nature of relationship (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	$1,580,901	The same commercial terms as with a general customer	5.57%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	1,097,878	The same commercial terms as with a general customer	3.52%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	6	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	219,153	The same commercial terms as with a general customer	0.77%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	2,288	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	8	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	725,311	The same commercial terms as with a general customer	2.56%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	181,817	The same commercial terms as with a general customer	0.58%

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. GmbH	1	Other accounts receivable	723	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherland B.V.	1	Sales	570,441	The same commercial terms as with a general customer	2.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherland B.V.	1	Receivables from related parties	13,081	The same commercial terms as with a general customer	0.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherland B.V.	1	Other accounts receivable	3,317	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. France	1	Sales	184,527	The same commercial terms as with a general customer	0.65%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. France	1	Receivables from related parties	11,373	The same commercial terms as with a general customer	0.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. France	1	Other accounts receivable	151	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	407,162	The same commercial terms as with a general customer	1.44%

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. Australia Pty., Ltd.	1	Receivables from related parties	29,968	The same commercial terms as with a general customer	0.10%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltd.	1	Sales	233,874	The same commercial terms as with a general customer	0.82%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltd.	1	Receivables from related parties	72,322	The same commercial terms as with a general customer	0.23%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltd.	1	Other accounts receivable	618,546	The same commercial terms as with a general customer	1.98%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co., ltd.	1	Sales	374,908	The same commercial terms as with a general customer	1.32%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co., ltd.	1	Receivables from related parties	1,638	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Canada Inc.	1	Sales	196,719	The same commercial terms as with a general customer	0.69%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Canada Inc.	1	Receivables from related parties	175,824	The same commercial terms as with a general customer	0.56%

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. Canada Inc.	1	Other accounts receivable	57,610	The same commercial terms as with a general customer	0.18%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Iberica. S.L.	1	Sales	182,885	The same commercial terms as with a general customer	0.64%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Iberica. S.L.	1	Receivables from related parties	46,706	The same commercial terms as with a general customer	0.15%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Iberica. S.L.	1	Other accounts receivable	102	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	249,490	The same commercial terms as with a general customer	0.88%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	88,298	The same commercial terms as with a general customer	0.28%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	20,599	The same commercial terms as with a general customer	0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UAE L.L.C	1	Sales	232,761	The same commercial terms as with a general customer	0.82%

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. UAE L.L.C	1	Receivables from related parties	215,945	The same commercial terms as with a general customer	0.69%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UAE L.L.C	1	Other accounts receivable	135,077	The same commercial terms as with a general customer	0.43%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	3,186,039	The same commercial terms as with a general customer	11.23%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	2,173,423	The same commercial terms as with a general customer	6.97%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	259	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Vietnam) Company Limited	1	Purchases	1,227,800	The same commercial terms as with a general customer	4.33%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Vietnam) Company Limited	1	Payables to related parties	608,367	The same commercial terms as with a general customer	1.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Purchases	4,391,071	The same commercial terms as with a general customer	15.48%

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 Industries (Shanghai) Co., Ltd.	1	Payables to related parties	2,546,666	The same commercial terms as with a general customer	8.17%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Other payables to related parties	4,323	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	263,651	The same commercial terms as with a general customer	0.93%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Payables to related parties	52,182	The same commercial terms as with a general customer	0.17%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Other payables to related parties	717	The same commercial terms as with a general customer	0.00%
1	Johnson Health Tech. North America, Inc.	Johnson Health Tech. Co., Ltd.	2	Purchases	1,580,901	The same commercial terms as with a general customer	5.57%
1	Johnson Health Tech. North America, Inc.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	1,097,878	The same commercial terms as with a general customer	3.52%
1	Johnson Health Tech. North America, Inc.	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	6	The same commercial terms as with a general customer	0.00%

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)
2	Johnson Health Tech. UK. Ltd.	Johnson Health Tech. Co., Ltd.	2	Purchases	219,153	The same commercial terms as with a general customer	0.77%
2	Johnson Health Tech. UK. Ltd.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	2,288	The same commercial terms as with a general customer	0.01%
2	Johnson Health Tech. UK. Ltd.	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	8	The same commercial terms as with a general customer	0.00%
3	Johnson Health Tech. Gmbh	Johnson Health Tech. Co., Ltd.	2	Purchases	725,311	The same commercial terms as with a general customer	2.56%
3	Johnson Health Tech. Gmbh	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	181,817	The same commercial terms as with a general customer	0.58%
3	Johnson Health Tech. Gmbh	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	723	The same commercial terms as with a general customer	0.00%
4	Johnson Health Tech. Netherlands B.V.	Johnson Health Tech. Co., Ltd.	2	Purchases	570,441	The same commercial terms as with a general customer	2.01%
4	Johnson Health Tech. Netherlands B.V.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	13,081	The same commercial terms as with a general customer	0.04%

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)
4	Johnson Health Tech. Netherlands B.V.	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	3,317	The same commercial terms as with a general customer	0.01%
5	Johnson Health Tech. France	Johnson Health Tech. Co., Ltd.	2	Purchases	184,527	The same commercial terms as with a general customer	0.65%
5	Johnson Health Tech. France	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	11,373	The same commercial terms as with a general customer	0.04%
5	Johnson Health Tech. France	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	151	The same commercial terms as with a general customer	0.00%
6	Johnson Health Tech. Australia Pty., Ltd.	Johnson Health Tech. Co., Ltd.	2	Purchases	407,162	The same commercial terms as with a general customer	1.44%
6	Johnson Health Tech. Australia Pty., Ltd.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	29,968	The same commercial terms as with a general customer	0.10%
7	Johnson Industrial do Brasil Ltd.	Johnson Health Tech. Co., Ltd.	2	Purchases	233,874	The same commercial terms as with a general customer	0.82%
7	Johnson Industrial do Brasil Ltd.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	72,322	The same commercial terms as with a general customer	0.23%

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)
7	Johnson Industrial do Brasil Ltd.	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	618,546	The same commercial terms as with a general customer	1.98%
8	Johnson Health Tech. Japan Co., ltd.	Johnson Health Tech. Co., Ltd.	2	Purchases	374,908	The same commercial terms as with a general customer	1.32%
8	Johnson Health Tech. Japan Co., ltd.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	1,638	The same commercial terms as with a general customer	0.01%
9	Johnson Health Tech. Canada Inc.	Johnson Health Tech. Co., Ltd.	2	Purchases	196,719	The same commercial terms as with a general customer	0.69%
9	Johnson Health Tech. Canada Inc.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	175,824	The same commercial terms as with a general customer	0.56%
9	Johnson Health Tech. Canada Inc.	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	57,610	The same commercial terms as with a general customer	0.18%
10	Johnson Health Tech. Iberica. S.L.	Johnson Health Tech. Co., Ltd.	2	Purchases	182,885	The same commercial terms as with a general customer	0.64%
10	Johnson Health Tech. Iberica. S.L.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	46,706	The same commercial terms as with a general customer	0.15%

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)
10	Johnson Health Tech. Iberica. S.L.	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	102	The same commercial terms as with a general customer	0.00%
11	Johnson Health Tech. Italia SPA	Johnson Health Tech. Co., Ltd.	2	Purchases	249,490	The same commercial terms as with a general customer	0.88%
11	Johnson Health Tech. Italia SPA	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	88,298	The same commercial terms as with a general customer	0.28%
11	Johnson Health Tech. Italia SPA	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	20,599	The same commercial terms as with a general customer	0.07%
12	Johnson Health Tech. UAE L.L.C	Johnson Health Tech. Co., Ltd.	2	Purchases	232,761	The same commercial terms as with a general customer	0.82%
12	Johnson Health Tech. UAE L.L.C	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	215,945	The same commercial terms as with a general customer	0.69%
12	Johnson Health Tech. UAE L.L.C	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	135,077	The same commercial terms as with a general customer	0.43%
13	Johnson Health Tech Retail Inc.	Johnson Health Tech. Co., Ltd.	2	Purchases	3,186,039	The same commercial terms as with a general customer	11.23%

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)
13	Johnson Health Tech Retail Inc.	Johnson Health Tech. Co., Ltd.	2	Payables to related parties	2,173,423	The same commercial terms as with a general customer	6.97%
13	Johnson Health Tech Retail Inc.	Johnson Health Tech. Co., Ltd.	2	Other payables to related parties	259	The same commercial terms as with a general customer	0.00%
14	Johnson Health Industry (Vietnam) Company Limited	Johnson Health Tech. Co., Ltd.	2	Sales	1,227,800	The same commercial terms as with a general customer	4.33%
14	Johnson Health Industry (Vietnam) Company Limited	Johnson Health Tech. Co., Ltd.	2	Receivables from related parties	608,367	The same commercial terms as with a general customer	1.95%
14	Johnson Health Industry (Vietnam) Company Limited	Johnson Health Technology (Shanghai) Co., Ltd.	3	Purchases	228,460	The same commercial terms as with a general customer	0.81%
14	Johnson Health Industry (Vietnam) Company Limited	Johnson Health Technology (Shanghai) Co., Ltd.	3	Payables to related parties	225,130	The same commercial terms as with a general customer	0.72%
14	Johnson Health Industry (Vietnam) Company Limited	Johnson Industries (Shanghai) Co., Ltd.	3	Purchases	26,415	The same commercial terms as with a general customer	0.09%
14	Johnson Health Industry (Vietnam) Company Limited	Johnson Industries (Shanghai) Co., Ltd.	3	Payables to related parties	26,415	The same commercial terms as with a general customer	0.08%

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)
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Sales	263,651	The same commercial terms as with a general customer	0.93%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Receivables from related parties	52,182	The same commercial terms as with a general customer	0.17%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Other accounts receivable	717	The same commercial terms as with a general customer	0.00%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Purchases	261,095	The same commercial terms as with a general customer	0.92%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Payables to related parties	146,551	The same commercial terms as with a general customer	0.47%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Sales	1,558,441	The same commercial terms as with a general customer	5.49%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Receivables from related parties	187,430	The same commercial terms as with a general customer	0.60%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other accounts receivable	1,626	The same commercial terms as with a general customer	0.01%

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)
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Vietnam) Company Limited	3	Sales	228,460	The same commercial terms as with a general customer	0.81%
15	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Vietnam) Company Limited	3	Receivables from related parties	225,130	The same commercial terms as with a general customer	0.72%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Sales	4,391,071	The same commercial terms as with a general customer	15.48%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Receivables from related parties	2,546,666	The same commercial terms as with a general customer	8.17%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	2	Receivables from related parties	4,323	The same commercial terms as with a general customer	0.01%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Sales	261,095	The same commercial terms as with a general customer	0.92%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Receivables from related parties	146,551	The same commercial terms as with a general customer	0.47%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Purchases	1,558,441	The same commercial terms as with a general customer	5.49%

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)
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Payables to related parties	187,430	The same commercial terms as with a general customer	0.60%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	3	Other accounts receivable	1,626	The same commercial terms as with a general customer	0.01%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Industry (Vietnam) Company Limited	3	Sales	26,415	The same commercial terms as with a general customer	0.09%
16	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Industry (Vietnam) Company Limited	3	Receivables from related parties	26,415	The same commercial terms as with a general customer	0.08%

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

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

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

(2) Information on investees

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

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	$5,536,240	$7,102,174	-	100.00%	$9,859,965	$88,240	$146,790	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Vietnam) Company Limited	Unit 2302, Lim Tower9-11 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	Selling cardiovascular and weight training equipment	92,706 (USD 2,900)	63,465 (USD 1,950)	-	100.00%	26,917	(2,932)	(2,932)	
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Carretera Mexico-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%	49,896	(16,025)	(16,025)	
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%	(41,263)	(53,649)	(53,649)	
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%	177,675	(58,881)	(26,161)	
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%	934,679	195,633	195,633	Note 1
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	78.95%	9,103	(2,974)	(2,348)	

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Philippines, Inc.	Unit1401-1402, The Orient Square Building F. Ortigas Jr. Road, Ortigas Center, Pasig City, Metro Manila,1605 Philippines	Selling cardiovascular and weight training equipment	50,440 (USD 1,597)	50,440 (USD 1,597)	-	100.00%	(16,732)	(5,193)	(5,193)	
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Vietnam) 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	391,611 (USD 12,607)	-	100%	388,895	(184,000)	(184,000)	
Johnson Health Tech. Co., Ltd.	Johnson Health Electronic (Vietnam) Company Limited	LO CN-23, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, VietnamM	Manufacturing and selling cardiovascular and weight training equipment	-	110,736 (USD 3,568)	-	100%	-	(676)	(676)	
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%	19,233	8,245	8,245	
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	Research and development, manufacturing and sales of massage chair	1,814,259 (JPY 6,241,000)	-	180,000	60.00%	1,879,417	200,178	97,813	Note 2
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)	-	-	100%	1,351,454	(188,680)	(188,680)	Note 1
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)	-	-	100%	8,122	(2,460)	(2,460)	

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson International Holding Corp., Ltd.	Johnson Health Tech. 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%	240,202	(58,881)	Not applicable	
Johnson International Holding Corp., Ltd.	J&S Trading Co., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Selling cardiovascular and weight training equipment	-	179,714 (USD 6,050)	-	-	-	(124,273)	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%	889,743	(28,687)	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%	477,743	50,727	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 8 28850 - Torrejón de Ardoz (Madrid) España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	977,877 (USD 30,723)	446,175	99.99%	661,123	28,990	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Japan Co., ltd.	Yasuda Bldg. 2F, 3-3-8 Kaigan Minato-ku Tokyo 108-8435 Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	99.78%	473,181	27,804	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%	113,815	34,591	Not applicable	

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson International Holding Corp., Ltd.	Johnson Fitness (Malaysia) Sdn. Bhd.	Lot 557D, Jalan Subang 3, Subang Jaya Industrial Estate, 47610 Subang Jaya, Selangor, Malaysia.	Selling cardiovascular and weight training equipment	130,489 (USD 4,144)	130,489 (USD 4,144)	16,052,000	99.38%	33,829	15,516	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%	517,476	21,529	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%	30,393	(3,987)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Vleugelboot 14 Houten Utrecht 3991 CL Netherlands	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	520,370	65,211	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. HK Ltd.	Room 1501-1502, Golden Milan Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Selling cardiovascular and weight training equipment	13,763 (USD 429)	13,763 (USD 429)	3,340,000	100.00%	9,691	21,094	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	21.05%	2,427	(2,974)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Industrial do Brasil Ltd.	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%	108,564	(52,115)	Not applicable	

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Gänseberg 5 22926 Ahrensburg	Selling cardiovascular and weight training equipment	46,442 (USD 1,503)	46,442 (USD 1,503)	-	100.00%	154,716	7,666	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. North America, Inc.	1600 Landmark Dr. Cottage Grove WI 53527 USA	Selling cardiovascular and weight training equipment	-	3,019,549 (USD 91,472)	-	100.00%	-	(188,680)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	78 Logis Boulevard, Dandenong South VIC 3175	Selling cardiovascular and weight training equipment	573,150 (USD 18,505)	573,150 (USD 18,505)	20,715,330	100.00%	323,877	27,991	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%	95,716	2,163	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Suite 23.02B,Lim Tower,No.9-11 Ton Duc Thang Street,Ben Nghe Ward,District 1,Ho Chi Minh City, Vietnam	Selling cardiovascular and weight training equipment	12,512 (USD 395)	12,512 (USD 395)	-	100.00%	(9,481)	(3,777)	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%	(36,135)	(5,497)	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%	632,140	74,171	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 (USD7,993)	258,317 (USD7,993)	-	100.00%	316,720	32,398	Not applicable	

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Retail Inc.	The Gym Store, LLC (Busy Body)	11900 Community Road, Powa, CA 92064	Selling cardiovascular and weight training equipment	150,278 (USD4,650)	150,278 (USD4,650)	-	100.00%	92,381	61,865	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%	47,492	114,207	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%	175,943	(33,895)	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%	860	(1,645)	Not applicable	
Johnson Health Tech. Netherland B.V.	Johnson Health Tech. Denmark Aps	Hestehaven 21 M. 5260 Odense S.	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	92,075	(18,784)	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%	18,933	(23,382)	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)	-	99.00%	33,366	6,450	Not applicable	

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

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

(3) Information on investments in mainland China

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

(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 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 (USD22,500)	$(229,074)	100%	$(229,074)	$2,754,647	$-
Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	$1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	$62,955 (USD 2,000)	$ -	$ -	$62,955 (USD2,000)	436,106	100%	436,106	2,789,536	$-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	$72,566 (USD 2,350)	Indirect investments through JIH (BVI)	$72,566 (USD 2,350)	$ -	$ -	$72,566 (USD2,350)	(1,531)	100%	(1,531)	34,913	$-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	$29,905 (USD 950)	Indirect investments through JIH (BVI)	$29,905 (USD 950)	$ -	$ -	$29,905 (USD950)	(1,129)	100%	(1,129)	5,720	$-

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

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

Note 3: The figures in this table are presented in New Taiwan Dollars and the foreign currency is converted at the exchange rate on the balance sheet date.

Accumulated investment in Mainland China as at 31 December 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender’s net accounts value × 60%
NTD914,320 (USD 27,800)	NTD2,501,053 (USD 76,450)	NTD5,607,399

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.

(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 by 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 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 segment 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 2020

	America	Europe	Asia	Other	Adjustment and eliminations	Consolidated
Revenue:						
External customers	$13,730,649	$4,725,199	$8,779,881	$1,131,027	$-	$28,366,756
Inter-segment	245,048	139,781	18,569,701	21,391	(18,975,921)	-
Total revenue	$13,975,697	$4,864,980	$27,349,582	$1,152,418	$(18,975,921)	$28,366,756
Segment profit	$(129,972)	$136,139	$1,088,632	$1,967	$(121,434)	$975,332

(b) For the year ended 31 December 2019

	America	Europe	Asia	Other	Adjustment and eliminations	Consolidated
Revenue:						
External customers	$12,769,313	$6,513,686	$5,011,950	$1,077,612	$-	$25,372,561
Inter-segment	200,281	184,284	17,944,422	38,690	(18,367,677)	-
Total revenue	$12,969,594	$6,697,970	$22,956,372	$1,116,302	$(18,367,677)	$25,372,561
Segment profit	$(337,718)	$254,556	$1,584,414	$(32,174)	$148,124	$1,617,202

The related information of operating segment asset as at 31 December 2020 and 2019 are listed as follows:

Segment Assets:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2020	$9,989,400	$6,534,004	$38,627,434	$11,265,659	$(35,229,408)	$31,187,089
31 December 2019	$10,460,287	$7,263,070	$32,013,292	$12,699,856	$(35,501,194)	$26,935,311

Segment Liabilities:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2020	$7,727,180	$2,785,412	$21,343,100	$761,854	$(11,712,182)	$20,905,364
31 December 2019	$7,907,108	$3,720,526	$16,535,010	$648,768	$(11,013,327)	$17,798,085

(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 2020 and 2019, the Company's external sales are listed as follow:

Area	For the years ended 31 December 2020	2019
United States	$13,730,649	$11,304,557
Europe	4,725,199	6,804,996
China	8,779,881	916,576
Other	1,131,027	6,346,432
Total	$28,366,756	$25,372,561

Sales are classified based on the countries where the customers are located at.

(ii) Non-current asset :

Area	As at 31 December 2020	31 December 2019
America	$3,169,610	$3,478,798
Europe	1,269,474	1,328,425
Asia	7,006,190	3,611,963
Other	167,470	154,722
Total	$11,612,744	$8,573,908

(e) Information about major customers

There is no sales to single customer exceed 10% of consolidated sales of the Group for the years ended 2020 and 2019.-