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

股 票 代 號 Stock Code	1736

一一〇年度年報
2021 ANNUAL REPORT

MATRIX
VIRTUAL TRAINING CYCLE

A NEW WAY TO RIDE.
EVERY TIME.

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

刊印日期：中華民國一一一年六月八日
Printed on： June 8, 2022

I. Spokesman for the Company：

Name：May Lo

Title：Vice President

Tel：886-4-25667100

E-mail：elsalin@johnsonfitness.com

II. Acting Spokesman for the Company：

Name：Elsa Lin

Title：Manager, General Administration Office

Tel：886-4-25667100

E-mail：elsalin@johnsonfitness.com

III. Headquarter and Factory：

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

Tel：886-4-25667100

Fax：886-4-25667534

IV. Stock Transfer Agent

Taishin Securities Company Limited Stock Transfer Agency Department

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

Tel：886-2-25048125

Website：https://www.tssco.com.tw

V. Certified Public Accountant for Latest Years of Financial Statements

Name：Chen, Ming Hong & Huang, Yu Ting

Ernst & Young, Taiwan

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

Tel：886-4-22598999

Website：https://www.ey.com

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

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

I. Letter to Shareholders

1. 2021 Business Results

(1) Operations Profile

Johnson Health Tech's 2021 consolidated revenue reached NTD 30.8 bn., hitting a new record high, which increased by 8.5% from last year. The net profit after tax in 2021 amounted to NTD 100 mn., with the earnings per share of NTD 0.13.

With the outbreak of the COVID-19 pandemic in 2020, Taiwan's strict border control and national epidemic prevention efforts have minimized the impact of the epidemic during that year, which has also been recognized by the world. Although the performance of Johnson Health Tech Commercial Gym declined due to the influence of global public policies, the business strategy of placing equal emphasis on commercial + home use fermented, actively seized the household business opportunities driven by the epidemic and delivered outstanding results in the same year as home use revenue increased.

In 2021, the global pandemic was still fluctuating, and the logistics supply chain was delayed. In addition to the need for rush shipments three to five months in advance, the unreasonable freight rates had a serious impact on the operating costs of equipment suppliers. Johnson Health Tech flexibly adjusted its operation strategy in this unfavorable environment and continued to reach out to the main customers of major gyms in the commercial market. The top ten clubs in the world are all Johnson Health Tech's customers, and Johnson Health Tech has become the main supplier of eight of them. Also due to the support of the high-quality and strong customer base, Johnson Health Tech's commercial performance recovered in 2021, the revenue continues to hit new highs, and the visibility of large-scale customer orders in 2022 is clear and promising. In the household market, the extreme Stay-at-Home Economy trend of the previous year has gradually cooled down. In addition to solidly strengthening basic channels such as retail and online shopping, Johnson Health Tech has developed a new business of "content" in response to the trend of digital products. Johnson Health Tech is also actively trying various business models, with the development direction of combining commercial customers and cross-industry alliances and looking forward to opening up a new area in the household market.

(2) Financial Performance

Johnson Health Tech's 2021 consolidated revenue reached NTD 30.8 bn., which increased by 8.5% from last year's NTD 28.4 bn. The net profit after tax in 2021 amounted to NTD 100 mn., with the earnings per share of NTD 0.13.

The 2021 profit margin was 45%, decreasing by 2% from the previous year. The operating income dropped to 0.5% in 2021, while the previous year's was 3%. The 2021 net profit after-tax was 0.3%, declining by 2.3% from the immediately preceding period's 2.6%.

The Consolidated Financial Statements (Unit: NTD in thousand)

Item \ Year	2021	2020	Increase/Decrease Rate
Operating Revenue	30,779,328	28,366,756	8.50%
Operating costs	16,873,072	14,969,269	12.72%
Operating margin	13,906,256	13,397,487	3.80%
Operating expenses	13,752,068	12,467,398	10.30%
Operating Profit (Loss)	154,188	930,089	-83.42%
Non-operating income and expenses	9,512	45,243	-78.98%
Profit before tax (Loss)	163,700	975,332	-83.22%
Total income tax expense (Gains)	64,331	227,978	-71.78%
Net income of continuing operation of the period (net loss)	99,369	747,354	-86.70%
Net income (net loss) attributed to the owners of the parent	38,148	679,293	-94.38%
Net income (net loss) attributed to the non-controlling interests	61,221	68,061	-10.05%
Total comprehensive income attributable to stockholders of the parent	-531,277	665,386	-179.84%
Total comprehensive income attributable to non-controlling interests	-11,233	46,152	-124.34%
Basic earnings per share (NTD)	0.13	2.24	-94.20%

(3) Future Research and Development Strategies:

Main points for new product research and development:

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

Household products:

1) promoting Matrix retail high-end household products

2) developing e-commerce/digital contents/app software subscription products, altering the shopping & sporting patterns of the traditional fitness equipment.

2. Overview of 2022 business plan, future development and the impacts of the external competitive environment, regulatory environment, and overall business environment

(1) 2022 Business plan summary

1) Sale Division

1. Business Market:

a. Matrix: promotion of new aerobic products

b. Expansion of key international clients, or of significant national businesses

c. Building rental resources

2. Household Market:

a. Strengthening product's competitive edges, or e-commerce/content products

b. advancing digital content business, strengthening digital marketing, B2B2C new business model

c. Expanding new retail sales channel

d. M&A opportunities

3. Massage chair market:
   a. Increasing Japan's market share
   b. Increasing global market share
   c. Escalating Fuji Corporation's profitability

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

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

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

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

In the external competitive environment, the fitness equipment market is broadly divided into household and commercial products. At present, only a few large-scale international companies (Life, Technogym, Precor) have the majority of the market share in the commercial market. Although Johnson Health Tech is leading the commercial market, we still need to actively aim for the supply of high-end customers and develop the mid-end market in order to maintain customer demand and maintain a competitive advantage. Currently, numerous small and medium-sized manufacturers of household products have joined the market, resulting in a fragmented and highly competitive pattern in the household fitness equipment market. Johnson Health Tech has launched a device platform that integrates software and hardware and a new business model, aiming to change the consumption pattern of the household market as a breakthrough point and continue to maintain its dominant position in the household market.

In terms of the regulatory environment, indoor fitness equipment testing standards include EN957 of the European Union, ASTM F1250 of the United States, JIS T1214 of Japan, AS 4092, etc. Among them, the EN 957 formulated by the European Union is the most complete and rigorous, and the European Union has several standards for fitness equipment. However, the compliance standards of all these directives are similar. Therefore, the European Union has published a set of standards, called EN957 series standards, which contain three classification methods, namely machine type, functional type (eg: Class H (household)/Class S for professional or commercial use), and precision type (Class A - high accuracy with additional durability requirements, Class B - medium accuracy with additional durability requirements, Class C - minimum accuracy and no additional durability requirements performance monitor or specified braking force), and has formulated detailed product compliance methods for various types of fitness equipment. The products produced by our company are in line with the standards of the EN957 directive to guarantee the consumers' safety during use.

As for the impact of the overall business environment, the outbreak of COVID-19 has changed people's original lifestyle and has also brought irreversible changes to the global economy and industrial patterns. Fortunately, after widespread vaccination, the day of returning to a normal lifestyle is near, and exercise is still the most effective and only antidote to improving people's physical and mental health. As a part of the big health industry, after years of construction and operation, Johnson Health Tech has the best commercial customer base, the widest range of retail and household channels, and the product R&D team that understands the market best. We are sure that Johnson Health Tech can maintain a competitive advantage in an environment where people value health greatly and obtain excellent opportunities for development; perhaps the overall operating environment and risks this year are still extremely severe, the ongoing epidemic, rising raw material, labor costs, exchange rate, and interest rate hikes are all known challenges to face, and shipping costs and logistics delays are the key factors affecting the company's operating profit. The company has formulated various countermeasures to face the challenges, hoping to minimize the impact of various adverse factors.

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

Johnson Health Tech. Co., Ltd.

Chairman Peter Lo

II. Company Overview

1. Date of Founding: 7th of October 1975

2.Company History

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

FITNESS GMBH.

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

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

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

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

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

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

2009
* Capital amounted to NTD 1943.65 million.
* Ranked 251st among Taiwan's top 1000 manufacturers by CommonWealth Magazine
* Formed an alliance with Taiwan's Panasonic
* Won Taiwan's Excellence Award, Silver

* Matrix's product won International Excellence Design Award
* North America's four subsidiaries merged
Johnson Health Tech. North America, Inc.

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

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

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

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

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

2015
* Capital amounted to NTD 3,040,170,000.
* Ranked 194th among Taiwan's top 2000 manufacturers by CommonWealth Magazine
* Nominated as Taiwan's top 20 International Brand
* Won the 24th National Quality Award & the 3rd Excellence Medium-Sized Enterprise Award

* Won Taiwan's Excellence Award, 1 Golden and 3 Silver prizes
* Founding of the subsidiary in the Philippines
* Founding of the subsidiary in Dubai
* Founding of the subsidiary in Mexico
* Founding of the subsidiary in Canada
* Acquired and merged the US 2nd wind

2016
* Ranked 161st among Taiwan's 2000 manufacturers by Common Wealth Magazine
* Nominated as Taiwan's top 20 International Brand
* Won Taiwan's Excellence Award, Silver prize and Service prize
* Acquired & merged the US Leisure
* Acquired & merged the US retailer, Busy Body
* Founding of the subsidiary in Denmark

2017
* Ranked 176th among Taiwan's top 2000 manufacturers by CommonWealth Magazine
* Nominated as Taiwan's top 20 International Brand
* Massage chair product won three major design awards globally, IF
* Won Taiwan's Excellence Award, Achievement prize
* Shanghai Johnson received the nomination for Excellent Enterprise in Jiading District
* Matrix successfully entered Bolivia Club market

2018
* Ranked 162nd among Taiwan's top 2000 manufacturers by CommonWealth Magazine
* Matrix S-Force Performance Trainer received award in 2018
* Received Japan's Good Design (G-Mark) Award
* Received ISPO Award, 2018 Gold Winner
* Received Taiwan Excellence Award, Highest Honor-Gold Prize
* Won the 18th Prize in 2018 Taiwan's International Brand ranking
* Matrix Functional Training received the first prize review by Europe's professional fitness magazine, Body-LIFE
* Won Plus X Award by nomination for Best Customer Satisfaction

2019
* Ranked 141st among Taiwan's top 2000 manufacturers by CommonWealth Magazine
* Nominated Taiwan's top 20 International Brand
* Massage chair product received the world's four major selections, Good Design Award
* Product received Taiwan's Excellence Award, Silver prize
* Founding of Vietnam's manufacturing plant
* Founding of the subsidiary in Russia *

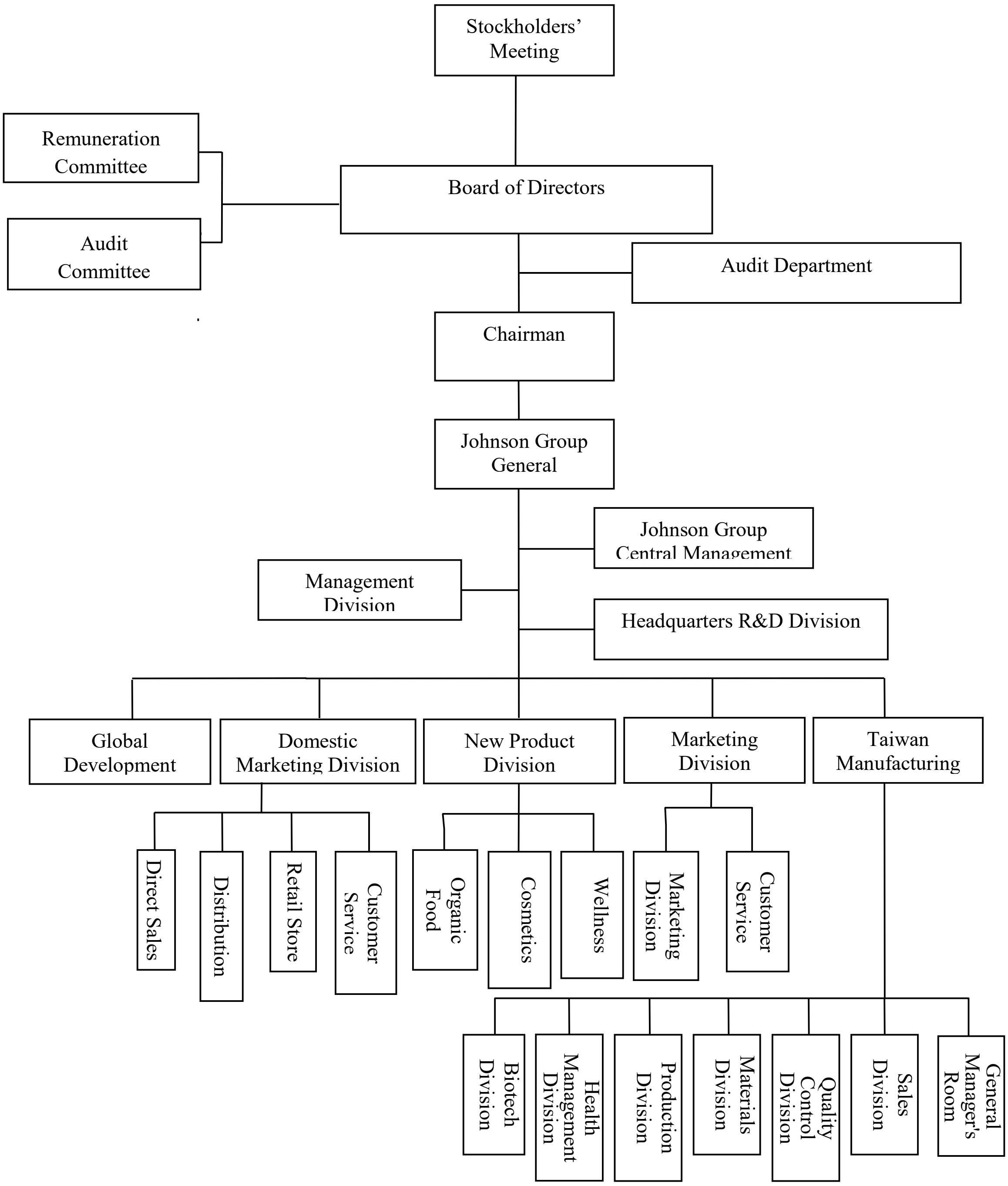
2020
* Won the 17th prize for Taiwan's International Brand
* Acquired Japan's FUJIIRYOKI
* Founding of the subsidiary in Indonesia
* Founding of the subsidiary in Czech Republic

2021
* Ranked 136th among Taiwan's top 2000 manufacturers by CommonWealth Magazine
* Product received the FIBO AWARD-INNOVATION Product Innovation Award
* Product received the highest honor of Taiwan Excellence Award - Gold Award
* Ranked 637th in the Forbes Global Best Employers Ranking
* Won the 17th prize for Taiwan's International Brand
* Founding of the subsidiary in Turkey
* Founding of the subsidiary in South Africa
* Founding of the FIT subsidiary in Thailand
* Founding of the Digital subsidiary in UK

III. Corporate Governance

1. Organizational Structure

(1) Company Organizational Structure



(2) Main Division's Businesses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Directors and Supervisors Information

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Chairman	Taiwan	Peter Lo	Male 81	2020.6.10	3 Year	1998. 11.30	61,229,933	20.17%	61,229,933	20.17%	12,776,199	4.21%	0	0%	Economics major, Fu Jen Catholic University Customs Official, Ministry of Finance	Chairmen of the following subsidiaries: UK, JHTNA, JIH, Johnson International Corp., Shanghai, Spain, Japan, Thailand, Malaysia, Italy, Netherlands, Switzerland, Hong Kong, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Deputy Chairman Director Director Director	Cindy Lo Jason Lo Teresa Lo May Lo	Spouse Father-Son Father-Daughter Father-Daughter	A majority of the Directors not serve concurrently as an employee or managerial officer
Deputy Chairman	Taiwan	Cindy Lo	Female 79	2020.6.10	3 Year	1998. 11.30	12,776,199	4.21%	12,776,199	4.21%	61,229,933	20.17%	0	0%	Economics major, Soochow University Teacher of Chu Jen Junior High School	Chairmen of the following subsidiaries: UK, JHTNA, JIH, Johnson International Corp., Shanghai, Spain, Japan, Thailand, Malaysia, Italy, Netherlands, Switzerland, Hong Kong, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Chairman Director Director Director	Peter Lo Jason Lo Teresa Lo May Lo	Spouse Mother-Son Mother-Daughter Mother-Daughter	N/A
Director	Taiwan	Jason Lo	Male 54	2020.6.10	3 Year	1998. 11.30	84,704,121	27.90%	84,704,121	27.90%	22,852,501	7.53%	885,365	0.29%	MBA of Long Island University, New York General Manager, Johnson Health Tech Co., Ltd.	Chairmen of the following subsidiaries: UK, JHTNA, JIH, Johnson International Corp., Shanghai, Spain, Japan, Thailand, Malaysia, Italy, Netherlands, Switzerland, Hong Kong, etc. Chairmen of Headquarter, Johnson Health Technology (Shanghai) Co., Ltd.	Chairman Deputy Chairman Director Director Manage-ment Division Associate	Peter Lo Cindy Lo Teresa Lo May Lo Crista Lin	Father-Son Mother-Son Brother-Sister Brother-Sister Spouse	A majority of the Directors not serve concurrently as an employee or managerial officer

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Director	Taiwan	Ya-Kang, Wang	Male 78	2020.6.10	3 Year	2005.6.24	0	0%	0	0%	0	0%	0	0%	Major in Transportation and Communication Management Science, National Cheng Kung University Master of Urban Planning, National Chung Hsing University Director of Small and Medium Enterprise Administration, Ministry of Economic Affairs Director of Bureau of Industry, Ministry of Economic Affairs Director of Department of Commerce, Ministry of Economic Affairs Secretary-General of Taiwan's National Federation of Industries Chairman of Taiwan Textile Research Institute	Review Specialist of Public Construction Mission, Executive Yuan Consultant of Taiwan Textile Research Institute Independent Director of Feng Hsin Steel Co., Ltd. Independent Director of Eclat Textile Co., Ltd. Independent Director of Wisher Industrial Co., Ltd. Wah Lee Industrial Corp. Independent Director Singtex Industrial Co., Ltd. Director	N/A	N/A	N/A	N/A
Director	Taiwan	Spencer Hsieh	Male 73	2020.6.10	3 Year	2008.6.25	39,428	0.01%	39,428	0.01%	216,353	0.07%	0	0%	Graduated from National Chia-Yi Industrial Vocational High School Director of IBT Management Corp. Founder of the Entrepreneur Club, Taichung IMBA, Ling Tung University Consultant	Director of Dongguan You'erfa Shoe Materials Co.,Ltd. Director of Udefa Enterprise Co., Ltd. Director of Udifa Enterprise Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	May Lo	Female 49	2020.6.10	3 Year	103.6.24	17,190,413	5.66%	17,190,413	5.66%	371,035	0.12%	0	0%	Economics BS, National Chengchi University MBA of Long Island University, New York Vice General Manager of Johnson Health Technology (Shanghai) Co., Ltd.	Vice General Manager of Sales at Headquarter	Chairman Deputy Chairman Director Director General Manager	Peter Lo Cindy Lo Jason Lo Teresa Lo Sean Juo	Father-Daughter Mother-Daughter Brother-Sister Sister-Sister Spouse	N/A
Director	Taiwan	Teresa Lo	Female 52	2020.6.10	3 Year	2017.6.22	14,936,094	4.92%	14,936,094	4.92%	208,292	0.07%	0	0%	South Bank University MSC Master of International Trade Director of Johnson Health Tech Co., Ltd.	Director of Darwin optical Co., Ltd.	Chairman Deputy Chairman Director Director	Peter Lo Cindy Lo Jason Lo May Lo	Father-Daughter Mother-Daughter Brother-Sister Sister-Sister	N/A

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Director	Taiwan	Jung Ren, Fu	Male 59	2020.6.10	3 Year	2017.6.22	42,960	0.01%	42,960	0.01%	0	0%	0	0%	Accounting PhD, National Chengchi University Master of Finance, National Taiwan University Accounting major, National Yunlin University of Science and Technology Director Accounting major, National Yunlin University of Science and Technology Professor Fulbright Visiting Scholar, USA	Accounting major, Chaoyang University of Technology Professor	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Chao-Tang, Yue	Male 69	2020.6.10	3 Year	2014.6.24	0	0%	0	0%	1,001,954	0.33%	0	0%	Master of Accounting, National Chengchi University Diwan & Company Partnership Accountant, Firm Director, Director (Note: Diwan & Company is now renamed to Ernst & Young Global Limited)	Director of Tien-Yeh Accounting Firm Visiting Professor of Accounting, National Chung Hsing University Visiting Professor of Accounting and Information, Asia University Independent Director & Auditing Committee and Compensation Committee Organizer of Feng Hsin Steel Co., Ltd. Independent Director & Auditing Committee Organizer of Uni-President Enterprises Corporation Director of Great Eastern Resins Industry Co., Ltd. Independent non-executive director of Stella International Holdings Limited, Hong Kong	N/A	N/A	N/A	N/A
Independent Director	Taiwan	Vincent Chen	Male 57	2020.6.10	3 Year	2005.6.24	0	0%	0	0%	0	0%	0	0%	MBA, National Sun Yat-Sen University 1st Taiwan Corporal Award (for Youth) Entrepreneur Award Excellent alumnus, National Sun Yat-Sen University Director of HSBC Private Equity (Asia) Limited Chairman & General Manager of Tong Lung Metal Industry, Co., Ltd.	Supervisor & General Manager of Silex Private Equity LTD	N/A	N/A	N/A	N/A

Title (1)	Nationality or Place of Registration	Name	Gender Age	Inauguration Date (2)	Duration	Date of Inauguration (2)	Holding of Shares in Office		Holding of Shares at Present Time		Holding of Shares under Spouse or minor children		Holding of Shares in other's name		Major Experiences/Education	Position Held Currently or in other company	Directors, Directors, or Supervisors who are spouse or second-degree relative			Note (3)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relationship	
Independent Director	Taiwan	Yih-Horng, Lin	Male 64	2020.6.10	3 Year	2008.6.25	174,000	0.06%	174,000	0.06%	14,000	0%	0	0%	Physical Therapy, National Taiwan University Postgraduate Medicine, Kaohsiung Medical University Health Services Administration, China Medical University Industrial Engineering and Enterprise Information, Tunghai University Associate Dean of Cheng Ching Hospital Director of Division of Cardiovascular Surgery, Cheng Ching Hospital Attending physician of Department of Surgery, National Taiwan University Hospital Member of Foundation Institutional Review Board, Cheng Ching Hospital Member of Evaluation of medical products, Joint Commission of Taiwan Member of Joint Commission of Taiwan Master of Healthcare Administration, Asia University Assistant Professor	Dean of Yihong Clinic Assistant Professor of Industrial Engineering, Tunghai University	N/A	N/A	N/A	N/A

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

Note 2: Year/Month/Date

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

Director Information

Conditions Name	Professional qualifications & Experience	Independent situation	If serving as Independent Director of other public offering companies (Number of company)
Chairman Peter Lo	With more than five years of work experience, is the founder and chairman of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Deputy Chairman Cindy Lo	With more than five years of work experience, currently the deputy chairman of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director/ General Manager Jason Lo	With more than five years of work experience, currently the general manager of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director/ Deputy General Manager May Lo	With more than five years of work experience, currently the deputy general manager of Johnson Health Tech Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director Teresa Lo	With more than five years of work experience, currently the director of Darwin optical Co., Ltd.	Not applicable to any item speculated in the Company Act, Article 30 Not elected in the capacity of a government officer, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	N/A
Director Ya-Kang, Wang	With more than five years of work experience, served as the Director General of the Industrial Development Bureau, Director General of the Department of Commerce, etc. Currently the consultant of Taiwan Textile Research Institute. Independent Director of Feng Hsin Steel Co., Ltd. Independent Director of Wah Lee Industrial Corp. Independent Director of Wisher Industrial Co., Ltd. Independent Director of Eclat Textile Co., Ltd.	1. Not an employee of the company or any of its affiliates. 2. Not a director or supervisor of the company or any its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 4. Not a (1) Manager or (2) (3) spouse, second-degree relative, or third-degree lineal relative by blood 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the	4
Director Spencer Hsieh	With more than five years of work experience, served as the director of IBT Management Corp and the founder of the		N/A

<table>
<tr><td></td><td>Taichung Entrepreneur Club, etc.
Currently the Director of Dongguan You'erfa Shoe Materials Co., Ltd.</td><td rowspan="2">company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. Not a director, supervisor or employee of other companies whose majority of shares with voting rights are controlled by the same person.
7. Not a director, supervisor or employee of other companies or institutions that is the same person or spouse as the chairman, general manager or equivalent of the company.
8. Not holding a spousal or second-degree relative relationship with any other directors.
9. Not applicable to any item speculated in the Company Act, Article 30.</td><td></td></tr>
<tr><td>Director
Jung Ren,
Fu</td><td>With more than five years of work experience, served as planning specialist at the Energy Commission (Now the Bureau of Energy), associate professor of business administration at the National Yunlin University of Science and Technology, etc.
Currently professor at Chaoyang
University of Technology</td><td>N/A</td></tr>
<tr><td>Independent Director Yih-Horn
g, Lin</td><td>With more than five years of work experience, served as the associate dean of Cheng Ching Hospital, the director of division of Cardiovascular Surgery at Cheng Ching Hospital, attending physician of Department of Surgery at the National Taiwan University Hospital, etc.
Currently the dean of Yihong Clinic</td><td rowspan="3">1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any its affiliates.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a (1) Manager or (2) (3) spouse, second-degree relative, or third-degree lineal relative by blood
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. Not a director, supervisor or employee of other companies whose majority of shares with voting rights are controlled by the same person.
7. Not a director, supervisor or employee of other companies or institutions that is the same person or spouse as the chairman, general manager or equivalent of the company.
8. Not a professional individual, nor an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,</td><td>N/A</td></tr>
<tr><td>Independent
Director
Chao-Tan
g, Yue</td><td>With more than five years of work experience, served as visiting professor of accounting at the National Chung Hsing University and of accounting and information at Asia University, independent non-executive director of Stella International Holdings Limited, Hong Kong, etc.
Currently the director of Tien-Yeh Accounting Firm, director of Great Eastern Resins Industry Co., Ltd., independent director of Feng Hsin Steel Co., Ltd., independent director of Uni-President Enterprises Corporation</td><td>2</td></tr>
<tr><td>Independent
Director
Vincent
Chen</td><td>With more than five years of work experience, 1st Taiwan Corporal Award (for Youth) Entrepreneur Award, Excellent alumnus of the National Sun Yat-Sen University, the director of HSBC Private Equity (Asia) Limited and chairman & general manager of
Tong Lung Metal Industry, Co., Ltd.
Currently the supervisor &</td><td>N/A</td></tr>
</table>

	general manager of Silex Private Equity LTD	company, or institution that, providing auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company. 9. Not applicable to any item speculated in the Company Act, Article 30.	

2. Diversity and independence of the board of directors:

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

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

(2) General Manager, Deputy General Manager, Associates Information of Supervisors from Every Branch and Sub-branch 2022/04/29

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are spouse or second-degree relative			Note (2)
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Occupation	Name	Relationship	
Chief Executive Officer	Taiwan	Jason Lo	Male	1999.03.10	84,704,121	27.90%	22,852,501	7.53%	885,365	0.29%	MBA of Long Island University, New York	Chairmen of the following subsidiaries: UK, JHTNA, JIH, Johnson International Corp., Shanghai, Spain, Japan, Thailand, Malaysia, Italy, Netherlands, Switzerland, Hong Kong, etc.	Management Division Associate	Crista Lin	Spouse	A majority of the directors not serve concurrently as an employee or managerial officer
Taiwan factory General Manager	Taiwan	Sean Juo	Male	2010.01.01	281,538	0.09%	17,279,910	5.69%	0	0%	Master Mechanical Engineering, National Taiwan University	N/A	Deputy General Manager	May Lo	Spouse	N/A
Marketing Division Vice President	Taiwan	Jean Hung	Female	2002.02.18	154,525	0.05%	0	0%	0	0%	Accounting major, National Chung Hsing University	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	Max Yen	Male	2003.02.01	27,987	0.01%	0	0%	0	0%	Master of of Industrial Engineering, Tunghai University Manager of Victor Taichung, General Management Division Falcon Machine Tools, General Management Division	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	May Lo	Female	2010.01.01	17,190,413	5.66%	371,035	0.12%	0	0%	BS Economics, National Chengchi University; MBA Long Island University, NY	N/A	General Manager	Sean Juo	Spouse	N/A

2022/04/29

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are a spouse or second-degree relative			Note 2
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Occupation	Name	Relationship	
R&D Division Vice President	Taiwan	Pendy Liao	Male	2006.01.01	98,701	0.03%	404	0%	0	0%	Master of Materials Engineering, Feng Chia University	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	William Chu	Male	2010.01.01	27,569	0.01%	0	0%	0	0 %	Master of International Business, National Taiwan University Deputy Operating Officer of K.H.S. Musical Instrument Co.,Ltd. Chief Financial Officer of Show Chwan Hospital	N/A	N/A	N/A	N/A	N/A
Central Management Vice President	Taiwan	Vic Chen	Male	2012.04.02	0	0%	0	0%	0	0%	Master Information Science, Colorado State University General Manager of Panasign Co.,Ltd/Deputy Director of Retail Division, Fujitsu Taiwan/Deputy General Manager of Expert & Honesty Information Limited	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	William Poon	Male	2007.01.01	13,055	0%	0	0c	0	0%	MBA, University of Southern Queensland Associate Manager of Sales Division, New Bright International Group Limited	N/A	N/A	N/A	N/A	N/A
Sales Division Vice President	Taiwan	Philip Lai	Male	2015.02.09	2,084	0%	40	0%	0	0%	Mechanical Engineering, National Cheng Kung University General Manager of Rexon Industrial Corp. Ltd.	N/A	N/A	N/A	N/A	N/A
Management Division senior manager	Taiwan	Crista Lin	Female	2004.02.01	13,448,859	4.43%	94,107,763	31.00%	885,365	0.29%	MBA of Long Island University, New York Auditor of Deloitte Accounting Office	Supervisor of JHT Japan	General Manager	Jason Lo	Spouse	N/A

2022/04/29

Title	Nationality	Name	Gender	Elected Date Note 1	Shareholding		Spouse/minor children Children's Shareholding		Holding of Shares in other's name		Main Job/Education Experience	Affiliated in other company Occupation	Manager who are a spouse or second-degree relative			Note 2
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Occupation	Name	Relationship	
Accounting Division senior manager	Taiwan	Jacky Lee	Male	2015.08.11	7,000	0%	0	0%	0	0%	Master of Business Administration, Tunghai University Ernst & Young Global Limited Manager of Auditing Division	N/A	N/A	N/A	N/A	N/A
R&D Division senior manager	Taiwan	Henry Chen	Male	2015.02.05	14,643	0%	0	0%	0	0%	Master of Engineering Science of National Cheng Kung University Associate Manager of Universal Scientific Industrial Co., Ltd.	N/A	N/A	N/A	N/A	N/A
Financial Director substitute & Head of Corporate Governance	Taiwan	James Chan	Male	2020.02.28	0	0%	0	0%	0	0%	Accounting major, Feng Chia University Accounting supervisor, Nan Ya Plastics Corporation	N/A	N/A	N/A	N/A	N/A
Audit Department senior manager	Taiwan	Jerry Chen	Male	2022.03.22	0	0%	0	0%	0	0%	Executive Master of Business Administration in International Finance, National Taipei University WAH LEE INDUSTRIAL CORP. Audit Manager KENMEC MECHANICAL ENGINEERING CO., LTD. Audit Associate BANK SINOPAC COMPANY LIMITED First Class Audit	N/A	N/A	N/A	N/A	N/A

Note 1: Year/Month/Date

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

(3) Latest remuneration for Director, Supervisor, General Manager, and Deputy General Manager

1. Regular Director's & Independent Director's remuneration

Unit: NTD in Thousand

Title	Name	Director Remuneration								Total sum & Net profit rate after-tax for the total sum of A, B, C, D Note 9		Part-time remuneration								Total sum & Net profit rate after-tax for the total sum of A, B, C, D, E, F, G (Note 10)		Remuneration from parent or non-subsidiary transferred investment business (Note 11)
		Remuneration (A) Note 2		retirement pension (B)		Supervisor remuneration (C) Note 3		Execution expense (D) (Note 4)				Remuneration, bonus, special expense (E) (Note 5)		Retirement pension (F)		Employee remuneration (G) (Note 6)						
		The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The Company	Companies in the consolidated financial report (Note 7)	The company	Companies in the consolidated financial report (Note 7)	The Company		Companies in the consolidated financial report (Note 7)		The Company	Companies in the consolidated financial report (Note 7)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Peter Lo	0	0	0	0	4,800	4,800	180	180	4,980/ 13.05%	4,980/ 13.05%	10,066	10,066	0	0	0	0	0	0	15,046/ 39.44%	15,046/ 39.44%	N/A
Deputy Chairman	Cindy Lo																					
Director	Jason Lo																					
Director	Ya-Kang, Wang																					
Director	Spencer Hsieh																					
Director	May Lo																					
Director	Teresa Lo																					
Director	Jung Ren, Fu																					
Independent Director	Vincent Chen	0	0	0	0	2,400	2,400	216	216	2,616/ 6.86%	2,616/ 6.86%	0	0	0	0	0	0	0	0	2,616/ 6.86%	2,616/ 6.86%	N/A
	Yih-Horng, Lin																					
	Chao-Tang, Yue																					

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the relationship with the remuneration amount according to the responsibilities, risks, investment time and other factors: The remuneration of the independent directors of the company is based on the company's articles of association and with reference to the standards of relevant peers and listed companies, the responsibilities of directors and the degree of participation in the company's operations. The items of remuneration for independent directors include travel expenses for concurrently serving as members of functional committees.
2. Except as disclosed in the table above, the remuneration received by the directors of the company in the most recent year for providing services (such as serving as a consultant for non-employees of the parent company / all companies listed in the financial report / reinvestment enterprises, etc.): None.

Remuneration Range

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Director Remuneration Items are as below:

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

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

c. Retirement pension

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

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

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

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

c. Retirement pension

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

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

2. Remuneration for General Manager and Deputy General Manager

Unit: NTD in Thousand

<table>
<tr><th rowspan="3">Position</th><th rowspan="3">Name</th><th colspan="2">Salary (A)
(Note 2)</th><th colspan="2">retirement pension (B)</th><th colspan="2">Bonus & Special expenses, etc.(C)
(Note 3)</th><th colspan="4">Remuneration Amount for Employee(D) (Note 4)</th><th colspan="2">A、B、 C & D total sum and rate in the net profit after tax
(%)
(Note 8)</th><th rowspan="3">Remuneration from non-subsidiary transfer business investment or parent
(Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies involved in financial statement (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies involved in financial statement (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies involved in financial statement (note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies involved in financial statement (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial report</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>Chief Executive Officer</td><td>Jason Lo</td><td rowspan="10">31,756</td><td rowspan="10">31,756</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">0</td><td rowspan="10">31,756/83.2%</td><td rowspan="10">31,756/83.2%</td><td rowspan="10">N/A</td></tr>
<tr><td>Taiwan General Manager</td><td>Sean Juo</td></tr>
<tr><td>Senior Vice President</td><td>Jean Hung</td></tr>
<tr><td>Global Chief Operating Officer</td><td>Max Yen</td></tr>
<tr><td>Vice President</td><td>May Lo</td></tr>
<tr><td>Chief Audit Executive</td><td>William Chu</td></tr>
<tr><td>Global Chief Technology Officer</td><td>Pendy Liao</td></tr>
<tr><td>Vice President</td><td>Philip Lai</td></tr>
<tr><td>Vice President</td><td>William Poon</td></tr>
<tr><td>Vice President</td><td>Vic Chen</td></tr>
</table>

Remuneration Range

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Corporate Governance

(I) Operation of the Board of Directors

In 2021, the Board of Directors has convened for 4 times (A). The attendance situation is as follows:

Title	Name	Number of attendance (B)	Number of delegation to attend	Attendance Rate(%) (B/A)	Note
Chairman	Peter Lo	4	0	100%	
Deputy Chairman	Cindy Lo	4	0	100%	
Independent Director	Vincent Chen	4	0	100%	
Independent Director	Yih-Horng, Lin	4	0	100%	
Independent Director	Chao-Tang, Yue	4	0	100%	
Director	Jason Lo	4	0	100%	
Director	Spencer Hsieh	4	0	100%	
Director	Ya-Kang, Wang	4	0	100%	
Director	May Lo	4	0	100%	
Director	Teresa Lo	3	1	75%	
Director	Jung Ren, Fu	4	0	100%	

Other noteworthy matters:

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

Date of Meeting (Year/Number)	Agenda	Decision from the Independent Director and the Company's treatment
2021/03/20 (4th Meeting of the 16th Board)	● Allocation of remuneration for employees and Directors in 2020 ● 2020 Financial Report CPA Independence and Suitability Assessment ● Subsidiary's overdue accounts payable transferred to the capital loan	Approved by all Independent Directors
2021/05/11 (5th Meeting of the 16th Board)	● Discussion of repurchasing its own shares for the purpose of transferring them to its employees ● Amendment of Articles from "Regulation Governing Disposal of Public Companies' Assets" ● Subsidiary's overdue accounts payable transferred to the capital loan	Approved by all Independent Directors
2021/08/10 (6th Meeting of the 16thBoard)	● Internal Audit Supervisor Change	Approved by all Independent Directors
2021/11/9 (7th Meeting of the 16th Board)	● Amendments to the articles in "Procedures for the Acquisition or Disposal of Assets"	Approved by all Independent Directors

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

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

Johnson Health Tech Co., Ltd.

2021 Annual Board and Audit Committee Self-Evaluation Results

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

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

III. Evaluation Period: 2021/01/01~2021/12/31

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

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

VI. Evaluation Agenda: 2021 Board of Directors & Audit Committee internal performance assessment results reported the following:

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

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

5 Areas of Self-Evaluation		Number of Assessment	Scoring Results
A.	Level of Participation in Company Operation	11	4.59
B.	Advancement of BOD Decision Quality	12	4.63
C.	BOD Composition & Structure	5	4.60
D.	Director Election & Continuation of Education	4	4.50
E.	Internal Control	5	4.64

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

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

6 Major Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Management of Company Objectives & Missions	3	4.83
B. Awareness of Director Duties	2	4.90
C. Level of Participation in Company Operation	7	4.67
D. Internal Relationship Management and Communication	2	4.60
E. Director Expertise and Continued Education	3	4.83
F. Internal Control	3	4.80

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

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

5 Areas of Self-Evaluation	Number of Assessment	Scoring Results
A. Level of Participation in Company Operation	4	4.75
B. Awareness of the Audit Committee's Duties	6	4.72
C. Advancement of Audit Committee Decision Quality	6	4.44
D. Audit Committee Composition & Member selection	3	4.80
E. Internal Control	3	4.60

(II)Audit Committee Operation

2021 Audit Committee's Number of Meetings, as of the publication of this report: 4 (A), independent director attendance record shown as below:

Title	Name	Actual Attendance Number (B)	Number of Delegations to Attend	Actual Attendance Rate (%) (B/A)	Note
Independent Director	Chao-Tang, Yue	4	0	100%	
Independent Director	Vincent Chen	4	0	100%	
Independent Director	Yih-Horng, Lin	4	0	100%	

I. Other Matters:

i. Securities and Exchange Act, Article 14 Item 5

Date of Meeting (Year/Number)	Agenda	Suggestions from the Audit Committee and the Company's Response
2021/03/26 (4th Meeting of the 2nd Board)	●2020 Financial Statement & Operation Report ●2020 results of internal control self-evaluation, described in the "Internal Control Statements" ●Subsidiary Credit Line & Guarantee Case ● Subsidiary's overdue accounts payable transferred to the capital loan	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2021/05/11 (5th Meeting of the 2nd Board)	● 2020 surplus distribution ● 2021 First Season Financial Statement	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2021/08/10 (6th Meeting of the 2nd Board)	● 2021 Second Season Financial Statement ● Internal Audit Supervisor Change ● Subsidiary's overdue accounts payable transferred to the capital loan	Approved unanimously by all the audit reviewers and submitted for BOD resolution
2021/11/09 (7th Meeting of the 2nd Board)	● 2021 Third Season Financial Statement ● 2022 Audit Plan ● Modification of the company's Articles in "Procedures for Acquisition or Disposal of Assets"	Approved unanimously by all the audit reviewers and submitted for BOD resolution

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

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

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

(i) The company's internal audit supervisors had communicated with the audit committee periodically about their audit results and had reported their internal reports in the quarterly Audit Committee regularly. If any special situations were detected, they would immediately file reports to the Audit Committee. No such situations were found in 2021. Apparently, the company's Audit Committee members had maintained a good communicative relationship with the Audit Committee.

(ii) The company's certified public accountants had reported their auditing results of the company's financial statements and also informed legal matters in the quarterly meetings. Should they find any special conditions, they would report to the Audit Committee instantly. No such situations were found in 2021. Apparently, the company's Audit Committee had maintained a good communicative relationship with the certified public accountants.

Matters of Discussion among Independent Directors, Internal Audit Supervisors, and Certified Public Accountants are as follows:

Date of Meeting (Year/Number)	Matters of Discussion with the Internal Audit Supervisor	Matters Discussed with the Certified Public Accountant
2021/03/26 (4th Meeting of the 2nd Board)	●Reviewing the internal audit report ●Reviewing the 2020 "Internal Control Statement"	●Discussion of the audit of the 2020 financial statement ●Communication within Company executives & management units ●Regulation modification report ●Discussion of certified public accountant's independency and competence
2021/05/11 (5th Meeting of the 2nd Board)	● Reviewing the internal audit report	● Discussion of the audit of the 2021 First Season financial statement ● Communication among executive units and managerial levels ● Reporting change of regulations
2021/08/10 (6th Meeting of the 2nd Board)	● Reviewing the internal audit report	● Discussion of the audit of the 2021 Second Season financial statement ● Communication among executive units and managerial levels ● Reporting change of regulations
2021/11/09 (7th Meeting of the 2nd Board)	● Reviewing the internal audit report ● Discuss 2022 Internal Audit Plan	● Discussion of the audit of the 2021 Third Season financial statement ● Communication among executive units and managerial levels ● Reporting change of regulations

IV. Annual Work Plan of the Audit Committee:

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

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

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

			management, and medicine, and other various expertise and knowledge. There are three female directors and three independent directors. This demography realizes the diversified policy of the company, as well as its goal and execution. See more information in Enclosure #1.	
ii. Besides the Remuneration Committee and Audit Committee, is the company willing to establish other sorts of committees?		V	ii. This company has established the Remuneration Committee and Audit Committee, and would establish any other committees when requested based on the law.	Referred to in the Summary
iii. Does the company establish BOD performance assessment guidelines and other evaluation methods, through which the company conducts assessment regularly every year, and reports the assessment to the Board of Directors, and through which the consideration of re-electing the individual directors and his or her remuneration is made?	V		iii. The company has established BOD performance assessment guidelines and conducted such assessment regularly every year, and afterwards reported the results to the Board of Directors.	N/A
iv. Does the company evaluate the certified public accountant's independency regularly?	V		iv. The company has delegated the Audit Committee to regularly evaluate the certified public accountant's independency, and report the evaluation results to the BOD.	N/A
IV. Does the TWSE/TPEx listed company allocate an appropriate number of managerial people, and assign the governing supervisors, who are in charge of the managerial affairs (including but not limited to offering necessary information to Directors and Supervisors, helping them comply with the law, organizing BOD & shareholder meetings, and preparing BOD & shareholder meeting minutes) ?	V		The company appointed a governing supervisor, and has established part-time supervisors in charge of governance, with duties including (1) holding shareholder meetings and organizing relevant events in accordance with the law; (2) formulating BOD agenda and notifying people of the meeting, meanwhile offering directors enough information to understand the contents of the meeting agenda, and providing the interested parties with reminders and follow-ups after the meeting; (3) handling the processes and relevant events within the deadlines for any change of the company's registration as required by law.	N/A
V. Does the company establish a communicative channel with its interested party (including but not limited to shareholders, employees, clients, suppliers, etc.), set up communication area for the interested party on the company website, and respond with appropriation the social responsibility issues concerned by the interested party?	V		This company has maintained a sustained communicative channel with its interested parties including banks, creditors, employees, customers, and suppliers, as well as other affiliated enterprises. Also, it has set up an interested party area on the company's website.	N/A
VI. Does the company entrust a professional third party	V		The company has entrusted Taishin Securities Co., Ltd.'s Stock	N/A

with its shareholder meeting affairs?			Agency Department to deal with its shareholder meeting affairs.	
VII. Public Information i. Does the company establish a website to disclose its financial affairs and governing information? ii. Does the company adopt other exposure methods (such as English website, delegating agency to collect and disclose company information, executing the spokesperson system, putting up the corporate briefing onto the company website)? iii. Does the company file for an annual financial report within 2 months after the end of the fiscal year, and publicize and file the 1st, 2nd, 3rd financial reports and monthly operations report in advance of the deadline required?	 V V	 V	 i. The company can disclose its information via the company website (http://www.johnsonfitness.com) anytime. ii. The company has established the spokesperson and stock transfer agency to disclose its information as required by the law, and also hold corporate briefing occasionally and put relevant information onto the company website for public reference. iii. The company has filed the fiscal financial reports in accordance with the audit results and within the required deadline, but due to the time of processing and preparation, it cannot file for the 1st, 2nd, 3rd financial reports and monthly operation report within 2 months in advance of the deadline required.	 N/A N/A Referred in Summary
VIII. Does the company provide additional information for disclosing the management and operations of the company (including but not limited to employee rights, hiring concerns, investor relationship, supplier relationship, interested party rights, and director or supervisor continuation of education, risk control policy and risk assessment and prevention, client policy execution, company's acquisition insurance for directors and supervisors, etc.)?	V		This company has operated in accordance with honesty principles and fulfilling social responsibilities so as to create the best rights and interests for its stockholders and employees; the company has sent out a notification to directors and supervisors regarding participating in the relevant professional knowledge advancement courses from time to time, and it has purchased responsibility insurance for directors (including independent directors) since 2005. Besides, the company's directors have a high self-discipline to conduct self-disqualification when involved in an issue of interest, thus helping promote the governance of the company.	N/A
IX. Please explain in accordance with the recently publicized company governance review results by the Taiwan Stock Exchange, indicating the areas of improvements as well as the areas to be improved.	V		This company has disclosed relevant information in accordance with the requirement of the competent authority and has continually maintained and revised its company website. In the future, it will promote further the governance policy and prioritize those issues needed to be improved in a timely manner.	Completed in accordance with the competent authority

Enclosure 1

i. Diversified policy of Board of Director members:

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

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

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

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

ii. Goal of having diverse Board of Director members:

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

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

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

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

Current conditions:

This company is now composed of 11 BOD members who have a diverse and rich professional background in finance, accounting, industrial management, and medicine, and among whom three are female directors (accounting for 27.3%) and another three are independent directors (accounting for 27.3%), and therefore the females represent more than half of the BOD seats, with age range between 49-81. In sum, the company’s current director composition meets the goal of its diversified policy in terms of their respective knowledge, skills, number of representations, and the rate of female directors or independent directors.

iv. Operation of Remuneration Committee:

(1) Information on the Members of the Remuneration Committee

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

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

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

(2) Operations Information of the Remuneration Committee

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

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

In 2021, the Remuneration Committee had convened 3 times (A), and the information on the members’ qualification, attendance, and matters under discussion is as follows:

2-1 Member Qualification & Attendance Record:

Occupation	Name	Actual number of attendance (B)	Number of delegation to attend	Actual attendance rate (%) (B/A) (Note)	Note
Organizer	Yih-Horng, Lin	3	0	100%	
Member	Shu-Wen, Lin	3	0	100%	
Member	Chao-Tang, Yue	3	0	100%	

Other matters:

I. Suggestions denied or revised by BOD: N/A

II. Situations containing the members’ disapproval or reservation of opinions regarding the Remuneration Committee resolution, with written records or statements: N/A

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

Main Matters of Discussion:

Date of Meeting (Year/Time)	Agenda
2021/03/26 (3^{rd} Meeting of the 4^{th} Board)	(1) 2020 Actual Distribution of the Manager Remuneration (2) 2020 Distribution of the Employee and Director Remuneration
2021/05/11 (4^{th} Meeting of the 4^{th} Board)	3^{rd} time repurchasing of stocks and transferring to employees
2021/11/09 (5^{th} Meeting of the 4^{th} Board)	(1) 2022 Distribution Principles of the Manager Remuneration (2) 2022 Manager Performance Assessment System

Resolution: All the matters discussed were approved unanimously.

Treatment of member’s opinions: N/A

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

Evaluation Items	Operations			Discrepancies and Reasons compared to the Sustainability Principles for TWSE/TPEx Listed Companies
	Y	N	Summary	
I. Does the company establish a governance structure to promote sustainable development and a full- or part-time division for promoting corporate sustainability, to be executed by senior managers and be reported back to the Board of Directors?		V	Referred to in this report, "VI Environmental, Social, and Governance (ESG)" The company didn't conduct any mission related to corporate sustainability to be reported back to the Board of Directors. It is underway. The Company expects to set up an ESG Committee in 2022 to be responsible for formulating mid-and long-term ESG strategies and monitoring the achievement of action plans. And also set up an ESG office and working group, which is responsible for implementing the action plan required to achieve the strategy.	Referred to in the Summary
II. Does the company, in accordance with the materiality principle, conduct risk assessments of environmental, social, and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	V		Referred to in this report, "VI Environmental, Social and Governance (ESG)", as the risk assessment part is to be planned by the company.	Referred to in the Summary
III. Environmental Issues			Referred to in this report, "VI-a, Environmentalism, Security, and Hygiene Control", as the assessment of the potential risks and opportunities of climate change to the enterprise now and in the future is to be planned by the company.	
i. Does the company build an environmentally friendly management system based on its industrial characteristics?	V			N/A
ii. Does the company endeavor to elevate energy efficiency, and adopt recycled materials causing low impacts on the environment?	V			N/A
iii. Does the company evaluate the latent risk and opportunity of the environmental changes to its current and future development, and thereby adopt related measurements?		V		Referred to in the Summary
iv. Does the company collect statistics on its gas emissions for global warming over the past 2 years, on its water consumption and waste production, and then establish energy, coal, greenhouse gas, water, or waste reduction management policies?	V			N/A
IV. Social Issues				
i. Does the company, in accordance with the law and	V		i Referred to in this report "IV. II. 5. Human Rights." In	N/A

International Bill of Human Rights, establish relevant governance policies and procedures?			accordance with the International Bill of Human Rights, the company has established relevant governance policies and procedures, which are disclosed on the Company Website.	
ii. Does the company establish and implement reasonable employee benefit services (including salary, leave, and others) and reflect on the employee salaries its business performance and achievement?	V		ii. Referred to in this report, "V. v Labor-Management Relationships"	N/A
iii. Does the company provide employees with a safe and healthy work environment, and conduct safety and health education for its employees?	V		iii. Referred to in this report, "IV. I. vii. Work Environment and Employee Safety Protection"	N/A
iv. Does the company build an effective career proficiency development program for its employees?	V		iv. The company HR Division has established employee education training and development programs based on individual career proficiency and position.	N/A
v. Regarding its products and services related to customer health and safety, to client privacy, and to marketing and labeling, etc., does the company comply with relevant regulations and international certification, and accordingly establish relevant policies on customer or client protection rights and complaint procedures?	V		v. The company has publicized its complaint channel on the Company Website.	N/A
vi. Does the company establish supplier management policy, demanding its suppliers to comply with regulations on environment protection, career safety and hygiene, labor rights, etc.	V		vi. Publicized on the Company Website.	N/A
V. Does the company compile a corporate sustainability report in reference to the standard International Report or Index, in order to disclose the company's non-financial information? Does the above-mentioned report receive certification or guarantee from the third party certifying unit?		V	The company has yet to compile a corporate sustainability report since it is still underway. But any relevant information is disclosed in this annual report. The company expects to produce ESG sustainability reports every year starting from 2023.	Referred to in the Summary
VI. If the company has established an independent corporate social responsibility rule in reference to the " Corporate Sustainability Best Practice Principles for TWSE/GTSM Listed Companies," it shall state clearly its operating situations and ways of discrepancy as below: The company has not yet established any corporate sustainability principles, but it has actively promoted and implemented the 3 major areas: company governance, environmental protection, and social charity and welfare.				
VII. Other information related to the company's implementation of corporate sustainability: N/A. Referred to in the Company Website and this report, "VI. Environmental, Social and Governance (ESG)"				

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

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

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

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

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

ix. Implementation of Internal Control

1. Internal Control Statement

Johnson Health Tech Co., Ltd.

Statement Regarding the Internal Control System

Date: 2022/03/22

On behalf of Johnson Health Tech, we hereby certify that this company implemented an internal control system in 2021 based on its self-evaluation results, and sought to make the following declarations:

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

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

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

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

V. Based on its evaluation results, as of 2021/12/31, the company's internal control system (including its supervision and management on subsidiaries) has achieved aforementioned goals such as realizing the operation effects and efficiency, reporting reliable, timely, and transparent rules and principles, and enduring the effectiveness of internal control.

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

VII. This Statement has been approved by the Company's Board of Directors on 2022/03/22. Among the eleven attendants in the Board, no one held an antagonistic and disproving view, and all agreed to the contents of this Statement, upon which we thereby make this declaration.

Johnson Health Tech Co., Ltd.

Chairman: Peter Lo Signature

Chief Executive Officer: Jason Lo Signature

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

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

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

(1) This year's Shareholders Meeting was held on 2021/08/27, during which the proposals passed, and operation results were as follows.

Date	Motion Summary	Operation Status
2021.08.27	1. 2020 Business Operation Report and Financial Statement	Motion passed by vote
	2. 2020 Surplus Distribution	Motion passed by vote. The shareholder received NT$1.12/share in cash dividends this year, with total sum amounting to NTD$338,899,251. The ex-dividend date was on 2021/10/04, ex-dividend base date on 2021/10/10, and issuance date on 2021/10/22.
	3. Modification of Articles in "Procedures for loaning funds to others"	Motion passed by vote and enforced after modification
	4. Modification of Articles in "Rules of Procedure for the General Meeting of Shareholders"	Motion passed by vote and enforced after modification

5. Board of Directors' Important Resolutions

We hereby summarized the important resolutions made by the Board of Directors from 2021 to the publication date of this Annual Report as below:

I. BOD on 2021/03/26

- Approval of the 2020 Financial Statements
- Approval of the 2020 employee and director remuneration distribution
- Approval of the 2020 Financial Report with the evaluation of certified public accountant's independency and competence

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

II. BOD on 2021/05/11

- Approval of the 2021 First Quarter Financial Statements
- Approval of the 2020 surplus distribution
- Approval of the nomination for “Company Governance Supervisor”

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

III. BOD on 2021/08/10

- Approval of the 2021 Second Quarter Financial Statements
- Change of the company's internal audit supervisor

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

IV. BOD on 2021/11/09

- Approval of the 2021 Third Quarter Financial Statements
- Approval of the 2021 Operation Plans
- Formulated the company's "Code of Practice on Company Governance"
- Modification of the company's Articles in “Procedures for Acquisition or Disposal of Assets”

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

V. BOD on 2022/03/22

- 2021 Financial Statements and Business Report
- 2021 employee and director remuneration distribution
- Appointment of the Company's Internal Audit Supervisor
- 2021 Financial Report with the evaluation of certified public accountant’s independency and competence
- Modification of the company's Articles in “Procedures for Acquisition or Disposal of Assets” and some provisions of the "Endorsement Guarantee Processing Method"
- Subsidiary overdue accounts receivable transferred to fund the loan

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

VI. BOD on 2022/03/28

- Overdue amount of the Company's accounts receivable is not of a capital loan nature
- Subsidiary overdue accounts receivable transferred to fund the loan

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

VII. BOD on 2022/05/10

- Approval of the 2022 First Quarter Financial Statements
- Approval of the 2021 surplus distribution
- Modification of some provisions of the company’s "Articles of Association"
- Modification of some provisions of the company's "Procedures for Fund Loans to Others"
- Modification of some provisions of the company’s "Shareholders' General Meeting Rules of Procedure"

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

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

xii. If there's any different opinions with records or written statements made in regards with the important resolutions of the Board by directors or supervisors from the recent years until the publication of this Annual Report, it shall be noted thereby: N/A/

xiii. Provided that any of the Chairperson, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Governing Supervisor, or R/D Supervisor resignations and dismissals from recent years to the publication of this Annual Report, it shall be summarized below:

Title/Occupation	Name	Date of Employment	Date of Discharge	Resignation and Dismissal
Internal Audit Supervisor	Chien-Yu Chi	2021/08/10	2021/12/03	Resignation

4. Information on CPA Professional Fees

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

Amount Unit: in NTD$ Thousand(K)

Name of Accounting Firm	Ernst & Young Global Limited	
Accountant 1	Chen, Ming Hung	
Accountant 2	Huang, Yu Ting	
Audit Period	2021/01/01~2021/12/31	
Audit Fees		5,600
Non-audit Fees	System Planning	0
	Business Registration	0
	Human Resource	0
	Others (Note)	1,880
	Sum	1,880
Total		7,480
Note	Consultation on China and Japan’s Investment Framework NT$1612 TP Transfer Pricing Report NT$268	

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

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

iv.2021 non-audit fees were lower than audit fees.

5. Modification of CPA: N/A

6. Assessment of CPA Independency

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

i. Statement of CPA’s Independency

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

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

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

As of 2022/03/22, the company completed evaluation of CPA’s independency and competence, and had the results approved by the Board of Director. The evaluation contents were as follows:

2021 Certified Public Accounting Firm: Ernst & Young Global Limited

2021 Certified Public Accountant: Chen, Ming Hung, Huang, Yu Ting

Item	Evaluation Item of Independency	Y	N
1	CPA doesn't have a major or direct financial interest with the company.	V	
2	CPA doesn't have significant business relations with the company.	V	
3	CPA doesn't have a latent employment relationship with the company.	V	
4	CPA doesn't keep a service with the company for more than 7 years continually.	V	
5	CPA doesn't accept any valuable gifts of money or properties/items (with value exceeding the normal social standards) from the company's director, supervisor, or manager.	V	
6	CPA doesn't have a loan with the company.	V	
7	CPA doesn't keep any other business possibly losing his or her independency.	V	
8	CPA doesn't hold any of the company's stock	V	
9	CPA himself or herself, and his or her spouse, relative or dependent, or audit team didn't serve as the company's director, manager, or any occupation which could cast influence on the audit in the recent two years, and who won't take on the aforementioned occupations.	V	
10	During the auditing service, CPA himself or herself, his or her spouse, relative or dependent don't serve as the company's director, manager, or any occupation which could cast influence on the audit.	V	
11	Whether CPA complies with the professional ethical principles stipulated in Bulletin No. 10, and obtained "Statement of Independency."	V	

Conclusion:

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

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

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

(Unit: Stock)

Title	Name	2021		2022/01/01~2022/04/29	
		Shareholding Increase (Decrease)	Pledge of or change in equity interests Increase (Decrease)	Shareholding Increase (Decrease)	Pledge of or change in equity interests Increase (Decrease)
Chairman & Major shareholder	Peter Lo	0	0	0	0
Director & Chief Executive Officer, Major Shareholder	Jason Lo	0	0	0	0
Director	Cindy Lo	0	0	0	0
Director	Spencer Hsieh	0	0	0	0
Director	Ya-Kang, Wang	0	0	0	0
Director & Vice President	May Lo	0	0	0	0
Director	Jung Ren, Fu	0	0	0	0
Director	Teresa Lo	0	0	0	0
Taiwan Factory General Manager	Sean Juo	0	0	0	0
Vice President	Jean Hung	0	0	0	0
Vice President	Vic Chen	0	0	0	0
Vice President	Max Yen	(10,000)	0	0	0
Vice President	William Chu	0	0	0	0
Vice President	Pendy Liao	0	0	0	0
Vice President	William Poon	(12,000)	0	0	0
Vice President	Philip Lai	0	0	0	0
Senior Manager	Crista Lin	0	0	0	0
Senior Manager	Henry Chen	0	0	0	0
Senior Manager & Head of Accounting Department	Jacky Lee	0	0	0	0
Senior Manager & Head of Audit Department	Jerry Chen	0	0	0	0
Independent Director	Yih-Horng, Lin	0	0	0	0
Independent Director	Vincent Chen	0	0	0	0
Independent Director	Chao-Tang, Yue	0	0	0	0
Financial Director substitute & Head of Corporate Governance	James Chan	0	0	0	0

Transfer of Equity Interests

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

Pledge of Equity Interests

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

9. Information on Relationships among the Top 10 Shareholders, who are affiliated with CPA Principle Bulletin No. 6

Information on Relationships among the Top 10 Shareholders

Name	Shareholder		Spouse, Minor Children, who hold stock		Shares held under the names of other parties		Relationships of Shareholders with a stake of more than 10 % who are affiliated to Bulletin No. 6 or who are spouses, 2nd-degree relatives, etc.		Note
	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Name	Relationship	
Jason Lo	84,704,121	27.90%	22,852,501	7.53%	885,365	0.29%	Peter Lo Cindy Lo Crista Lin May Lo Teresa Ya-Han Lo	Within 2nd-Degree of Consanguinity	
Peter Lo	61,229,933	20.17%	12,776,199	4.21%	0	0.00%	Cindy Lo Jason Lo May Lo Teresa Lo Ya-Han Lo	Within 2nd-Degree of Consanguinity	
May Lo	17,190,413	5.66%	371,035	0.12%	0	0.00%	Peter Lo Cindy Lo Jason Lo Teresa Lo	Within 2nd-Degree of Consanguinity	
Teresa Lo	14,936,094	4.92%	208,292	0.07%	0	0.00%	Peter Lo Cindy Lo Jason Lo May Lo	Within 2nd-Degree of Consangunity	
Crista Lin	13,448,859	4.43%	94,107,763	31.00%	885,365	0.29%	Jason Lo Ya-HanLo	Within 2nd-Degree of Consanguinity	
Cindy Lo	12,776,199	4.21%	61,229,933	20.17%	0	0.00%	Peter Lo Jason Lo May Lo Teresa Lo Ya-Han Lo	Within 2nd-Degree of Consanguinity	
Ya-Han Lo	9,105,402	3.00%	0	0.00%	0	0.00%	Peter Lo Cindy Lo Jason Lo Crista Lin	Within 2nd-Degree of Consanguinity	
Qiao Tai Investment Co., Ltd.	4,552,330	1.50%	0	0.00%	0	0.00%	Peter Lo Cindy Lo Crista Lin May Lo	Chairman Director Director Supervisor	
Chiao Lian Technical Consultant Co.	3,094,888	1.02%	0	0.00%	0	0.00%	Jason Lo Cindy Lo Crista Lin May Lo	Chairman Director Director Supervisor	
HSBC Managed North Carolina Equity Investment Fund Group	1,997,000	0.66%	0	0.00%	0	0.00%	N/A	N/A	

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

2022/03/31 Unit: Stock%

Investments in Other Companies	Investment in the Company		Entities Directly or Indirectly Controlled by Director, Supervisor, Manager		Consolidated Investment	
	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio
Johnson International Holding Corp. Ltd	-	100.00%	-	-	-	100%
Johnson Health Tech North America, Inc.	-	100%	-	-	-	100%
Johnson Health Tech UK Limited(Note 1)	-	44.43%	-	55.57%	-	100%
Johnson Health Tech. GmbH (Note 1)	-	-	-	99.77%	-	99.77%
Johnson Health Technology (Shanghai) Co., Ltd. (Note 1)	-	-	-	100%	-	100%
Johnson Health Tech Iberica S.L. (Note 1)	-	-	446,193	100%	446,193	100%
Johnson Health Tech Japan K.K. (Note 1)	-	-	13,519	100%	13,519	100%
Johnson Health Tech France (Note 1)	-	-	-	100%	-	100%
Johnson Health Tech. (Thailand) Company Limited (Note 1)	-	-	1,998,000	99.90%	1,998,000	99.90%
Johnson Fitness Tech (Malaysia) Sdn. Bhd. (Note 1)	-	-	15,402,000	95.36%	15,402,000	95.36%
Johnson Health Tech Italia S.P.A. (Note 1)	-	-	1,098,000	99.82%	1,098,000	99.82%
Johnson Health Tech. (Schweiz) GmbH (Note 1)	-	-	2,000	100%	2,000	100%
Johnson Health Tech Netherlands B.V. (Note 1)	-	-	18,100	100%	18,100	100%
Johnson Health Tech (HongKong) Limited (Note 1)	-	-	3,340,000	100%	3,340,000	100%
Johnson Industries (Shanghai) Co., Ltd. (Note 1)	-	-	-	100%	-	100%
Johnson Health Care Co., Ltd. (Note 1)	4,859	78.95%	401	21.05%	5,260	100%
Johnson Industrial Do Brasil Ltda. (Note 1)	-	-	-	99.99%	-	99.99%
World of Leasing GmbH (Note 1)	-	-	-	100%	-	100%
Johnson Health Tech. Australia Pty. Ltd. (Note 1)	-	-	20,715,330	100%	20,715,330	100%
Johnson Health Tech. Poland SP.Z.0.0 (Note 1)	-	-	33,840	100%	33,840	100%

Investments in Other Companies	Investment in the Company		Entities Directly or Indirectly Controlled by Director, Supervisor, Manager		Consolidated Investment	
	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio	Stock Number	Shareholding Ratio
Johnson Health Tech (Vietnam) Company Limited	-	100%	-	-	-	100%
Style Retail Vietnam Company Limited (Note 1)	-	-	-	100%	-	100%
Johnson F&B Management (Shanghai) Co., Ltd. (Note 1)	-	-	-	100%	-	100%
Joyful Trading (Shanghai) Co., Ltd. (Note 1)	-	-	-	100%	-	100%
Johnson Heasth Technologies, S.A.de C.V.	-	100%	-	-	-	100%
Johnson Health Tech Philippines, Inc.	-	100%	-	-	-	100%
Johnson Health Tech Retail, Inc.	-	100%	-	-	-	100%
Johnson Health Technologies Canada Inc.	-	100%	-	-	-	100%
Johnson Health Technologies Canada Commercial Inc. (Note 1)	-	-	-	100%	-	100%
Johnson Health Tech UAE L.L.C(Note 1)	-	-	-	100%	-	100%
Johnson Health Industry (Viet Nam) Company Limited	-	100%	-	-	-	100%
Johnson Health Tech Rus Limited Liability Company	-	100%	-	-	-	100%
Fuji Medical Instruments Mfg. Co., Ltd.	180,000	60%	-	-	180,000	60%
PT Johnson Health Tech Indonesia	-	100%	-	-	-	100%
Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	-	100%	-	-	-	100%
Johnson Health Tech SA Proprietary Limited	-	100%	-	-	-	100%
JHT FIT Company Limited	-	100%	-	-	-	100%
Johnson Health Tech Digital UK Ltd	-	100%	-	-	-	100%
Johnson Health Tech Korea Co., Ltd.	-	100%	-	-	-	100%

Note 1: Company’s subsidiaries

IV. Fundraising

1. Capital and Shares:

i. Source of Stocks

Unit: in NTD$ Thousand/Stock

2022/04/29

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

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

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

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

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

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

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

Note 7: Certification No. of surplus capital increase for issuance of ordinary shares: 2004.07.26 (2004) EF1 Document No. 0930133365
Note 8: Certification No. of surplus capital increase for issuance of ordinary shares: 2005.07.29 EF1 Document No. 0940130917
Note 9: Certification No. of surplus capital increase for issuance of ordinary shares: 2006.07.17 EF1 Document No. 0950130934
Note 10: Certification No. of surplus capital increase for issuance of ordinary shares: 2006.07.17 EF1 Document No. 0960035874
Note 11: Certification No. of surplus capital increase for issuance of ordinary shares: 2008.07.23 EF Document No. 0970037149
Note 12: Certification No. of surplus capital increase for issuance of ordinary shares: 2009.08.17 EF Document No. 0980041027
Note 13: Certification No. of surplus capital increase for issuance of ordinary shares: 2011.08.11 EF Document No. 1000037465
Note 14: Certification No. of surplus capital increase for issuance of ordinary shares: 2012.08.15 EF Document No. 1010035879
Note 15: Certification No. of surplus capital increase for issuance of ordinary shares: 2013.07.30 EF Document No. 1020029537
Note 16：Certification No. of surplus capital increase for issuance of ordinary shares: 2014.07.04 EF Document No. 1030025378
Note 17：Certification No. of surplus capital increase for issuance of ordinary shares: 2015.07.28 EF Document No. 1040028513
Note 18: Latest certified public issuance or retirement date of stocks: 2019.05.28 EF Document No. 10801060790

Unit: Stock
2022/04/29

Stock Kind	Authorized Stock			Note
	Outstanding Stock	Unissued Stock	Total (Note)	
Registered Stock	303,616,617	146,383,383	450,000,000	The 20,000,000 stocks are retained for stock option certificates.

ii. Shareholder Composition

Stock Transfer Suspension Date: 2022/04/29

Number\ Shareholder Composition	Government Agency	Financial Institute	Other Corporation	Individual	Foreign Agency & Outsider	Total
Number of People	1	8	36	12,906	121	13,072
Shareholding Number	12	599,876	12,010,726	269,868,967	21,137,036	303,616,617
Shareholding Ratio	0.00%	0.20%	3.96%	88.88%	6.96%	100.00%

iii. Public Ownership

2022/04/29

Shareholding Grade	Shareholder Number	Number of Share held	Shareholding Ratio
1 ~ 999	3,415	453,763	0.15%
1,000 ~ 5,000	7,820	15,461,662	5.09%
5,001 ~ 10,000	945	7,269,640	2.39%
10,001 ~ 15,000	293	3,709,154	1.22%
15,001 ~ 20,000	177	3,201,045	1.05%
20,001 ~ 30,000	142	3,585,303	1.18%
30,001 ~ 40,000	64	2,219,489	0.73%
40,001 ~ 50,000	41	1,882,980	0.62%
50,001 ~ 100,000	70	4,927,801	1.62%
100,001 ~ 200,000	37	5,097,900	1.68%
200,001 ~ 400,000	29	7,669,198	2.53%
400,001 ~ 600,000	9	4,535,293	1.49%
600,001 ~ 800,000	7	4,795,554	1.58%
800,001 ~ 1,000,000	4	3,350,805	1.10%
1,000,001 Above	19	235,457,030	77.55%
Sum	13,072	303,616,617	100.00%

iv. Major Shareholder List

2022/04/29

Stock / Name of Shareholder	Number of Share held	Shareholding Ratio
Jason Lo	84,704,121	27.90%
Peter Lo	61,229,933	20.17%
May Lo	17,190,413	5.66%
Teresa Lo	14,936,094	4.92%
Crista Lin	13,448,859	4.43%
Cindy Lo	12,776,199	4.21%
Ya-Han Lo	9,105,402	3.00%
Qiao Tai Investment Co., Ltd.	4,552,330	1.50%
Chiao Lian Technical Consultant Co.	3,094,888	1.02%
HSBC Managed North Carolina Equity Investment Fund Group	1,997,000	0.66%

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

Item \ Year			2020	2021	2022/01/01~ 2022/03/31 (Note 8)
Market Price Per Share (Note 1)	Highest		102	101	61.1
	Lowest		39.5	53.4	50.5
	Average		70.68	74.55	55.95
Net Worth Per Share (Note 2)	Before Distribution		30.78	27.93	
	After Distribution		-	-	
Dividend Per Share	Weighted Average Number of Share		303,616,617	303,616,617	
	Dividend Per Share (Note3)		2.24	0.13	
Dividend Per Share	Cash Dividend		1.12	0.50	
	Stock Dividend Distribution	Stock Dividend from Retained Earnings	-	-	
		Stock Dividend from Capital Reserve	-	-	
	Accumulated Unpaid Dividend (Note 4)		-	-	-
Analysis of Return on Investment	P/E Ratio (Note 5)		31.5	573.5	
	P/D Ratio (Note 6)		63.11	149.10	
	Cash Dividend Yield (Note 7)		1.58%	0.67%	

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

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

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

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

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

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

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

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

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

vi. Company Dividend Policy & Implementation:

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

Johnson Health Tech motioned the 2021 Surplus Distribution Case on 2022/05/10 for the final resolution of the Board of Directors. Once the motion is passed by shareholder votes on 2022/06/27, it will be implemented thereof.

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

Item \ Year			2021
Initial Paid in Capital Account			3,036,166,170
Share Distribution	Dividend per share (Note 1)		0.50
	Surplus capital increase for shares allocated (Note 1)		-
	Capital surplus increase for shares allocated		-
Operating Performance Status	N/A (Note 2)		N/A (Note 2)
	Operating Margin compared to the previous year		
	Net Profit		
	Net Profit compared to the previous year		
	Earnings per share		
	Earnings per share compared to the previous year		
	Average rate of return on investment (reciprocal of P/E ratio		
Estimated earnings per share and P/E ratio	Surplus capital increase for cash dividends	estimated earnings per share	N/A (Note 2)
		Estimated average rate of return on investment	
	If no capital reserve increase	Estimated earnings per share	
		Estimated average rate of return on investment	
	If no capital reserve increase, but distributed surplus capital increase for cash dividends	Estimated earnings per share	
		Estimated average rate of return on investment	

Note 1: In accordance with resolution in the 2022 Annual Shareholding Meeting; but cash dividends shall be resolved by Board of Directors in compliance with Company Act, Article 1, Paragraph 3, Article 30, and reported in Shareholder Meeting

Note 2: Based on the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the company doesn't need to disclose its 2022 financial forecast information to the public.

viii Employee and Director Remuneration:

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

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

2. The employee, director, or supervisor remunerations of this period were accumulated based on the allocation of stock and actual cash amounts; any discrepancies would be handled by accounting: Considering the rules of corporation by-laws and actual operating conditions, the company's resolution to distribute employee and director remunerations this year amounted to NTD$ 10,200,000 which was the same as the estimated amount.
3. Remuneration approved by the Board of Directors:

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

Unit: NTD in Thousand

	2021
Employee Cash remuneration	3,000
Director remuneration	7,200
Sum	10,200

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

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

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

Allocation of the 2020 surplus:

Shareholder cash dividends:	338,899,000	(per share NTD$ 1.12)
Director remuneration:	7,200,000	
Employee remuneration:	11,000,000	

The actual allocation of employee and director remuneration is consistent to

the estimated one.

ix. Repurchase of company stocks

1. Status of repurchasing of company stocks (completed)

Repurchase Number/Time	First Time	Second Time	Third Time
Repurchase purpose	Stock transferred to employees	Stock transferred to employees	Stock transferred to employees
Repurchase period	2016/03/22~ 2016/04/13	2019/07/26~ 2019/08/02	2020/03/23~ 2020/05/22
Repurchase price range	NTD$ 45~75	NTD$ 70~100	NTD$ 40~80
Repurchase stock kind & number	900,000 stocks	600,000 stocks	531,000 stocks
Repurchase stock Value	NTD$ 48,975,331	NTD$ 47,859,684	NTD$ 32,305,935
Number of retired or transferred stocks	900,000 stocks	0 stock	103,000 stocks
Accumulated number of stocks held	0 stock	600,000 stocks	428,000 stocks
Percentage of accumulated number of stocks held in total issued stocks (%)	0%	0.2%	0.14%

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

2. Corporate Bond

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

3. Preference Shares: None.

4. Depository Receipt: None.

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

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

7. Application of Funds: None.

V. Operation Overview

1. Business Contents:

i. Business Scope

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

1. Main businesses:

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

2. Operating Proportion

Item Name	2021	2020
1. Fitness equipment	82.1%	82.2%
2. Electrical massage chair	17.8%	17.7%
3. Other	0.1%	0.1%
Sum	100%	100%

3. Current Company Products & Services

Current Main Products on the Market:

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

4. New Product Program Development

(1) Matrix brand: developing electrical treadmill and weight training product for markets on upper class chain fitness club and international hotel

(2) Johnson brand: developing electrical treadmill and elliptical machine for upper class fitness club

(3) Vision brand: series product for light club product line and upper class domestic special store

(4) Horizon brand: large-scale fitness supermarket series product, fitness utility special store new product

(5) R&D techniques for electrical massage chair

(6) R&D techniques for key component units

ii. Technology and R&D Overview

1. R&D expense amount in the recent years (consolidated statements):

(regulation: from the recent years to publication of this annual report)

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

Unit: NTD in Thousand

Year / Item	2022 Up to 3/31	2021	2020	2019
R/D expense	219,541	808,652	785,536	650,646
Net income	7,526,625	30,779,328	28,366,756	25,372,561
R/D expense/Net income (%)	2.92	2.63	2.77	2.56

Data source: provided by the CPA Financial Report

2. Fruits of Successful Technological or Product Development

Year	Fruits of Research & Development
2019	(1) Matrix Electrical Treadmill Series, 22 types (2) Matrix Fitness Bike & Elliptical Machine Series, 21 types (3) Matrix Strength Training Machine Series, 19 types (4) Matrix Rowing Machine, 5 types (5) Vision Electrical Treadmill Series, 4 types (6) Vision Fitness Bike & Elliptical Machine Series, 6 types (7) Horizon Electrical Treadmill Series, 15 types (8) Horizon Fitness Bike & Elliptical Machine Series, 6 types (9) Tempo Electrical Treadmill Series, 1 type (10) Inner Balance Massage Series, 1 type (11) SYNCA Massage Chair Series, 1 type
2020	(1) Matrix Electrical Treadmill Series, 28 types (2) Matrix Fitness Bike & Elliptical Machine Series, 86 types (3) Matrix Strength Training Machine Series, 43 types (4) Vision Electrical Treadmill Series, 3 types (5) Vision Fitness Bike & Elliptical Machine Series, 6 types (6) Horizon Electrical Running Machine Series, 13 types (7) Horizon Fitness Bike & Elliptical Machine Series, 9 types (8) Inner Balance, Massage Chair Series, 2 types (9) SYNCA Massage Chair Series, 4 types (10) Johnson Massage Chair Series, 1 type
2021	(1) Matrix Electrical Treadmill Series, 45 types (2) Matrix Fitness Bike & Elliptical Machine Series, 29 types (3) Matrix Strength Training Machine Series, 12 types (4) Vision Electrical Treadmill Series, 5 types (5) Vision Fitness Bike & Elliptical Machine Series, 4 types (6) Horizon Electrical Running Machine Series, 21 types (7) Horizon Fitness Bike & Elliptical Machine Series, 8 types (8) Inner Balance, Massage Chair Series, 1 type (9) SYNCA Massage Chair Series, 2 types (10) Johnson Massage Chair Series, 6 types

3. Future R&D Projects and Estimated Expenses

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

(2) Projects for the Future 3 Years

Item	Product Development Strategy	Main Product	Estimated invested capital (USD)
1	Electrical control component research & development	Motor/ Control Board	10 million
2	New generation HMI platform development	Embedded console	35 million
3	Integrated audio-visual multimedia & wireless functions	CV full series	10 million
4	Cloud technology application development	Interactive console	18 million
5	Online video streaming development	CV full series	35 million
6	AI development	CV full series	20 million
7	New model business machine development (Project 1)	CV full series	50 million

(3) Impact Factors for Future Research Successes:

A. Hiring human resources on electrical control, or institute and product managers.

B. Key component and key technology development, such as motor, control panel, generator, running board, running belt, and scroll wheel, etc.

C. Hiring AI, Web, APP human resources

D. R&D project progress management

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

1. Short-Term:

(1). CV & weight training new product development & old product improvement

(2). Light club product line and upper-class domestic special store series new product launch

(3). European & American large-scale channels series for the launch of new product, athletic product chain stores and special stores

2. Long-Term:

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

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

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

2. Market & Production Overview

i. Market Analysis

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

Unit: USD in million

Year / Region	2021		2020	
	Amount	Proportion	Amount	Proportion
American Region	484	44.1%	453	47.2%
European Region	253	23.1%	180	18.8%
Asian Region	315	28.7%	283	29.5%
Domestic Marketing	45	4.1%	43	4.5%
Sum	1,097	100%	959	100%

2. Future Market Supply & Demand Condition and Upward Trend

i. Future Market Upward Trend

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

【2020-2024 Global Interactive Fitness Market】

According to the results accumulated from Allied Market Research, the global fitness equipment market scale is expected to grow up to USD$ 14.8 billion in 2028, with the growth of CAGR reaching 3.3%. Among the trend, Asia-Pacific region makes the fastest growth, especially with the growth of such new market demands coming from India and China. However, currently, the European and American countries still occupy the largest fitness equipment consumption market in the world, accounting for 60% of the global market share, and also the largest export countries for Taiwan.

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

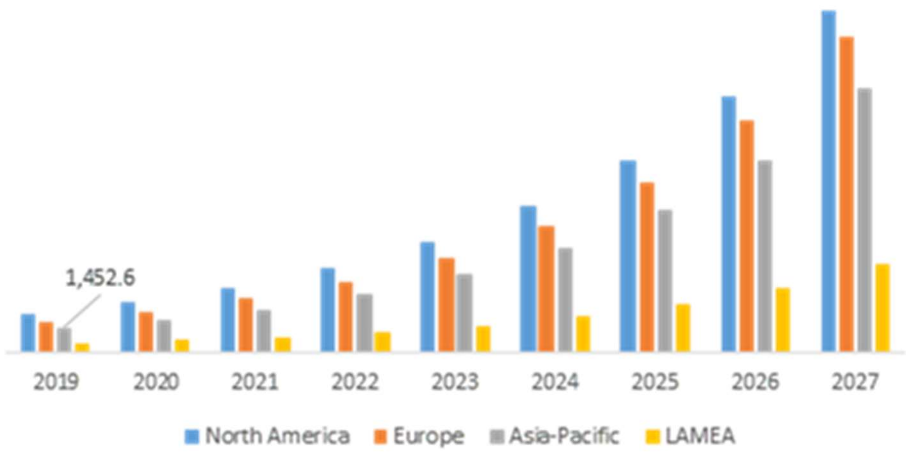
With rising consumer concerns toward health and fitness, the number of populations who do exercise surged. In addition to the polarized development of global fitness clubs, the fitness industry in Taiwan flourished quickly. Despite being relatively slow when compared to other Asian countries, the Taiwanese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

(2) Industry development trend

According to the latest global fitness trend ranking provided by ACSM (American College of Sports Medicine), the top 10 global fitness activity trends in 2022 are ranked as the following: Wearable technology, home exercise gyms, outdoor activities, strength training with free weights, exercise for weight loss, personal training, high intensity interval training, body weight training, online live and on-demand exercise classes, health/ wellness coaching, etc.

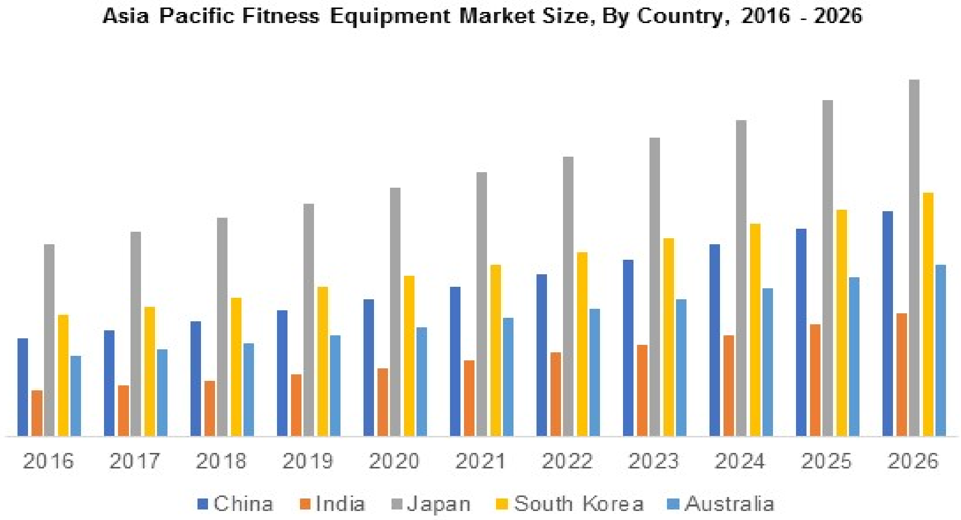
Global fitness equipment market types can be divided into cardiovascular training equipment, weight training equipment, and other equipment, and also into types of users (domestic consumers, fitness club users, and other commercial users) and areas. The cardiovascular training equipment fall into the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

Notably, the digital market that emerged after the outbreak of the epidemic, that is, the distribution of exercise content through the Internet, the online virtual courses viewed on the screen fell from No. 2 to No. 9, as people still yearn for group living. With the increase in vaccine coverage, the fitness population began to return to the gym, and because of COVID-19, people realized the importance of strengthening their own immune system, which also raised the ranking of personal trainers (No. 10 → No. 6).



This report conducts an investigation into the fitness equipment markets including North America, Europe, Asia-Pacific, and LAMEA by region. The North American region took a lead in the market share. However, within the forecast, the Asia-Pacific region's compound annual growth rate is expected to be the highest. The increase in disposable income and rapid growth in economy in the Asia-Pacific region resulted in the unhealthy lifestyles such as sitting for a long time and additional expenses in fast food. These poor lifestyles escalated disease incidence such as obesity, diabetes, high blood pressure, and other bone diseases. People are becoming aware of the long-term effects of such diseases, and have encouraged each other to stay healthy by doing exercises in the gym or stadium. This trend also has something to do with the increase of the youthful populations and gentrification trend in a developing economy.

【Graphical Research - Asia Pacific Fitness Equipment Market Size Forecast】



The original report stated that the Asia-Pacific fitness equipment market is expected to grow by 7% in CAGR.

The forecast future industrial trend is as follows:

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

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

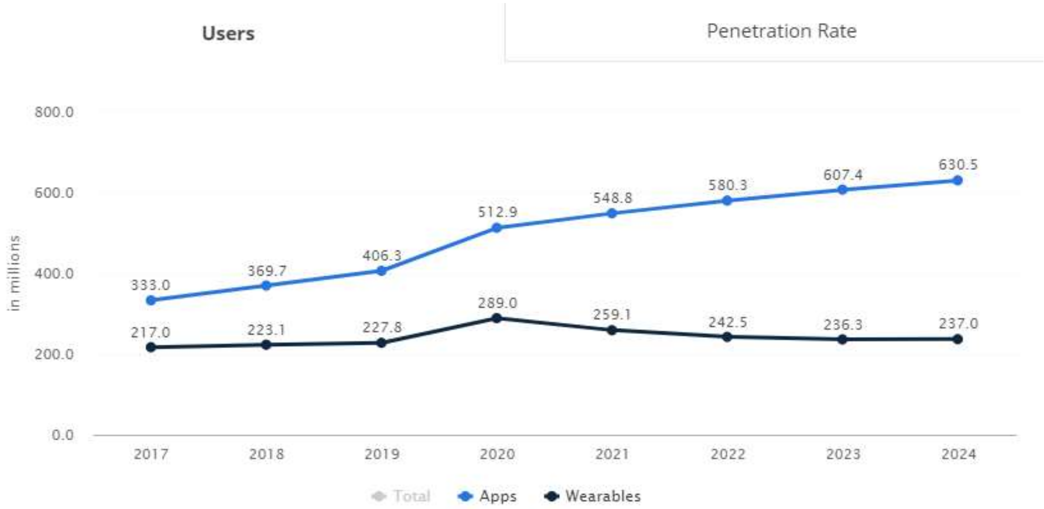
3). The concept of health care becomes a popularized idea. Other than the high regard from public institutions and schools, many large-scale enterprises also start to establish fitness & leisure equipment for the use of employees. In recent years, more and more households and construction developers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

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

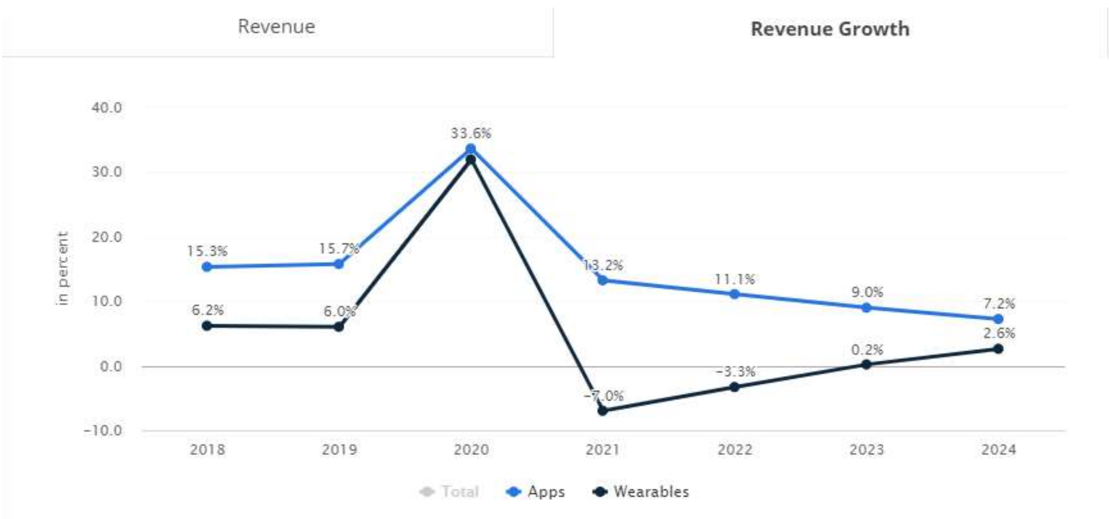
5). As wearable smart devices such as the smart watches have grown mature and popular nowadays, keeping fit is no longer shown through slowly losing weight or having body curve. With the help of the smart devices, users nowadays can easily know his or her calorie loss or cardiorespiratory condition,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

【The number of Users in the Fitness Market Forecast】

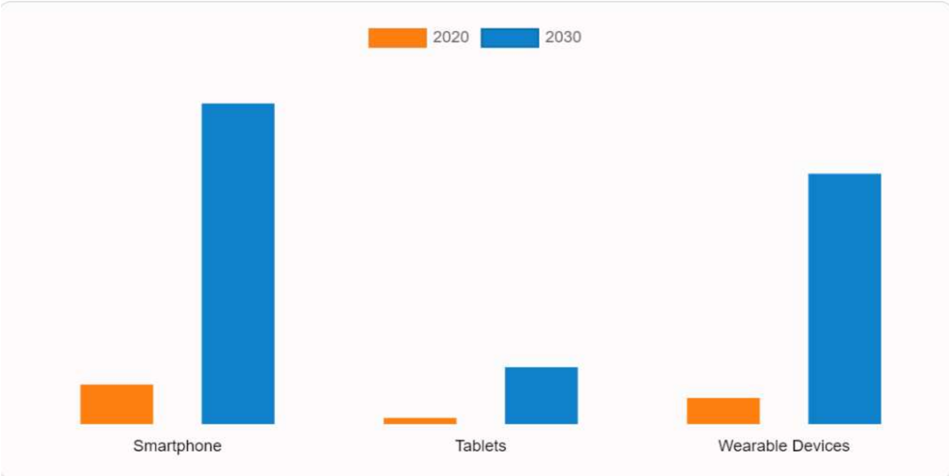
As of 2024, in the Apps area, the number of users is expected to reach 630.5 million.



【The Fitness Market User Rate Forecast】



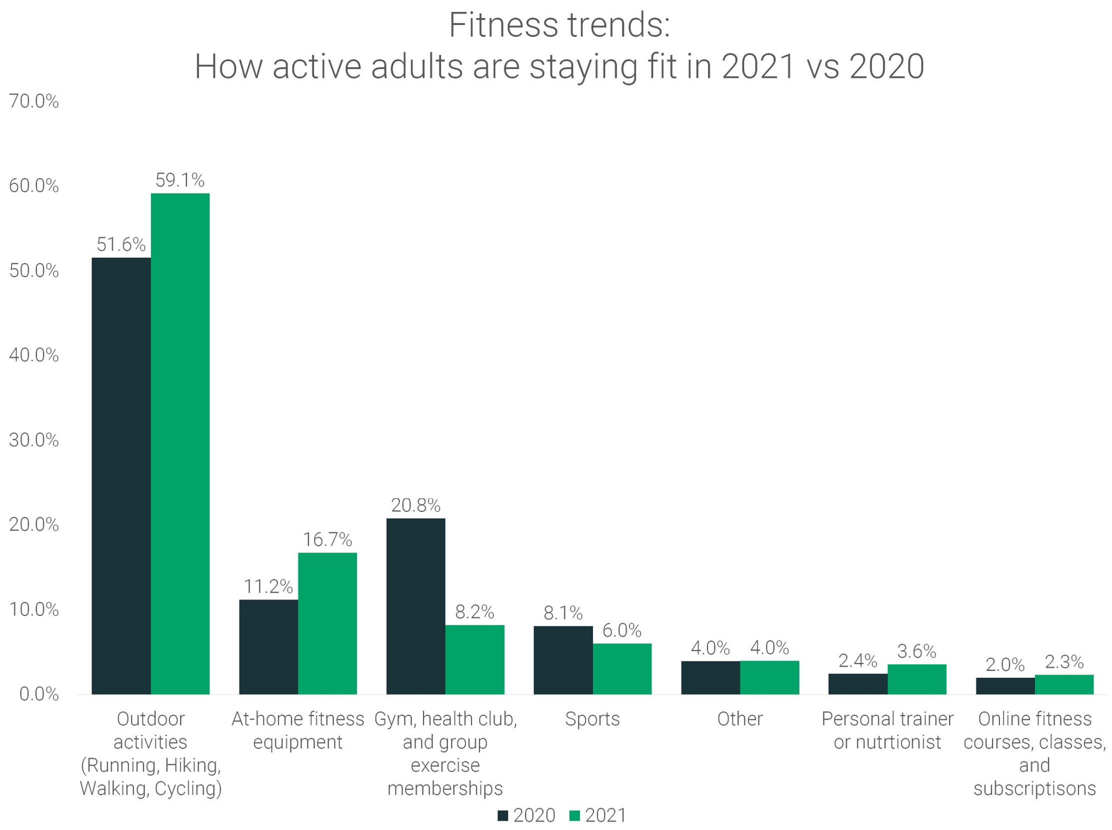
【Allied Market Research-Fitness App Equipment Type Forecast】



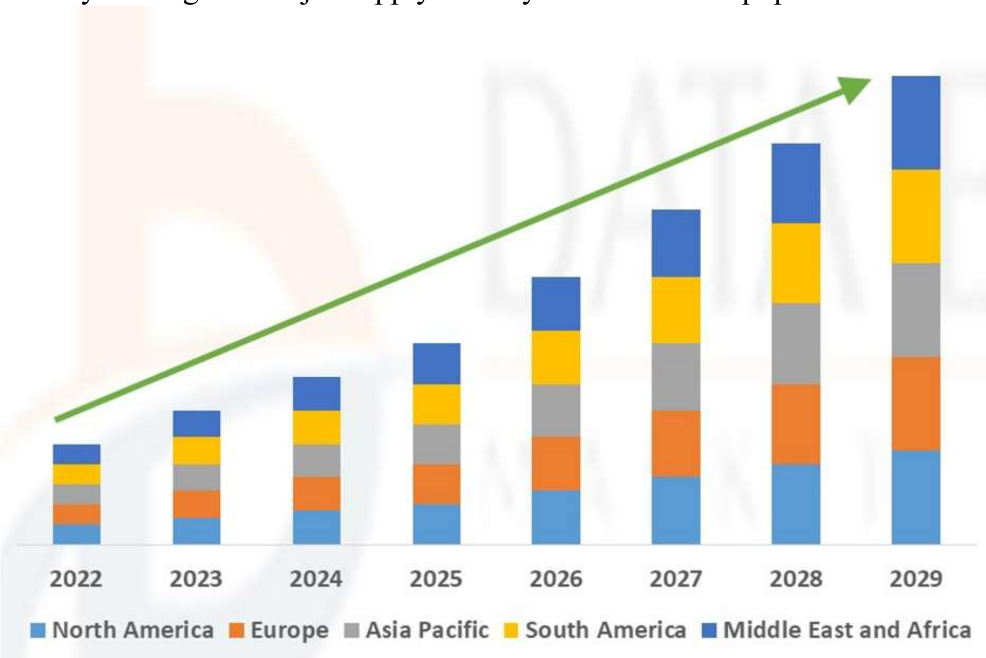
Smartphones are expected to be one of the most profitable fitness markets.

(3) Future Market Supply & Demand Potentials

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



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



According to Data bridge, the fitness market is expected to grow by 3.67% from 2022 to 2029.

(4) Positive and Negative Measures for the Industrial Prospect

A. Positive factors

a. Comprehensive Product Line

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

b. R&D and Creativity Sustainability

Johnson Health Tech is composed of an international R&D team of nearly 250 people (coming from the US, Taiwan, and Shanghai, etc.). The Taiwanese and Shanghai research fellows earned degrees and education backgrounds in electronics, computer science, materials science, human engineering, mechanics configuration, and electrical engineering, together with the efforts of overseas brand marketing departments in charge of product “appearance,” “style & color,” “human engineering,” “integration application of functionality and technology,” which help the research products possess such advantages unavailable to most competitors as “market oriented,” “highly advanced in technology,” “fashionable,” etc.

c. Global Deployment Capacity

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

The strongly built marketing network has facilitated its services in the global market, thereby enhancing the popularity and market share of its products.

B. Negative Factors and Countermeasures

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

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

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

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

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

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

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

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

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

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

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

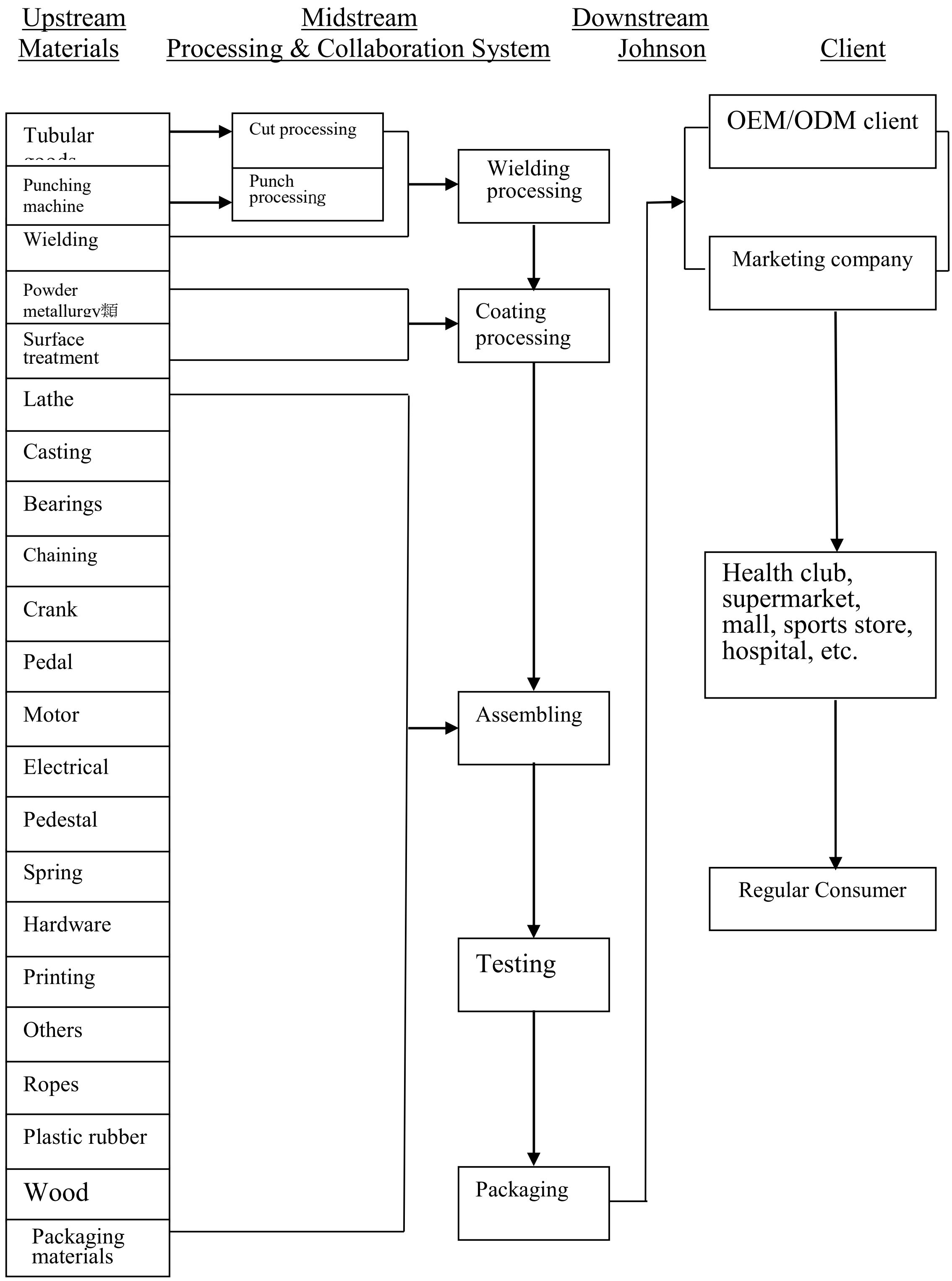
e. Following up for the counter-measure policy dealing with Covid-19, such as vaccination, medicine development, etc., and other enterprise subsidies used to cope with the pandemic economy.

ii Function and Manufacturing Procedures for Major Products

1. Functions of Major Products

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

2. Manufacturing Process



iii. Supply Condition of Major Ingredients

Ingredient Names	Supplier	Country
Electrical dashboard & components	Nexcom International Co. Ltd. Johnson Health Technology (Shanghai) Co., Ltd. Elite Secret Biotechnology Corp.	Taiwan China Taiwan
Motor	Johnson Health Technology (Shanghai) Co., Ltd. J-Star Motor Industrial Co., Ltd.	China Taiwan
Lathe	Szu-Wei Enterprise Co., Ltd. Horng Luen Industry Co., Ltd.	Taiwan Taiwan Taiwan
Punch	Ju Chang Co., Ltd. Chia Hsin-Chou Industrial Co. Zhong Yi Industrial Co.	Taiwan Taiwan Taiwan
Tubular	Shang Hsing Steel Industries Co., Ltd.	Taiwan
Plastic	Dong Sha Enterprise Co., Ltd. Kai Ware Company Limited Chiu-Chu Enterprise Co.	Taiwan Taiwan Taiwan
Pedestal	Yu Tai Co. Ltd.	Taiwan
Hardware	Chang Cheng Enterprise Co., Ltd.	Taiwan
Running Board	D&P PRODUCTS, INC.	U.S.A.
Running Board	Habasit Group	Switzerland

iv. Trading Client List for Major Imports

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

Unit: NTD in Thousand; %

	2020				2021				2022/03/31			
Item	No. (Code)	Sales Amount	Yearly Sales Rate (%)	Affiliation	No. (Code)	Sales Amount	Yearly Sales Rate (%)	Affiliation	No. (Code)	Sales Amount	Yearly Sales Rate up to today (%)	Affiliation
1	1001372	3,186,039	29.50%	Subsidiary	1001372	3,671,155	27.72%	Subsidiary	1001372	1,023,619	37.33%	Subsidiary
2	1003220	1,580,901	14.64%	Sub-subsidiary	1003220	2,090,588	15.78%	Sub-subsidiary	1000600	469,801	17.13%	Sub-subsidiary
3	1000600	549,208	5.09%	Sub-subsidiary	1000600	976,157	7.37%	Sub-subsidiary	1000024	160,792	5.86%	Sub-subsidiary
4	1000031	454,578	4.21%	Sub-subsidiary	1000031	524,068	3.96%	Sub-subsidiary	1000018	81,153	2.96%	Sub-subsidiary
5	1000024	407,162	3.77%	Sub-subsidiary	1000024	497,300	3.75%	Sub-subsidiary	1003220	74,211	2.71%	Sub-subsidiary
6	1001229	374,908	3.47%	Sub-subsidiary	1001229	444,795	3.36%	Sub-subsidiary	1002621	62,410	2.28%	Sub-subsidiary
7	1001608	270,734	2.51%	Sub-subsidiary	1001608	444,392	3.35%	Sub-subsidiary	1001608	54,400	1.98%	Sub-subsidiary
8	1000018	233,874	2.17%	Sub-subsidiary	1000018	359,856	2.72%	Sub-subsidiary	1002586	49,063	1.79%	Subsidiary
9	1001237	232,760	2.16%	Sub-subsidiary	1001237	268,892	2.03%	Sub-subsidiary	1001229	46,442	1.69%	Sub-subsidiary
10	1000052	219,153	2.03%	Sub-subsidiary	1000052	265,509	2.00%	Sub-subsidiary	1005344	43,659	1.59%	Subsidiary
	Other	3,291,153	30.45%		Other	3,703,278	27.96%		Other	676,286	24.68%	
	Sales Total	10,800,470	100%		Sales Total	13,245,990	100%		Sales Total	2,741,836	100%	

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

The change in the total sales amount by more than 10% were the same client: No. 1001372 , 1003220

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

Unit: NTD in Thousand；%

	2020				2021				2022/03/31			
Item	No. (Code)	Amount	Yearly Import Amount Rate (%)	Affiliation	No. (Code)	Amount	Yearly Import Amount Rate (%)	Affiliation	No. (Code)	Amount	Yearly Import Amount Rate up to today (%)	Affiliation
1	3927	4,391,071	57.38%	Sub-subsidiary	3927	6,139,341	59.42%	Sub-subsidiary	3927	828,008	51.83%	Sub-subsidiary
2	6970	1,227,800	16.04%	Subsidiary	6970	1,470,397	14.23%	Subsidiary	6970	104,320	6.53%	Subsidiary
3	1100	263,651	3.45%	Sub-subsidiary	1100	498,567	4.83%	Sub-subsidiary	1100	103,176	6.46%	Sub-subsidiary
4	3209	143,934	1.88%	Subsidiary	5428	146,043	1.41%	Not affiliated	5428	51,069	3.20%	Not affiliated
5	5428	111,676	1.46%	Not affiliated	3209	144,514	1.40%	Subsidiary	3209	28,039	1.76%	Subsidiary
6	4318	61,590	0.80%	Not affiliated	7008	118,988	1.15%	Not affiliated	1656	18,990	1.19%	Not affiliated
7	279	55,059	0.72%	Not affiliated	1656	87,227	0.84%	Not affiliated	2527	17,660	1.11%	Not affiliated
8	1656	54,619	0.71%	Not affiliated	4318	80,791	0.78%	Not affiliated	5898	16,959	1.06%	Not affiliated
9	5984	51,200	0.67%	Not affiliated	279	69,695	0.67%	Not affiliated	279	15,878	0.99%	Not affiliated
10	4928	49,290	0.64%	Not affiliated	4663	50,491	0.49%	Not affiliated	5245	12,429	0.78%	Not affiliated
Other		1,242,434	16.25%			1,526,377	14.78%			400,896	25.09%	
Import net amount		7,652,324	100%			10,332,431	100%			1,597,424	100%	

Note on Change of the import amount by more than 10% in the recent two years:

The change in the import amount by more than 10% were the same client: No. 3927 , 6970

Data source: in courtesy of Johnson Health Tech

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

Unit: NTD in Thousand

Year / Production Value / Main Product	2020			2021		
	Production capacity	Production Volume	Production value	Production capacity	Production Volume	Production value
Rowing machine	6,000	7,267	99,948	6,000	7,815	109,777
Fitness bike	16,000	21,224	296,145	16,000	27,544	404,879
Recumbent exercise bike	10,000	5,200	89,072	10,000	3,430	59,880
Electrical running machine	60,000	29,738	644,570	60,000	32,278	785,866
Stepper	16,000	15,718	360,878	16,000	12,313	393,091
Elliptical machine	70,000	37,337	669,314	70,000	15,483	473,837
Sum	178,000	116,484	2,159,927	178,000	98,863	2,227,330

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

Unit: NTD in Thousand

Year / Sales Value / Main Products	2020				2021			
	Domestic		International		Domestic		International	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
1. Rowing machine	205	6,351	10,592	152,016	238	7,146	10,319	153,527
2. Fitness bike	2,986	63,264	46,358	583,710	4,172	101,015	90,788	1,078,846
3.Recumbent exercise bike	742	26,420	12,050	200,436	699	24,776	16,339	244,540
4. Electrical running machine	5,887	270,178	323,055	4,598,968	7,089	277,980	322,095	5,283,896
5.Stepper	163	14,804	10,450	389,508	131	11,509	10,220	515,573
6.Elliptical machine	1,925	87,033	98,917	1,594,073	1,730	80,385	70,971	1,303,438
6.Weight Training	2,813	133,898	57,324	1,547,797	1964	92,783	94,396	2,743,694
7. Other	201,569	674,772	836,164	457,242	184,024	687,180	1,191,597	639,702
Sum	216,290	1,276,720	1,394,910	9,523,750	200,047	1,282,774	1,806,725	11,963,216

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

(The Parent Company Individual Statements)

Year		2020	2021	2022/01/01 2022/03/31
Number of Employees	Production Employee	262	249	257
	Management Employee	733	733	807
	R&D employee	110	115	146
	Sum	1,105	1,097	1,210
Average Age		39.1	39.1	39.1
Average Service Years		7.6	7.6	7.45
Degree Distribution Rate	PhD	0.63%	0.64%	0.5%
	Master	13.67%	13.95%	16.12%
	Junior College	47.23%	47.49%	48.26%
	High School	17.3%	14.22%	20.58%
	Under High School	21.17%	23.7%	14.55%.

4. Environmental Expenses

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

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

5. Labor-Management Relationships

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

1. Employee welfare services

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

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

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

2. Retirement System

(1). The company will allocate retirement pensions to retired employees based on the Labor Standards Act and its own retirement regulations in addition to the Labor Pension Funds authorized by Ministry of Labor. The company will allocate a set proportion of retirement preparation funds on a monthly basis to the special account of the Central Trust of China, or in accordance with the Labor Pension Act, to allocate 6% of the retirement fees to the employees' personal account every month.

(2). The company will allocate employee seniority pensions based on the regulations for the Labor Pension Act, Chapter 6, entire clauses, and enforcement rules of the same Act.

3. Labor-Management Agreement:

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

ii. Employee's Continued Education & Training

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

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

Johnson Health Tech has systematically provided a series of general education, professional knowledge, and management curricula to employees of different positions and levels. Not only did it invite external professional lecturers but also cultivated hundreds of internal trainers on its own. The year of 2021 offered up to 519 courses, amounting to 14,385 hours and attracting 10,195 participants to join. These training courses were proceeded through a combination of concrete and digital ways of learning, which consists of:

- General Education Training:
  Referring to government laws and regulations, corporate policies and arrangement of integral and stratified levels of general education training, such as industrial safety training course, secure hygiene training course, labor safety training course, various language training, health, life workshop series, etc.
- Professional Training:
  Refers to the required skills and professional training at the various occupation units. The course contents aim to strengthen and analyze employees' skills based on the varying departments' knowledge and professions.
- Expatriate Training:
  Refers to a special professional course, management program, or overseas exhibition or workshop, which allow the employees to participate to make up for the insufficiency of internal resources.
- Advanced Education Training:
  Refers to the degree programs offered by the MOE-approved public or private universities at home and abroad; or to complete a classified training program for

the purpose of occupational promotion; the latter can provide a systematic and comprehensive training.

- New Employee Training:
  Refers to the "New Employee Orientation" held on the date of the new employee's arrival to familiarize him or her with the company's daily rules and regulations, together with all the basic and introductory orientation courses which are delivered by the consultants or supervisors, and which are based on the employee's occupational duty and capacity.
- Managerial Training:
  Refers to the kind of managerial development training to be taken based on the demands of different levels of supervisors with varying management talents and capacity.
- Elite Training:
  Refers to the program used to analyze targeted talents' work capacity, to enhance the underside points and help train him or her to be potential managers of the company.

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

iii. Employee behavior and ethical principles

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

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

(1) Stealing or pilfering the company's property, information for personal gains or by means of his or her position
(2) Gaining profit by means of the company property, information, or position occupied by the person
(3) Competing with Johnson Health Tech

3. Promulgating ethical behavior through the following measures:
(1) Encouraging employee to discuss with directors or managers if he or she
has doubts regarding how to respond to a specific situation.
(2) Encouraging employee to report to a competent authority regarding any violations of law, regulation, or order.
(3) Informing employee not to seek revenge against a well-intended person

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

6. Information Security Management

i. Cybersecurity risk management framework

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

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

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

ii. Cybersecurity management policy

1. Purpose

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

2. Definition

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

3. Goals

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

4. Scope

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

5. Organization

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

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

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

iii. Cybersecurity specific management plan

1. Staff cybersecurity awareness and training

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

2. Information communication system security management

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

3. Computer facilities maintenance

(1) Arrange staff during working hours every day to check whether there is any abnormality according to the items listed in the "Computer Facility

Network Maintenance and Operation Rotation Checklist".

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

4. Information communication system and data protection

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

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

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

(4) Backup and restore drill:

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

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

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

5. Information communication system and network monitoring

(1) Each host is included in the monitoring system to monitor the operating status and resource usage of each system to ensure that each system operates normally.

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

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

iv. Information technology security risks and management measures

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

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

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

v. Major cybersecurity incidents

In 2021 and up to the date of publication of the annual report, the company has not suffered any financial losses or affected company operations due to major cybersecurity incidents.

7. Important Contract: None.

VI. Environmental, Social and Governance (ESG)

1. Environmental Protection, Safety and Hygiene Management

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

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

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

Unit: in NTD

Item / Name of facility	Number	Date of obtainment	Investment	Functions and benefits
Office building water treatment facility	1	2001.04.30	912,200	Wastewater treatment
Paint factory water treatment facility	1	2001.11.30	2,300,000	Wastewater treatment
Paint factory spray room air conditioning facility	1	2003.08.21	190,000	Air pollution treatment
Paint factory discharge water pipe change	1	2004.06.04	314,286	Wastewater treatment
Gas carbide furnace facility	1	2005.11.30	650,000	Air pollution treatment
Negative pressure fan	40	2006.07.20	400,000	Air pollution treatment
Two-component facility	1	2006.09.18	750,000	Wastewater treatment
Pre-treatment facility	1	2007.04.10	3,209,524	Wastewater treatment
Dust collector	1	2010.06.29	108,571	Air pollution treatment
Detention pond	2	2014.01.29	5,146,636	Wastewater treatment
Energy-saving LED	571	2014.09.23	999,250	Energy saving
Factory fire pollution engineering	3	2017.07.26	1,174,800	Public safety
Dust collector facility	1	2017.10.13	476,190	Air pollution treatment
Conveyor tracks and facilities	5	2017.12.29	2,522,000	Air pollution reduction and energy saving
Sludge treatment machine	1	2018.07.31	657,143	Waste water treatment
Air compressor heat recovery facility	2	2014.08.11	510,000	Energy conservation

Spray room & dust collection facility (including air duct)	1	2018.12.04	1,656,000	Air pollution reduction and energy conservation
Spray room & collection facility	1	2019.06.28	1,350,000	Air pollution reduction and energy conservation
Smoke extraction facility	1	2020.03.16	45,000	Air pollution reduction
Electric stacker	1	2020.12.18	1,333,333	Air pollution reduction
Smoke extraction facility	1	2020.03.30	642,857	Air pollution reduction
Fire Protection Engineering	1	2020.12.24	12,133,334	Public safety
Leased factory Fire Protection Engineering	1	2021.06.30	523,810	Public safety

iii. Any incident as a result of disputes with regard to environmental protection shall be based on the following:

In manufacturing fitness equipment, the company adopts division of labor involving the main factory and satellite factory; the main factory is in charge of development, assembly, and marketing whereas the subcontractor supplies 75% of components. The company's Shanghai plant is responsible for providing critical components. Since the process of assembly does not incur or pose any environmental risks, the company has encountered no environmental protection disputes over the past two years.

iv. Recent expenses from providing solutions: None

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

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

Item/Year	2021	2020
Greenhouse Gas Emissions/ton	No data	No data
Water Volume/degree	512,768	501,546
Waste Volume/ton	29	50

vii. Work Environment and Employee Safety

1. Environmental Policy:

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

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

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

(2) focus on the initial stage of product design, i.e., taking into account synchronous engineering, such as packaging design and application to reduce resource consumption and R&D expenses, while working in accordance with environmental packaging requirements and foregoing all traditional packaging methods
(3) control and improvement of pollution sources, and commitment to preventing the occurrence of pollution sources
(4) continuous reduction of business waste
(5) effective handling and recycling of resources

2. Safety & Hygiene Policy

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

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

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

Year	attendees	hours
2019	1,047	6,282
2020	917	5,502
2021	1,140	6,840

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

Year	Fatal Accidents	Incapacitating Accidents
2019	Male: 0 Female: 0	Male: 7 Female: 0
2020	Male: 0 Female: 0	Male: 5 Female: 1
2021	Male: 0 Female: 0	Male: 6 Female: 1

2. Implementation of Corporate Sustainability

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

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

1. Friendly Work Environment

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

2. Employee Health Care

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

3. Employee Family Activities

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

4. Retired Employee Care

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

5. Human Rights

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

6. Public Charitable Events

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

(2) A donation of nearly NTD$ 2,375,000 to the Warm Breeze Caring Society's "Connecting Dreams with Love—Taidong Bin Mao Special Education" charitable campaign was made to sponsor local faculty responsible for 40 elementary school students who were offered after-class consultations, talent management classes, and family support. The said contribution helped

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

(3) Sponsored Soochow University's "Exercise New Life Event" project with a total of about NT$ 300,000. Sponsored NT$ 300,000 worth of prizes for use in "Soochow 122nd Anniversary Series Events" and "Soochow International 24 Hours Ultra Marathon". By supporting campus activities and international events, extending the Ultra Marathon spirit, establishing the concept of Exercise New Life and light exercise under the epidemic, Johnson Health Tech advocates the proper sports spirit by taking on the role of corporate social responsibility and sponsoring sports events.

VII. Financial Overview

1. Condensed Balance Sheet & Composite Income Sheet

i. Condensed Balance Sheet-Consolidated

Unit: NTD in Thousand

Item \ Year		Financial Statements within 5 Years					Financial Statements 2022/01/01~2022/03/31 (Reviewed by accountant)
		2017	2018	2019	2020	2021	
Current assets		16,507,488	17,412,999	18,361,403	19,574,345	23,461,882	23,877,381
Real estate, factory, facility		2,883,303	3,217,478	3,261,000	3,997,692	4,138,726	4,298,791
Intangible assets		1,201,583	1,220,388	1,234,304	2,855,047	2,807,002	2,826,494
Other assets		1,674,678	1,892,333	4,078,604	4,760,005	4,854,966	5,318,950
Total assets		22,267,052	23,743,198	26,935,311	31,187,089	35,262,576	36,321,616
Current liabilities	Before allocation	11,209,507	12,956,701	13,150,648	15,776,500	21,072,476	22,458,242
	After allocation	11,300,442	13,154,052	13,574,812	16,115,399	21,223,770	Not allocated
Non-current liabilities		1,505,980	2,355,896	4,647,437	5,128,864	4,808,916	4,166,521
Total liabilities	Before allocation	14,099,611	15,312,597	17,798,085	20,905,364	25,881,392	26,624,763
	After allocation	14,190,546	15,509,948	18,222,249	21,244,263	26,032,686	Not allocated
Equity attributed to Parent company		8,162,230	8,424,710	9,129,776	9,345,664	8,479,837	8,831,967
Equity		3,040,166	3,040,166	3,036,166	3,036,166	3,036,166	3,036,166
Capital surplus		54,921	54,996	54,924	55,630	59,979	59,979
Retained surplus	Before allocation	6,103,500	6,395,038	7,457,357	7,713,232	7,399,573	7,481,599
	After allocation	6,012,565	6,197,687	7,033,193	7,374,333	7,248,279	Not allocated
Other equity		(987,409)	(1,016,542)	(1,370,839)	(1,385,492)	(1,942,009)	(1,671,905)
Treasury shares		(48,948)	(48,948)	(47,832)	(73,872)	(73,872)	(73,872)
Non-controlling interests		5,211	5,891	7,450	936,061	901,347	864,886
Total interests	Before allocation	8,167,441	8,430,601	9,137,226	10,281,725	9,381,184	9,696,853
	After allocation	8,076,506	8,233,250	8,713,062	9,942,826	9,229,890	Not allocated

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

ii. Composite Financial Statement-Consolidated

Unit: NTD in Thousand

Item \ Year	Financial Statements within 5 Years					Financial Statements 2022/01/01~ 2022/03/31 （Reviewed by accountants）
	2017	2018	2019	2020	2021	
Operating revenue	19,494,431	21,757,064	25,372,561	28,366,756	30,779,328	7,526,625
Gross profit	9,204,477	10,037,196	12,546,867	13,397,487	13,906,256	3,140,165
Operating profit and loss	136,692	51,645	1,493,164	930,089	154,188	(175,084)
Non-operating income and expenses	88,305	241,210	124,038	45,243	9,512	276,234
Net profit before-tax	224,997	292,855	1,617,202	975,332	163,700	101,150
Income from continuing operations	130,602	390,322	1,294,021	747,354	99,369	90,897
Loss from discontinued operations	0	0	0	0	0	0
Net profit (loss) for the period	130,602	390,322	1,294,021	747,354	99,369	90,897
Other composite income (net profit after-tax)	(220,291)	(36,447)	(362,782)	(35,816)	(641,879)	258,655
Total of composite income for the period	(89,689)	353,875	931,239	711,538	(542,510)	349,552
Net profit attributed to parent company	130,176	389,787	1,292,531	679,293	38,148	82,026
Net profit attributed to non-controlling equity	426	535	1,490	68,061	61,221	8,871
Total comprehensive income attributable to stockholders of parent company	(90,115)	353,340	929,749	665,386	(531,277)	352,130
Total comprehensive income attributable to non-controlling interests	426	535	1,490	46,152	(11,233)	(2,578)
Earnings per share	0.43	1.29	4.26	2.24	0.13	0.27

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

iii. Condensed Balance Sheet -Parent Company

Unit: NTD in Thousand

Item \ Year		Financial Statements within Five Years					Financial Statements 2022/01/01~ 2022/03/31 (Note)
		2017	2018	2019	2020	2021	
Current assets		5,651,953	7,229,186	8,532,930	7,911,865	13,086,938	-
Real estate, factory, facility		848,597	895,582	935,588	1,051,111	1,134,461	-
Intangible assets		18,194	14,452	6,130	7,543	9,296	-
Other assets		231,007	259,932	450,069	424,494	586,188	-
Total assets		19,596,383	20,784,353	22,432,557	24,100,369	28,160,870	-
Current liabilities	Before allocation	9,077,034	10,479,089	10,449,010	11,288,540	16,259,922	-
	After allocation	9,167,969	10,676,440	10,873,174	11,627,439	16,411,216	-
Non-current liabilities		2,357,119	1,880,554	2,853,771	3,466,165	3,421,111	-
Total liabilities	Before allocation	11,434,153	12,359,643	13,302,781	14,754,705	19,681,033	-
	After allocation	11,525,088	12,556,994	13,726,945	15,093,604	19,832,327	-
Equity attributed to parent company		8,162,230	8,424,710	9,129,776	9,345,664	8,479,837	-
Equity		3,040,166	3,040,166	3,036,166	3,036,166	3,036,166	-
Capital surplus		54,921	54,996	54,924	55,630	59,979	-
Retained surplus	Before allocation	6,103,500	6,395,038	7,457,357	7,713,232	7,399,573	-
	After allocation	6,012,565	6,197,687	7,033,193	7,374,333	7,248,279	-
Other equity		(987,409)	(1,016,542)	(1,370,839)	(1,385,492)	(1,942,009)	-
Treasury shares		(48,948)	(48,948)	(47,832)	(73,872)	(73,872)	-
Non-controlling interests		0	0	0	0	0	-
Total interests	Before allocation	8,162,230	8,424,710	9,129,776	9,345,664	8,479,837	-
	After allocation	8,071,295	8,227,359	8,705,612	9,006,765	8,328,543	-

Note: The above financial statements have been verified or approved by accountants. The parent company individual financial statements need not be provided by 2022/03/31; thus, they are not included in the report.

iv. Composite Income Sheet-Parent Company

Unit: NTD in Thousand

Item \ Year	Financial Statement within Five Years					Financial Statements 2022/01/01~ 2022/03/31
	2017	2018	2019	2020	2021	
Operating revenue	8,622,526	9,859,115	12,521,295	10,800,470	13,245,990	-
Gross profits	2,174,881	2,451,618	3,372,523	2,300,137	2,861,029	-
Operating profit and loss	718,867	595,758	1,525,930	544,275	972,318	-
Non-operating income and expenses	(506,031)	(176,896)	63,878	211,054	(725,177)	-
Net profit before-tax	212,836	418,862	1,589,808	755,329	247,141	-
Net profit from continuing operations	130,176	389,787	1,292,531	679,293	38,148	-
Loss on discontinued operations	0	0	0	0	0	-
Net profit (loss) for the period	130,176	389,787	1,292,531	679,293	38,148	-
Other composite income (net profit after-tax)	(220,291)	(36,447)	(362,782)	(13,907)	(569,425)	-
Total sum of composite income for the period	(90,115)	353,340	929,749	665,386	(531,277)	-
Net profit attributed to parent company	130,176	389,787	1,292,531	679,293	38,148	-
Net profit attributed to non-controlling equity	0	0	0	0	0	-
Total comprehensive income attributable to stockholders of the parent company	(90,115)	353,340	929,749	665,386	(531,277)	-
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	-
Earnings per share	0.43	1.29	4.26	2.24	0.13	-

Note: The above financial statements have been verified or approved by accountants. An individual financial statement need not be provided by 2022/03/31; thus it is not included in the report.

CPAs and Audit Comments within Five Years (Accountants Chen, Ming Hung, Lin, Hong Guan and Huang, Yu Ting)

Year	Accounting Firm	CPA	Audit Comments
2017	Ernst & Young Global Limited	Tu, Stephen, Lin, Hong Guan	Unqualified Opinion
2018	Ernst & Young Global Limited	Tu, Stephen, Lin, Hong Guan	Unqualified Opinion
2019	Ernst & Young Global Limited	Chen, Ming Hung, Lin, Hong Guan	Unqualified Opinion
2020	Ernst & Young Global Limited	Chen, Ming Hung , Huang, Yu Ting	Unqualified Opinion
2021	Ernst & Young Global Limited	Chen, Ming Hung , Huang, Yu Ting	Unqualified Opinion

2. Financial Analysis within Five Years

Financial Analysis within Five Years-Consolidated

Analyzed Item / Year		2017	2018	2019	2020	2021	2022/01/01~ 2022/03/31
		Financial Analysis within Five Years					
Financial Structure (%)	Debt-to-assets ratio	63.32	64.49	66.08	67.03	73.40	73.30
	Ratio of long-term funds to real estate, factory & facility	362.55	319.79	361.82	314.75	321.08	302.38
Debt payment %	Current ratio	147.26	134.39	139.62	124.07	111.34	106.32
	Quick ratio	88.83	78.41	74.70	59.33	51.17	49.64
	Interest coverage ratio	1.03	2.91	7.51	6.56	1.63	3.13
Manag-ement capacity	Receivables Turnover Ratio (time)	2.64	2.87	3.30	3.80	4.00	0.97
	Average cash collection days	138.26	127.17	110.60	96.05	91.25	376.28
	Inventory turnover (time)	1.98	2.26	2.13	2.07	1.72	0.38
	Accounts Payable Turnover Ratio (time)	1.84	2.14	2.23	1.80	2.21	0.38
	Days sales outstanding	184.34	161.5	171.36	176.32	212.2	960.52
	Real estate, factory, and facility turnover (time)	7.43	7.13	7.83	7.82	7.57	1.78
	Total assets turnover rate (time)	0.87	0.95	1.00	0.98	0.93	0.21
Profita-bility	Return on assets (%)	1.04	2.13	5.68	2.99	0.69	0.35
	Return on equity (%)	1.56	4.71	14.74	8.09	1.11	1.05
	Profit before-tax to capital ratio (%)	7.40	9.63	53.26	32.12	5.39	3.33
	Net profit rate (%)	0.67	1.79	5.10	2.63	0.32	1.21
	Earnings per share (NTD)	0.43	1.29	4.26	2.24	0.13	0.27
Cash flow	Cash flow rate (%)	0.00	7.57	7.17	18.65	0.00	0.32
	Cash flow adequacy ratio (%)	70.91	64.14	43.25	84.67	12.03	13.94
	Cash flow reinvestment ratio (%)	(3.50)	7.57	5.12	17.13	(29.17)	0.56
Leverage	Degree of operating leverage	31.97	92.85	5.29	8.55	53.1	(9.85)
	Financial leverage	(261.86)	(0.63)	1.14	1.21	(16.59)	0.80

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

1. Decrease in interest coverage ratio: The change is due to the decrease in net profit in 2021 due to the impact of the epidemic.
2. Increase in accounts payable turnover ratio: The change is due to the decrease in average payables in 2021.
3. Increase in days sales outstanding: The change is due to slow down of the average inventory depletion rate due to the impact of the epidemic.
4. Decrease of overall profitability: due to change and decrease in 2021 net profit
5. Decrease of overall cash flow: due to change in 2021 operating activities and induced decrease in cash flow
6. Rise of leverage: The change is due to the decrease in operating profit

1. Financial Structure
   (1) Debt to assets ratio= total debts/total assets
   (2) Ratio of long-term funds to real estate, factory & facility = (total sum of equity +non-current liabilities)/ real estate, factory & facility net profit
2. Debt Payment
   (1) Current ratio=current assets/current debt
   (2) Quick ratio= (current assets - inventory – prepaid expenses)/ current debt
   (3) Interest coverage ratio = net income before tax and interest expense/ interest expense for the current period
3. Management capacity
   (1) Accounts receivable turnover (including accounts & bills receivables)= net sales/ balance of average accounts receivables (including accounts & bills receivables)
   (2) Average cash collection days= 365/ accounts receivable turnover
   (3) Inventory turnover= cost of sales/ average inventory
   (4) Accounts receivable turnover (including accounts & bills receivables)= cost of sales/ balance of accounts receivable for each period (including accounts & bills receivables)
   (5) Average sales days = 365/ inventory turnover
   (6) Real estate, factory & facility turnover = net sales/ average real estate, factory & facility net profit
   (7) Total estate turnover= net sales/ average total estate
4. Profitability
   (1) Return on assets =〔after-tax profit or loss + interest expenses×（1－tax rate）〕/ average total estate
   (2) Return on equity= after-tax loss or profit/ average total equity
   (3) Net profit rate= after-tax loss or profit/ net sales
   (4) Earnings per share=（Loss or profit attributable to parent company – special stock dividends/ weighted average number of ordinary shares
5. Cash flow
   (1) Cash flow rate=cash flows from operating activities/ current debt
   (2) Cash flow adequacy ratio= net cash flow from operating activities within 5 years/ (capital expenditure + inventory increase + cash dividend) within five years
   (3) Cash flow reinvestment ratio= (net cash flow from operating activities – cash dividend) / (real estate, factory, & facility gross + long-term investment + other non-current estate + operating capital)
6. Degree of Leverage
   (1) Degree of operating leverage= (net operating revenue- variable operating cost and expense)/ operating profit
   (2) Financial average= operating profit ／ (operating profit－interest expense)

Financial Analysis within Five Years- Parent Company Individual Statements

Analysis Item		Year: 2017	2018	2019	2020	2021
		Financial Analysis within Five Years				
Financial Structure (%)	Debt to assets ratio	58.35	59.47	59.30	61.22	69.89
	Ratio of long-term funds to real estate, factory & facility	1207.88	1132.29	1258.29	1195.35	1049.04
Debt payment%	Current ratio	62.27	68.99	81.66	70.09	80.49
	Quick ratio	51.71	56.14	66.13	57.47	62.74
	Interest coverage ratio	3.11	5.23	15.99	8.28	3.31
Management capacity	Accounts receivable turnover (time)	2.06	2.20	2.43	2.09	2.04
	Average cash collection days	177.23	166.09	150.20	174.64	178.92
	Inventory turnover (time)	8.11	8.55	7.97	7.62	8.16
	Accounts payable turnover (time)	1.87	1.80	2.04	1.95	2.49
	Average sales days	45.01	42.67	45.79	47.9	44.73
	Real estate, factory, & facility turnover (time)	12.97	11.31	13.68	10.87	12.12
	Total estate turnover (time)	0.44	0.49	0.58	0.46	0.51
Profitability	Return on assets（%）	1.04	2.30	6.35	3.25	0.47
	Return on equity（%）	1.55	4.70	14.73	7.35	0.43
	Profit before-tax to capital ratio（%）	7.00	13.78	52.36	24.88	8.14
	Net profit rate（%）	1.51	3.95	10.32	6.29	0.29
	Earnings per share (NTD)	0.43	1.29	4.26	2.24	0.13
Cash flow	Cash flow rate（%）	2.83	4.01	0	8.58	0.00
	Cash flow adequacy ratio（%）	35.54	17.70	0.35	75.77	(101.74)
	Cash flow reinvestment ratio（%）	2.39	(19.19)	275.31	(34.88)	351.54
Leverage	Degree of operating leverage	1.48	2.59	1.66	2.36	2.01
	Financial leverage	1.16	1.20	1.07	1.24	1.12

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

1. Decrease in interest coverage ratio: The epidemic has affected the increase in operating costs, resulting in a decrease in the amount of profit.
2. Increase in accounts payable turnover ratio: The Electronics revenue rose, as these manufacturers have lower payment terms.
3. Decrease in overall profitability: The epidemic has affected the increase in operating costs, resulting in a decrease in the amount of profit.
4. Decrease in cash flow: The reason is that due to the congestion of sea and land transportation, the amount of goods stocked by the group company has increased, and the amount due from related parties has increased, resulting in a net cash outflow from operating activities.

1. Financial Structure
(1) Debt-to-assets ratio = total debts / total assets
(2) Ratio of Long-term funds to real estate, factory & facility = (total sum of equity +non-current liabilities)/ real estate, factory & facility net profit
2. Debt payment
(1) Current ratio = current assets / current debt
(2) Quick ratio = （current assets－inventory－prepaid expenses） / current debt
(3) Interest coverage ratio = net income before tax and interest expense / interest expenses for this period
3. Management capacity
(1) Accounts receivable turnover (including accounts & bills receivables) = net sales / balance of average accounts receivables for each period (including accounts & bills receivables)
(2) Average cash collection days = 365 / accounts receivable turnover
(3) Inventory turnover = cost of sales / average inventory
(4) Accounts receivable turnover (including accounts & bills receivables) = cost of sales / balance of accounts receivable for each period (including accounts & bills receivables)
(5) Average sales days = 365 / inventory turnover
(6) Real estate, factory & facility turnover = net sales / average real estate, factory & facility net profit
(7) Total assets turnover = net sales / total average assets
4. Profitability
(1) assets turnover = [after-tax loss or profit + interest expenses×（1－tax rate）] / total average assets
(2) Return on equity = after-tax loss or profit / average total equity
(3) Net profit = after-tax loss or profit / net sales
(4) Earnings per share = （after-tax net profit－special stock dividends） / weighted average number of ordinary shares
5. Cash flow
(1) Cash flow rate = cash flows from operating activities / current debt
(2) Cash flow adequacy ratio = net cash flow from operating activities within five years/ (capital expenditure + inventory increase + cash dividend) within five years
(3) Cash flow reinvestment ratio = (net cash flow from operating activities－cash dividend) / (real estate, factory, & facility gross + long-term investment + other non-current assets + operating capital)
6. Degree of Leverage
(1) Degree of operating leverage = (net operating revenue－variable operating cost andexpense) / operating profit 9,381,184
(2) Financial leverage = operating profit / (operating profit－interest expense)

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

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

The Board of Directors of this Company has prepared the 2021 Annual Business Report, Financial Statements & Earnings Distribution Statement, etc., among which the Financial Statements have been audited and certified by CPA Chen, Ming-Hung and CPA Huang, Yu-Ting of Ernst of Young Global Limited and an audit report has been prepared by them in this regard. The aforesaid Business Report, Financial Statements & Earnings Distribution Statement have been audited and determined to be correct and accurate by this Audit Committee. According to Article 14-4, the Securities and Exchange Act & Article 219, the Company Act, we hereby submit this report for your review.

For the 2022 Regular Shareholders Meeting of this Company

Johnson Health Tech Co., Ltd.

Chairman of Audit Committee: Lin, Yih-Horng

Dated this 10th Day of May 2022

4. Financial Statements in Recent Years

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Johnson Health Tech. Co., Ltd. and subsidiaries (the "Group") as at 31 December 2021 and 2020, the related consolidated statements of comprehensive income, statements of changes in equity and cash flows for the years ended 31 December 2021 and 2020, 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 2021 and 2020, and their consolidated financial performance and cash flows for the years ended 31 December 2021 and 2020, 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 2021 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 2021, gross accounts receivable and allowance for bad debts by the Group amounted to NTD8,058,539 thousand and NTD526,294 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 2021, the net inventories amounted to NTD11,674,233 thousand, accounting for 33% of the total consolidated assets. As products are vulnerable to fluctuating market demands and fast technological changes which may cause obsolete and slow-moving inventory losses, the determination of the provisions for obsolete inventories involved a high level of management judgment. As such, we determined this to be a key audit matter.

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

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

Goodwill impairment

As at 31 December 2021, the goodwill was carried at NTD2,148,469 thousand which represented 6% 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 2021 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 2021 and 2020.

Chen, Ming Hong

Huang, Yu Ting

Ernst & Young, Taiwan

22 March 2022

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 2021 and 31 December 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	31 December 2021	31 December 2020
		Amount	Amount
Current Assets			
Cash and cash equivalents	4&6(1)	$2,615,077	$3,292,801
Financial assets at fair value through profit or loss, current	4&6(2)	8,151	15,709
Contract asset, current	4,6(18)&(19)	56,952	16,832
Notes receivable, net	4&6(19)	76,459	65,266
Trade receivables, net	4,6(3)&(19)	7,532,245	6,996,248
Other accounts receivable, net	4&8	493,299	364,569
Inventories, net	4&6(4)	11,674,233	7,945,820
Prepayments	4	908,011	823,053
Other current assets		97,455	54,047
Total Current Assets		23,461,882	19,574,345
Non-current assets			
Investments in equity instruments measured at fair value through other comprehenive income	4&12	8,494	12,423
Property, Plant and Equipment	4,6(5)&8	4,138,726	3,997,692
Right-of-use assets	4&6(20)	1,614,593	2,031,985
Investment property	4	40,117	46,779
Intangible assets	4,6(6)&(7)	2,807,002	2,855,047
Deferred tax assets	4&6(24)	1,893,408	1,445,275
Other non-current assets	6(8)	1,298,354	1,223,543
Total non-current assets		11,800,694	11,612,744
Total Assets		$35,262,576	$31,187,089

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
31 December 2021 and 31 December 2020
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	31 December 2021	31 December 2020
		Amount	Amount
Current Liabilities			
Short-term borrowings	4&6(9)	$7,544,264	$6,011,150
Commercial paper payable	4&6(11)	4,045,492	349,721
Financial liabilities at fair value through profit or loss, current	4&6(12)	-	1,657
Contract liabilities, current	4&6(18)	803,635	803,407
Notes payable		400,457	447,465
Accounts payable		4,178,687	4,324,359
Other payables	6(13)	3,062,444	2,701,405
Current tax liabilities	4&6(24)	396,582	436,573
Lease liabilities, current	4&6(20)	375,873	431,107
Current portion of long-term loans	4&6(14)	32,340	89,367
Other current liabilities		232,702	180,289
Total Current Liabilities		21,072,476	15,776,500
Non-current liabilities			
Bonds payable	4&6(10)	2,000,000	2,000,000
Long-term loans	4&6(14)	1,167,433	1,237,150
Provisions, non-current	4&6(13)	319,931	233,661
Deferred tax liabilities	4&6(24)	202,221	179,387
Lease liabilities, non-current	4&6(20)	861,788	1,183,418
Net defined benefit obligation, non-current	5&6(15)	99,297	84,691
Other non-current liabilities	4	158,246	210,557
Total non-current liabilities		4,808,916	5,128,864
Total Liabilities		25,881,392	20,905,364
Equity			
Capital			
Common stock	4&6(16)	3,036,166	3,036,166
Additional paid-in capital	4&6(16)	59,979	55,630
Retained earnings	4&6(16)		
Legal reserve		1,509,898	1,441,895
Special reserve		1,385,492	1,370,838
Unappropriated earnings		4,504,183	4,900,499
Subtotal		7,399,573	7,713,232
Other components of equity		(1,942,009)	(1,385,492)
Treasury stock	4&6(16)	(73,872)	(73,872)
Equity attributable to owners of the parent		8,479,837	9,345,664
Non-controlling interests	6(17)	901,347	936,061
Total equity		9,381,184	10,281,725
Total liabilities and equity		$35,262,576	$31,187,089

(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 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the years ended December 31	
	Notes	2021	2020
		Amount	Amount
Operating revenues	4,6(18)&7	$30,779,328	$28,366,756
Operating costs	4,6(4)&(21)	(16,873,072)	(14,969,269)
Gross Profit		13,906,256	13,397,487
Operating Expenses			
Selling and distribution	6(21)	(6,417,337)	(6,186,531)
General and administrative	6(21)	(6,141,835)	(5,443,733)
Research and development	6(21)	(808,652)	(785,536)
Expected credit (loss)gain	5&6(19)	(384,244)	(51,598)
Total Operating Expenses		(13,752,068)	(12,467,398)
Operating Income		154,188	930,089
Non-operating income and expenses			
Interset income	4&6(22)	152,413	180,441
Other income	4&6(22)	121,116	346,209
Other gains and losses	6(22)	(100,535)	(318,179)
Finance costs	6(22)	(163,482)	(163,228)
Total non-operating income and expenses		9,512	45,243
Income from continuing operations before income tax		163,700	975,332
Income tax expense	4,5&6(24)	(64,331)	(227,978)
Net income		99,369	747,354
Other comprehensive income			
Items that may not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans	4&6(23)	(16,135)	932
Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	4&6(23)	(2,458)	4,214
Income tax relating to items that may not be reclassified subsequently	4&6(23)	4,077	(1,690)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	4&6(23)	(766,251)	(43,342)
Income tax relating to items that may be reclassified subsequently	4&6(23)	138,888	4,070
Total other comprehensive loss , net of tax		(641,879)	(35,816)
Total comprehensive (loss) income		$(542,510)	$711,538
Net income attributable to:			
Stockholders of the parent		$38,148	$679,293
Non-controlling interests		61,221	68,061
		$99,369	$747,354
Comprehensive income attributable to:			
Stockholder of the parent		$(531,277)	$665,386
Non-controlling interests		(11,233)	46,152
		$(542,510)	$711,538
Earnings per share (NTD)	4&6(25)		
Earnings per share-basic		$0.13	$2.24
Earnings per share-diluted		$0.13	$2.24

The accompanying notes are an integral part of the 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 2021 and 2020

(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
A1	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											
B1	Legal reserve			129,254		(129,254)				0		
B3	Special reserve				354,296	(354,296)				0		
B5	Cash dividends					(424,164)				(424,164)		(424,164)
	Additions through business combinations									0	882,459	882,459
D1	Net income in 2020					679,293				679,293	68,061	747,354
D3	Other comprehensive loss, net of tax in 2020					746	(16,279)	1,626		(13,907)	(21,909)	(35,816)
D5	Total comprehensive income	-	-	-	-	680,039	(16,279)	1,626	-	665,386	46,152	711,538
L1	Treasury stock buyback								(32,306)	(32,306)		(32,306)
N1	Share-based payment awards		706							706		706
N1	Exercise employee stock option to purchase treasury stock								6,266	6,266		6,266
Z1	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
A1	Balance as at 1 January 2021	$3,036,166	$55,630	$1,441,895	$1,370,838	$4,900,499	$(1,387,118)	$1,626	$(73,872)	$9,345,664	$936,061	$10,281,725
	Distribution of 2020 retained earnings											
B1	Legal reserve			68,003		(68,003)				-		-
B3	Special reserve				14,654	(14,654)				-		-
B5	Cash dividends					(338,899)				(338,899)		(338,899)
										-		-
D1	Net income in 2021					38,148				38,148	61,221	99,369
D3	Other comprehensive loss, net of tax in 2021					(12,908)	(555,553)	(964)		(569,425)	(72,454)	(641,879)
D5	Total comprehensive income	-	-	-	-	25,240	(555,553)	(964)	-	(531,277)	(11,233)	(542,510)
N1	Share-based payment awards		4,349							4,349		4,349
O1	Increase in non-controlling interests									-	(23,481)	(23,481)
Z1	Balance as at 31 December 2021	$3,036,166	$59,979	$1,509,898	$1,385,492	$4,504,183	$(1,942,671)	$662	$(73,872)	$8,479,837	$901,347	$9,381,184

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

	For the years ended December 31 2021	For the years ended December 31 2020
Cash flows from operating activities:		
Net income before income tax	$163,700	$975,332
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	959,825	912,549
Amortisation	80,400	71,458
Expected credit losses	384,243	51,598
Net loss (gain) of financial assets/liabilities at fair value through profit or loss	5,901	(25,965)
Finance costs	163,482	163,228
Interest income	(152,413)	(180,441)
Share-based payment awards	4,349	706
(Gain) Loss on disposal of property, plant and equipment	(3,439)	7,944
(Gain)Loss on disposal of intangible assets	(1,082)	84
Changes in operating assets and liabilities:		
(Increase) Decrease in contract asset	(40,120)	58,379
(Increase) Decrease in notes receivable	(11,193)	36,499
(Increase) Decrease in trade receivables	(897,045)	802,270
(Increase) Decrease in other receivables	(128,730)	39,066
Increase in inventories, net	(3,728,413)	(666,891)
Increase in prepayments	(84,958)	(283,927)
(Increase) Decrease in other current assets	(43,408)	21,788
(Increase) Decrease in other non-current assets	(156,319)	52,682
Increase in contract liabilities	228	355,550
Decrease in notes payable	(47,008)	(126,664)
(Decrease) Increase in accounts payable	(145,672)	803,701
Increase in other payables	357,825	134,848
Increase in provision	86,270	51,898
Increase (Decrease) in other current liabilities	52,413	(188,431)
Increase (Decrease) in accrued pension liabilities	1,698	(1,225)
(Decrease) Increase in other non-current liabilities	(52,311)	27,277
Cash generated from operations	(3,231,777)	3,093,313
Interest received	152,413	180,441
Interest paid	(115,353)	(109,195)
Income tax paid	(342,309)	(222,769)
Net cash (used in) generated from operating activities	(3,537,026)	2,941,790

	For the years ended December 31 2021	For the years ended December 31 2020
Cash flows from investing activities:		
Acquisition of subsidiaries (Deduct the cash obtained)	-	$(1,781,626)
Disposal of investment property	617	570
Acquisition of property, plant and equipment	(692,042)	(781,490)
Disposal of property, plant and equipment	35,290	10,069
Acquisition of intangible assets	(68,126)	(58,438)
Disposal of intangible assets	2,485	5,365
Cash inflow from business combination	-	22,068
Net cash used in investing activities	(721,776)	(2,583,482)
Cash flows from financing activities:		
Increase in short-term loans	11,916,719	17,012,751
Decrease in short-term loans	(10,574,071)	(16,442,202)
Increase in commercial paper payable	3,689,358	198,716
Increase in long-term loans	593,965	1,268,346
Decrease in long-term loans	(716,018)	(783,480)
Cash dividends	(338,899)	(424,164)
Repayment of lease capital	(564,411)	(567,928)
Increase in treasury stock	-	(32,306)
Exercise of employee stock option	-	6,266
Decrease in non-controlling interests	(23,481)	-
Increase in other non-current assets	-	(653,853)
Net cash generated (used in) from financing activities	3,983,162	(417,854)
Effect of changes in exchange rate on cash and cash equivalents	(402,084)	71,866
Net (decrease) increase in cash and cash equivalents	(677,724)	12,320
Cash and cash equivalents at beginning of period	3,292,801	3,280,481
Cash and cash equivalents at end of period	$2,615,077	$3,292,801

(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 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, unless Otherwise Stated)

1. History and organization

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

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

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as "the Group") for the years ended 31 December 2021 and 2020 were authorized for issue in accordance with a resolution of the board of directors' meeting on 22 March 2022.

3. Newly issued or revised standards and interpretations

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

The 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 2021. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, 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	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

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

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

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

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

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will 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.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the 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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

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

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

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

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

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

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

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the 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 2021 and 2020 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

Preparation principle of consolidated financial statement

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

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

(a) The consolidated entities are as follows:

Investor	Subsidiary	Business nature	As at 31 Dec 2021	As at 31 Dec 2020
The Company	Johnson International Holding Corp., Ltd.	Holding company	100.00%	100.00%
The Company	Johnson Health Tech (Vietnam) Company Limited	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Technologies, S.A. de C.V.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Canada Inc.	Holding company	100.00%	100.00%
The Company	Johnson Health Tech. UK Ltd.	Selling cardiovascular and weight training equipment	44.43%	44.43%
The Company	Johnson Health Tech Retail Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Philippines, Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Care Co., Ltd.	Massage chair research and development manufacturing and trading	78.90%	78.90%
The Company	Johnson Health Industry (Vietnam) Company Limited	Manufacturing and selling fitness equipment	100.00%	100.00%
The Company	Johnson Health Tech Rus Limited Liability Company.	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Fuji Medical Instruments MFG. Co., Ltd.	Massage chair research and development manufacturing and trading	60.00%	60.00%
The Company	Johnson Health Tech. North America, Inc.	Manufacturing and selling fitness equipment	100.00%	100.00%
The Company	PT Johnson Health Tech Indonesia	Selling cardiovascular and weight training equipment	100.00%	100.00%
The Company	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Selling cardiovascular and weight training equipment	99.99% (Note1)	-%
The Company	Johnson Health Tech SA Proprietary Limited	Selling cardiovascular and weight training equipment	100.00% (Note2)	-%
The Company	JHT FIT Company Limited	Video transmission and streaming service	100.00% (Note3)	-%
The Company	Johnson Health Tech Digital UK Limited	Video transmission and streaming service	100.00% (Note4)	-%
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 K.K.	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 Industries (Shanghai) Co., Ltd.	Manufacturing and selling equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. HK Ltd.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding	Johnson Health Care Co., Ltd.	Massage chair research and	21.10%	21.10%

Investor	Subsidiary	Business nature	As at 31 Dec 2021	As at 31 Dec 2020
Corp., Ltd.		development manufacturing and trading		
Johnson International Holding Corp., Ltd.	Johnson Industrial do Brasil Ltda.	Manufacturing and selling fitness equipment	99.99%	99.99%
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Leasing cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Poland Sp.z o.o.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Joyful Trading (Shanghai) Co., Ltd.	Selling food	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UAE LLC	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	Leisure Fitness Equipment, LLC	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Canada Inc.	Johnson Health Technologies Canada Commercial Inc.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech North America Inc.	Johnson Health Tech NA Manufacturing LLC	Manufacturing and selling fitness equipment	100.00%	100.00%
Johnson Health Tech. Australia Pty., Ltd	Johnson Health Tech New Zealand	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Netherlands B.V.	Johnson Health Tech Denmark Aps	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Selling cardiovascular and weight training equipment	99.73%	99.73%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	Selling cardiovascular and weight training equipment	99.00%	99.00%
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Selling cardiovascular and weight training equipment	99.00%	99.00%

Note:

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

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

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

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

(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.

Financial asset measured at fair value through other comprehensive income

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

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

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

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the 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.

.

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.

<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. Post-Employment Benefits

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

D. Income Tax

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

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

E. Accounts receivables–estimation of impairment loss

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

F. Inventories

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at	
	31 December 2021	31 December 2020
Cash on hand	$32,519	$16,428
Checking and savings accounts	2,582,558	3,276,373
Total	$2,615,077	$3,292,801

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

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

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

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

(3) Trade receivables, net

	As at	
	31 December 2021	31 December 2020
Accounts receivable	$6,204,966	$4,956,749
Installment accounts receivable	1,926,537	2,192,086
Less: unrealized gain on installment sales revenue	(130,286)	(130,730)
Leased accounts receivable	62,252	192,171
Less: unrealized gain on leased accounts receivable	(4,930)	(12,027)
Subtotal	8,058,539	7,198,249
Less: loss allowance	(526,294)	(202,001)
Total	$7,532,245	$6,996,248

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

	As at	
	31 December 2021	31 December 2020
2021.01~2021.12	$-	$1,196,330
2022.01~2022.12	783,842	471,609
2023.01~2023.12	507,692	308,899
2024.01~2024.12	345,786	144,154
2025.01~2025.12	203,391	52,388
2026.01~2026.12	72,547	18,706
2027.01~2027.12	13,279	-
Total	$1,926,537	$2,192,086

	As at			
	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Leased accounts receivable	$62,252	$-	$192,171	$-
Less: Unrealized gain on leased accounts receivable	(4,930)	-	(12,027)	-
Leased accounts receivable, net	$57,322	$-	$180,144	$-

Accounts receivables were not pledged.

The total carrying amount are NTD8,058,539 thousand, NTD7,198,249 thousand as at 31 December 2021 and 2020. Please refer to Note 6(19) for more details on loss allowance of trade receivables for the years ended 31 December 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(4) Inventories, net

	As at	
	31 December 2021	31 December 2020
Raw materials	$1,146,769	$734,871
Work in progress	846,905	517,686
Merchandises	9,680,559	6,693,263
Total	$11,674,233	$7,945,820

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

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.

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

	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 effect	(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

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

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

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

(6) Intangible assets

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

	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

Intangible asset amortization expenses are summarized as follows:

	For the years ended 31 December	
	2021	2020
Operating costs	$188	$-
Operating expenses	$80,212	$71,458

(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 2021	31 December 2020
Fitness equipment cash-generating unit	$1,077,766	$1,106,512
Massage chair cash-generating unit	1,070,703	1,070,703
Total	$2,148,469	$2,177,215

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 13.2% and 13.5%; cash flows beyond the five-year period are extrapolated using a 10%~20% growth rate (based on the current scale) for the years ended 31 December 2021 and 2020, 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 NTD1,077,766 thousand as at 31 December 2021.

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 were 12.8% and 13.5%; 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 2021 and 2020, 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 NTD1,070,703 thousand as at 31 December

2021.

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 2021	31 December 2020
Restricted deposit	$651,121	$653,853
Deposits	417,180	363,743
Prepayment for equipment	33,928	35,705
Prepayments for investments	27,829	-
Other non-current assets	168,296	170,242
Total	$1,298,354	$1,223,543

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 2021	31 December 2020
Unsecured bank loans	0.00%-2.29%	$7,461,194	$6,011,150
Secured bank loans	1.40%	83,070	-
		$7,544,264	$6,011,150
Unused short-term lines of credits amount		$4,915,480	$3,981,294

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

(10) Bonds payable

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

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

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

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

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

(13) Other payables

	As at 31 December 2021	As at 31 December 2020

Payroll	$631,865	$561,444
Commissions	263,866	143,982
Warranty expense	224,378	259,137
Other tax	193,413	244,302
Advertising expense	165,512	138,468
Interest expense	10,721	10,748
Bonus to employees & directors compensation expense	10,200	18,200
Other expense	1,562,489	1,325,124
Total	$3,062,444	$2,701,405

	As at	
	31 December 2021	31 December 2020
Product maintenance warranty		
Beginning of the period	$472,929	$545,905
Warranty recognized	511,986	306,186
Amount utilized during the year	(438,430)	(417,362)
Exchange effect	(35,592)	38,200
End of the period	$510,893	$472,929
Current	$224,378	$259,137
Non-current	286,515	213,792
Total	$510,893	$472,929

(14) Long-term borrowings

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

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

Lenders	As at 31 December 2021	Redemption
		drawdown date until the expiration of 12 months thereafter. The interest is paid monthly.
HSBC Bank mortgage loans	16,424	Repayable monthly from 5 April 2018 to 5 April 2024 and interest is paid monthly.
Societe Generale Bank unsecured bank loans	2,088	Repayable monthly from 31 July 2021 to 30 June 2025 and interest is paid monthly.
Subtotal	1,211,758	
Less: current portion	(32,340)	
Less: syndicated bank loans expense	(11,985)	
Total	$1,167,433	

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

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 quarterly from 12 March 2020 to 22 February 2023, and repay the loan in full at maturity.
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 mortgage 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.

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

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

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

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

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

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

When reviewing if the interest rates should be adjusted, upon one year maturity from the drawdown of the loan, the banks should review the Company's pre-tax margin every year based on the audited annual consolidated financial report provided by the Company. The banks shall adjust the interest rates according to the agreed principle on the next adjustment date for interest rates.
The 1st installment mature after 42 months from the first drawdown date; subsequent repayments of principal shall be made every 6 months in four installments. 10% of the principal shall be repaid in each of the 1st to 3rd installment, and the remaining principal shall be repaid in the 4th installment.

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

(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 2021 and 2020 were NTD37,186 thousand and NTD32,443 thousand respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.
The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the

assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NTD2,849 thousand to its defined benefit plan during the 12 months beginning after 31 December 2021.

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

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

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

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

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

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2020	$170,682	$(84,020)	$86,662

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

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

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

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

For the year ended 31 December 2021:

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

For the year ended 31 December 2020:

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

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

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

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

(16)Equity

A. Share capital

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

B. Capital surplus

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

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

C. Legal reserve

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

D. Special reserve

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

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

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

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

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

E. Treasury Stock

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

For the year ended 31 December 2021

(unit: shares)

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

For the year ended 31 December 2020

(unit: shares)

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

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

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

The board meeting held on 7 August 2020 approved to transfer 103,000 treasury shares to employees and the same day was set as the base date for employee shares subscription. The transfer price 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.

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

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

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

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

F. Distribution of retained earnings and dividend policies

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

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

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

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

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

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

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

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

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

(17) Non-controlling interests

	For the years ended 31 December	
	2021	2020
Beginning balance	$936,061	$7,450
Profit attributable to non-controlling interests	61,221	68,061
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(71,811)	(22,993)
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(643)	1,084
Additions through business combinations	-	882,459
Other	(23,481)	-
Ending balance	$901,347	$936,061

(18) Operating revenue

	For the years ended 31 December	
	2021	2020
Revenue from contracts with customers		
Sale of goods	$30,175,953	$27,850,956
Other operating revenues	603,375	515,800
Total	$30,779,328	$28,366,756

Analysis of revenue from contracts with customers during the years ended 31 December 2021 and 2020 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2021

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

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

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 2021	31 December 2020	1 January 2020
Sales of goods	$56,952	$16,832	$75,211

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

	For the years ended 31 December	
	2021	2020
The opening balance transferred to trade receivables	$(16,832)	$(75,211)
Increase of contract assets	56,952	16,832

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

(b) Contract liabilities – current

	As at		
	31 December 2021	31 December 2020	1 January 2020
Sales of goods	$803,635	$803,407	$303,032

The contract liabilities significantly increased as performance obligations were mostly satisfied, of which NTD783,953 thousand and NTD296,897 thousand included in the contract liability balance at the beginning of the period were recognized as revenue during the years ended 31 December 2021 and 2020.

(c) Transaction price allocated to unsatisfied performance obligations

None.

(d) Assets recognized from costs to fulfil a contract

None.

(19) Expected credit losses

	For the years ended 31 December	
	2021	2020
Operating expenses – Expected credit losses		
Trade receivables	$384,244	$51,598

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 2021. 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 2021 is as follows:

A. The gross carrying amount of contract asset is NTD56,952 thousand. There is no need to recognize loss allowance based on individual customer assessment method.

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

Note receivables and trade receivables as at 31 December 2021

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

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

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

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

Note receivables and trade receivables as at 31 December 2020

	Not yet due (note)	Overdue <=60 days	61-90 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%	70-80%	
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	61-90 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

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

	Note receivables	Trade receivables
2021.01.01	$-	$202,001
Addition for the current period	-	384,244
Write off	-	(36,755)
Exchange differences	-	(23,196)
2021.12.31	$-	$526,294
2020.01.01	$-	$191,657
Write off	-	51,598
Reversal for the current period	-	(40,629)
Exchange differences	-	(625)
2020.12.31	$-	$202,001

(20) Leases

A. The Group is a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 50 years.

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

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	As at 31 December	
	2021	2020
Land	$417,416	$431,665
Buildings	1,091,996	1,435,601
Machinery and equipment	24,125	53,309
Transportation equipment	78,157	103,291
Office equipment	2,899	8,119
Total	$1,614,593	$2,031,985

During the years ended 31 December 2021 and 2020, the Group's additions to right-of-use assets amounted to NTD$181,173 thousand and NTD530,034 thousand, respectively.

(ii) Lease liabilities

	As at 31 December	
	2021	2020
Current	$375,873	$431,107
Non-Current	861,788	1,183,418
Total	$1,237,661	$1,614,525

Please refer to Note 6(22)(d) for the interest on lease liabilities recognized during the years ended 31 December 2021 and 31 December 2020, and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2021 and 31 December 2020.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Land	$11,546	$10,668
Buildings	436,779	463,235
Machinery and equipment	23,051	27,691
Transportation equipment	60,014	75,435
Office equipment	3,044	2,348
Total	$534,434	$579,377

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
The expenses relating to short-term leases	$33,326	$38,929

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 during the years ended 31 December 2020.

D. Cash outflow related to lessee and lease activity

During the year ended 31 December 2021 and 2020, the Group’s total cash outflows for leases amounting to NTD571,480 thousand and NTD$584,388 thousand, respectively.

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

Function / Nature	For the years ended 31 December					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$1,026,669	$4,444,390	$5,471,059	$756,755	$3,990,324	$4,747,079
Labor and health insurance	117,390	521,658	639,048	83,500	442,359	525,859
Pension	9,403	103,141	112,544	9,918	92,336	102,254
Other employee benefits expense	76,504	694,334	770,838	61,182	600,274	661,456
Depreciation	99,843	859,982	959,825	75,744	836,805	912,549
Amortization	188	80,212	80,400	-	71,458	71,458

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

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

A resolution was passed at the board meeting held on 26 March 2021 to distribute NTD11,000 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.

(22) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2021	2020
Financial assets measured at amortized cost	$152,413	$180,441

B. Other income

	For the years ended 31 December	
	2021	2020
Government subsidy income	$48,047	$255,979
Others	73,069	90,230
Total	$121,116	$346,209

C. Other gains and losses

	For the years ended 31 December	
	2021	2020
Foreign exchange losses, net	$(90,975)	$(291,679)
Gains (Losses) on disposal of investments	23,181	(6,797)
Gains (Losses) on disposal of property, plant and equipment	3,439	(7,944)
Gains on financial assets at fair value through profit or loss (Note 1)	(7,558)	10,493
Gains on financial liabilities at fair value through profit or loss (Note 2)	1,657	15,472
Others	(30,279)	(37,724)
Total	$(100,535)	$(318,179)

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

D. Finance costs

	For the years ended 31 December	
	2021	2020
Interest on loans from bank	$124,980	$113,524
Interest on lease liabilities	38,502	49,704
Total	$163,482	$163,228

(23) Components of other comprehensive income

A. For the year ended 31 December 2021

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$(16,135)	$(16,135)	$3,227	$(12,908)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(2,458)	(2,458)	850	(1,608)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(766,251)	(766,251)	138,888	(627,363)
Total of other comprehensive income	$(784,844)	$(784,844)	$142,965	$(641,879)

B. For the year ended 31 December 2020

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$932	$932	$(186)	$746
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	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)

(24) Income tax

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

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

	For the years ended 31 December	
	2021	2020
Current income tax expense:		
Current income tax charge	$352,460	$234,193
Adjustments in respect of current income tax of prior periods	14,277	(18,451)
Deferred tax expense(income):		
Deferred tax expense relating to origination and reversal of temporary differences	19,679	33,788
Deferred tax (income)expense relating to origination and reversal of tax loss and tax credit	(346,671)	(5,824)
Tax income recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	(6,676)
Other components of deferred tax income	24,586	(9,052)
Total income tax expense	$64,331	$227,978

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred income tax expense:		
Exchange differences resulting from translating the financial statements of a foreign operation	$(138,888)	$(4,070)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(850)	1,504
Remeasurements of defined benefit plans	(3,227)	186
Income tax relating to components of other comprehensive income	$(142,965)	$(2,380)

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

	For the years ended 31 December	
	2021	2020
Accounting profit before tax from continuing operations	$163,700	$975,332
Tax at the domestic rates applicable to profits in the country concerned	$32,740	$195,066
Tax effect of different tax rates of operating individuals at other tax region	219,771	274,325
Tax effect of revenues exempt from taxation	(81,625)	(131,640)
Tax effect of expenses not deductible for tax purposes	204,275	44,693
Tax effect of deferred tax assets/liabilities	(326,992)	(57,700)
5 % surtax on undistributed retained earnings	7,124	8,817
Adjustments in respect of current income tax of prior periods	14,277	(18,451)
Other adjustments according to tax law	(5,239)	(87,132)
Total income tax expense recognized in profit or loss	$64,331	$227,978

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

(a) For the year ended 31 December 2021

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as at 31 December
Temporary difference					
Provision for allowance to reduce inventories to market value	$90,062	$4,871	$-	$(3,869)	$91,064
Unrealized sales gross profit	100,610	(18,372)	-	(4,831)	77,407
Unrealized other income	10,353	(609)	-	(538)	9,206
Accrued expense	97,699	3,783	-	(6,313)	95,169
Prepaid Expenses	(8,010)	(3,442)	-	345	(11,107)
Realized financial assets measured at fair value through profit or loss	(2,783)	1,152	-	-	(1,631)
Exchange differences on translation of foreign operations	284,232	-	138,888	-	423,120
Unrealized Pension	6,749	(306)	-	-	6,443
Actuarial gain (loss) on defined benefit plans	10,188	-	3,227	-	13,415
Unrealized exchange gain or loss	11,135	(12,652)	-	245	(1,272)
Allowance for bad debts exceeded	5,515	(3,930)	-	(457)	1,128
Deferred expense	(2,458)	(1,103)	-	119	(3,442)
Depreciation	(3,814)	3,184	-	(406)	(1,036)
Unused tax losses	652,073	346,671	-	(26,416)	972,328
Provision-warranties	77,607	2,387	-	(3,664)	76,330
Land appreciation tax	(47,428)	-	-	-	(47,428)
Valuation gains (losses) measured at fair value through other comprehensive income	(1,857)	-	850	192	(815)
Other deferred income tax assets	58,338	(16,195)	-	(1,702)	40,441
Other deferred income tax liabilities	(72,323)	21,553	-	2,637	(48,133)
Deferred income tax expense/(income)		$326,992	$142,965	$(44,658)	
Net deferred income tax assets/(liabilities)	$1,265,888				$1,691,187
Reflected in balance sheet as follows:					
Deferred tax assets	$1,445,275				$1,893,408
Deferred tax liabilities	$(179,387)				$(202,221)

(b) 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)

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

Year	Tax losses for the period	Unused tax losses as at 31 December 2021	Unused tax losses as at 31 December 2020	Expiration Year(Note)
2008	$546,762	$198,993	$198,993	2028
2009	222,640	207,557	207,557	2029
2012	45,514	38	38	2032
2013	177,126	62,676	62,676	2022~2033
2014	159,637	56,177	56,177	2023~2034
2015	203,811	83,886	83,886	2024~2035
2016	153,332	78,841	111,161	2025~2036
2017	407,723	229,772	375,251	2026~2037
2018	526,425	440,059	503,893	2027~2038
2019	521,504	471,707	12,138	2028~2039
2020	615,708	454,672	615,708	2029~2040
2021	1,120,941	1,120,941	-	2030~2041
Total	$4,701,123	$3,405,319	$2,227,478	

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 2021 and 2020, the temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD595,713 thousand and NTD782,195 thousand respectively.

(e) The assessment of income tax returns

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

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

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

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

7. Related party transactions

Significant transactions with related parties

(1) Key management personnel compensation:

	For the years ended 31 December	
	2021	2020
Short-term employee benefits	$136,872	$113,742

8. Assets pledged as security

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

	As at		
	31 December 2021	31 December 2020	Contents of secured debt
Property, plant and equipment - land	$671,271	$670,557	Commercial Paper/ Long-term borrowings
Property, plant and equipment – buildings (carrying value)	587,470	641,276	Commercial Paper/ Long-term borrowings
Other non-current assets-restricted assets	651,121	653,853	Long-term borrowings
Right-of-use assets-land	256,325	263,903	Commercial Paper/ Long-term borrowings
Other receivable - deposit	192,431	122,888	Corporate credit cards /LC loan / Notes payable
Total	$2,358,618	$2,352,477	

9. Commitments and contingencies

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

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

A. As at 31 December 2021:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2021
Company A	Dormitory construction project	NTD90,650 thousand	NTD67,988 thousand
Company B	Phase 2 factory construction project	NTD453,363 thousand	NTD353,549 thousand

B. As at 31 December 2020:

None.

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

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

(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 2021 to 10 December 2021, and the notice of additional tax payment was issued on 15 December 2021. 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.

(5) Civil action contingency:

Regarding the civil action in tort (alleging patent infringement) between Fuji Medical Instruments MFG. Co., Ltd., the Group's Japan subsidiary, and Family Inada Co., Ltd. , the Osaka District Court proposed a court settlement agreement on 29 June 2021 for which Fuji Medical shall pay Family Inada about JPY2 billion. A lawyer has been entrusted to file an appeal within the statutory period. However, the calculation of the settlement involves a high degree of judgment which may cause a significant change in the payment amount actually judged by the court if both sides fail to reach an amicable settlement. It is still impossible to reasonably estimate the outcome of the litigation which is still in progress as at the date of finance statement. However, according to the agreement between the Company and Asahi Life & Health Corporation (hereinafter referred to as ALH) on the acquisition of Fuji Medical, in the event the Company is liable for compensation as a result of this tort claim, ALH will be responsible for the loss of the Company. Therefore, the verdict of this action has no significant impact on the Company.

10. Losses due to major disasters

None.

11. Significant subsequent events

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

12. Others

(1) Categories of financial instruments

Financial Assets	As at 31 December 2021	As at 31 December 2020
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$8,151	$15,709
Equity instruments measured at fair value through other comprehensive income loss	8,494	12,423
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	2,582,558	3,276,373
Notes and trade receivables	7,608,704	7,061,514
Other receivables	493,299	364,569
Subtotal	10,684,561	10,702,456
Total	$10,701,206	$10,730,588

Financial Liabilities	As at 31 December 2021	As at 31 December 2020
Financial liabilities at amortized cost:		
Short-term borrowings	$7,544,264	$6,011,150
Commercial paper payable	4,045,492	349,721
Notes and accounts payable	4,579,144	4,771,824
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	1,199,773	1,326,517
Lease liability	1,237,661	1,614,525
Subtotal	20,606,334	16,073,737
Financial liabilities at fair value through profit or loss:		
Held for trading	-	1,657
Total	$20,606,334	$16,075,394

(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 2021	$-	$8,376
For the year ended 31 December 2020	$-	$5,801

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$27,588
For the year ended 31 December 2020	$-	$17,894

(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 2021	$-	$(20,641)
For the year ended 31 December 2020	$-	$(11,155)

(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 2021	$-	$2,212
For the year ended 31 December 2020	$-	$1,962

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 2021 and 2020 to increase/decrease by NTD12,790 thousand and NTD7,687 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 2021 and 2020, 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 2021					
Short-term borrowings	$7,631,448	$-	$-	$-	$7,631,448
Commercial paper payable	4,050,000	-	-	-	4,050,000
Notes and accounts payable	4,579,144	-	-	-	4,579,144
Bonds payable	16,600	2,033,200	-	-	2,049,800
Long-term loans	42,526	1,098,106	78,648	8,547	1,227,827
Lease liabilities	437,216	541,038	221,408	109,018	1,308,680
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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Commercial paper Payable	Long-term loans	Lease liabilities	Total liabilities from financing activities
As at 1 January 2021	$6,011,150	$349,721	$1,326,517	$1,614,525	$9,301,913
Cash flows	1,342,648	3,689,358	(122,053)	(510,989)	4,398,964
Non-cash changes	-	6,413	-	219,675	226,088
Foreign exchange movement	190,466	-	(4,691)	(85,550)	100,225
As at 31 December 2021	$7,544,264	$4,045,492	$1,199,773	$1,237,661	$14,027,190

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

(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 instruments

The Group’s related information for derivative instruments not qualified for hedge accounting and not yet settled as at 31 December 2021 and 2020 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 2021			
Johnson Health Tech. Co., Ltd.	Foreign exchange rates swap	Sell USD 82,200	From 2022/02/18 to 2022/05/18
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 2020/03/22 to 2021/06/22

(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 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$8,151	$-	$8,151
Equity instruments measured at fair value through other comprehensive income loss	8,494	-	-	8,494

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

Transfers between Level 1 and Level 2 during the period

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

(10) Significant assets and liabilities denominated in foreign currencies

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

	As at					
	31 December 2021			31 December 2020		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
Financial assets						
Monetary item:						
EUR	$106,842	31.3451	$3,348,964	$86,524	35.0648	$3,033,952
USD	71,837	27.6900	1,989,174	71,463	28.5080	2,037,265
CNY	204,492	4.3408	887,659	235,211	4.3590	1,025,291
JPY	3,910,608	0.2406	940,708	4,327,634	0.2765	1,196,569
Financial liabilities						
Monetary item:						
CNY	$679,991	4.3408	$2,951,710	$555,102	4.3590	$2,419,700
USD	41,587	27.6900	1,151,548	46,027	28.5080	1,312,130
EUR	18,827	31.3451	590,119	22,733	35.0648	797,143
JPY	2,991,049	0.2406	719,506	3,440,459	0.2765	951,270

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 2021 and 2020 were NTD90,975 thousand and NTD291,679 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. <u>Other disclosures</u>

(1) Information at significant transactions

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

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

C. Securities held as of 31 December 2021: Please refer to Attachment 3.

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

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

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

G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the year ended 31 December 2021: Please refer to Attachment 5.

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as of 31 December 2021: Please refer to Attachment 4.

I. Financial instruments and derivative transactions: Please refer to Note 12 (8).

J. The business relationship, significant transactions and amounts exceeding the lower of NTD100 million or 20% of capital stock between parent company and subsidiaries: Please refer to Attachment 5.

(2) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as of 31 December 2021, net income (loss) of the investee company and investment income (loss) recognized as of 31 December 2021: Please refer to Attachment 6.

(3) Information on investments in mainland China

The Company ultimately invests subsidiaries in mainland China through its subsidiary, Johnson International Holding Corp., Ltd. : Please refer to Attachment 7.

(4) Major Shareholder Information

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
Guang-ting Luo	84,704,121	27.89%
Kun-quan Luo	61,229,933	20.16%
Ya-fang Luo	17,190,413	5.66%

14. Operating segment information

(1) For the purpose of operation, the Company operates in a single industry segment 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 Fuji massage chair, 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 2021

	America	Europe	Asia	Other	Adjustment and eliminations	Consolidated
Revenue:						
External customers	$13,572,537	$6,907,837	$8,827,356	$1,471,598	$-	$30,779,328
Inter-segment	279,489	157,842	23,839,073	-	(24,276,404)	-
Total revenue	$13,852,026	$7,065,679	$32,666,429	$1,471,598	$(24,276,404)	$30,779,328
Segment profit	$(796,265)	$166,923	$(186,089)	$(112,055)	$1,091,186	$163,700

(b) 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

The related information of operating segment asset as at 31 December 2021 and 2020 are listed as follows:

Segment Assets:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2021	$11,946,393	$7,043,283	$43,379,320	$10,633,074	$(37,739,494)	$35,262,576
31 December 2020	$9,989,400	$6,534,004	$38,627,434	$11,265,659	$(35,229,408)	$31,187,089

Segment Liabilities:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2021	$10,333,649	$3,508,762	$27,713,223	$768,642	$(16,442,884)	$25,881,392
31 December 2020	$7,727,180	$2,785,412	$21,343,100	$761,854	$(11,712,182)	$20,905,364

(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 2021 and 2020, the Company's external sales are listed as follow:

Area	For the years ended 31 December 2021	2020
Americas	$13,572,537	$13,730,649
Europe	6,907,837	4,725,199
China	8,827,356	8,779,881
Other	1,471,598	1,131,027
Total	$30,779,328	$28,366,756

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

(ii) Non-current asset :

Area	As at 31 December 2021	As at 31 December 2020
America	$3,167,359	$3,169,610
Europe	1,120,425	1,269,474
Asia	7,367,922	7,006,190
Other	144,988	167,470
Total	$11,800,694	$11,612,744

(e) Information about major customers

There is no sales to single customer exceed 10% of consolidated sales of the Group for the years ended 2021 and 2020.

Attachment 1: Financing provided to others for the year ended 31 December 2021

No.	Lender	Counter-party	Financial statement account	Related Party or Not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note1)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Y	$550,000	$120,000	$-	-	1	$3,671,155		-	-	-	$1,695,967	$3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Viet Nam) Company Limited	Other receivable-related parties	Y	2,000	500	15	3.00%	1	696		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Llc	Other receivable-related parties	Y	1,000	1,000	757	3.00%	1	107,756		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Denmark Aps	Other receivable-related parties	Y	19,000	19,000	19,000	3.00%	1	29,111		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	Other receivable-related parties	Y	115,000	115,000	115,000	3.00%	1	265,509		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Other receivable-related parties	Y	43,000	43,000	43,000	3.00%	1	23,103		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Y	200,000	105,000	49,314	3.00%	1	359,856		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C. V.	Other receivable-related parties	Y	98,000	85,000	85,000	3.00%	1	79,475		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, Iberica. S.L.	Other receivable-related parties	Y	15,000	15,000	-	-	1	228,831		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	Other receivable-related parties	Y	670,000	660,000	660,000	3.00%	1	230,375		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Romania S.A.	Other receivable-related parties	Y	4,000	-	-	-	1	20,625		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Hellas S.A.	Other receivable-related parties	Y	23,000	13,000	13,000	3.00%	1	62,760		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	Other receivable-related parties	Y	52,000	52,000	25,265	3.00%	1	232,954		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading,INC.	Other receivable-related parties	Y	50,000	50,000	50,000	3.00%	1	2,090,588		-	-	-	1,695,967	3,391,935
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Y	22,840	22,160	13,671	3.00%	2	-	Need for operating	-	-	-	26,917	26,917
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Y	170,450	157,900	101,056	1.44%	2	-	Need for operating	-	-	-	533,846	711,795
3	Johnson Health Tech. (Thailand) Company Limited	JHT FIT Company Limited	Other receivable-related parties	Y	12,735	12,735	8,490	1.50%	2	-	Need for operating	-	-	-	47,922	47,922

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

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

Note2: Johnson Health Tech. Co., Ltd.’s financing limit for a counterparty was set at 20% of its net worth stated in the most recent financial report. Johnson Health Tech. (Vietnam) Company Limited ’s financing limit for a counterparty was set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech France's financing limit for a counterparty was set at 60% of its net worth stated in the most recent financial report. Johnson Health Tech. (Thailand) Company Limited’s financing limit for a counterparty was set at 40% of its net worth stated in the most recent financial report.

Note3: Johnson Health Tech. (Vietnam) Company Limited ’s financing limit for total financing limit was set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech France's financing limit for total financing limit was set at 80% of its net worth stated in the most recent financial report. The remaining individuals' financing limit for total financing limit was set at 40% of its net worth stated in the most recent financial report.

Note4: The amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares, is not restricted. However, such subsidiaries shall specify the period, limit and authorized amount of the loan.

Attachment 2: Endorsement/Guarantee provided to others as of 31 December 2021

No.	Endorsor/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn provided	Value of collaterals properties guarantee/ endorsement	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Releationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech GmbH	2	$8,479,837	$310,650	$264,820	$-	$-	3.12	$21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	2	8,479,837	303,970	299,007	9,007	-	3.53	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	8,479,837	333,640	326,320	-	-	3.85	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Iberica S. L.	2	8,479,837	204,540	189,480	166,311	-	2.23	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan K.K.	2	8,479,837	54,020	48,520	-	-	0.57	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Company Limited	2	8,479,837	85,650	83,100	47,090	-	0.98	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	2	8,479,837	152,810	146,260	32,212	-	1.72	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	2	8,479,837	285,968	137,365	59,785	-	1.62	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	8,479,837	142,750	138,500	63,160	-	1.63	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (VietNam) Company Limited	2	8,479,837	1,251,000	1,246,500	415,500	-	14.70	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	8,479,837	112,160	55,400	-	-	0.65	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	2	8,479,837	97,335	96,950	55,400	-	1.14	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	2	8,479,837	302,200	301,400	256,111	-	3.55	21,199,592	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	2	8,479,837	357,300	356,800	-	-	4.21	21,199,592	Y	N	Y
1	Johnson Health Tech North America, Inc.	Macrolease Corporation	1	8,479,837	109,237	107,160	107,160	-	1.26	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc.	United Leasing, Inc	1	8,479,837	37,281	20,119	20,119	-	0.24	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Lease Servicing Center, Inc.	1	8,479,837	12,895	2,608	2,608	-	0.03	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Mitsubishi HC Capital America, Inc.	1	8,479,837	105,782	105,401	105,401	-	1.24	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Johnson Health Tech Retail, Inc.	1	8,479,837	210,300	-	-	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	Eclipx Commercial	1	8,479,837	229	210	210	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance(TL Rentals)	1	8,479,837	439	404	404	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty.	CE Finance	1	8,479,837	606	606	606	-	0.01	21,199,592	N	N	N

	Ltd.												
3	Johnson Health Tech France	PEAC Finance	1	8,479,837	5,190	4,808	4,808	-	0.06	21,199,592	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	United Leasing,Inc.	1	8,479,837	4,190	2,908	2,908	-	0.03	21,199,592	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	8,479,837	9,471	6,840	6,840	-	0.08	21,199,592	N	N	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	8,479,837	1,377,682	654,900	485,200	-	7.72	21,199,592	N	Y	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	8,479,837	139,950	138,500	-	-	1.63	21,199,592	N	N	Y
6	Johnson Health Technologies Iberica S. L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	8,479,837	166,311	166,311	166,311	-	1.96	21,199,592	N	N	N
7	Johnson Health Tech. GmbH	PEAC Finance	1	8,479,837	2,370	1,579	1,579	-	0.02	21,199,592	N	N	N
7	Johnson Health Tech. GmbH	PEAC (Germany) GmbH	1	8,479,837	39,152	34,677	34,677	-	0.41	21,199,592	N	N	N
8	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	8,479,837	53,700	49,700	40,291	-	0.59	21,199,592	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	8,479,837	97,518	95,116	95,116	-	1.12	21,199,592	N	N	N
10	Johnson Industries (Shanghai) Co. Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	8,479,837	83,790	83,100	83,100	-	0.98	21,199,592	N	N	Y

Note1： Code “1” represents there are business relationship between the two companies.
Code “2” represents a subsidiary in which the parent holds directly over 50% of equity interest.
Code “3” represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

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

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

Attachment 3: Securities held as of 31 December 2021. (Excluding subsidiaries, associates and joint ventures)

Company	Securities species	Securities	Relationship with the securities issuer	Account	As of 31 December 2021			
					Number of shares/number of units	Book value	Shareholding ratio	Fair value
Fuji Medical Instruments MFG. Co., Ltd.	Stock	Joshin Denki Co.,Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	16,500	$8,494	0.06%	$8,494

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NTD100 million or 20% of the capital stock as of 31 December 2021.

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Subsidiary	Trade receivables USD 103,503 (NTD 2,853,551) Other receivables USD 2,349 (NTD 65,036)	1.81	$ -	-	$554,777	$ -
Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Subsidiary	Trade receivables USD 6,827 (NTD 129,181) Other receivables USD 22,161 (NTD 673,503)	0.29	-	-	210,311	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Subsidiary	Trade receivables USD 11,958 (NTD 329,796) Other receivables USD 1,979 (NTD 56,128)	0.97	-	-	41,251	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Subsidiary	Trade receivables USD 93,442 (NTD 2,586,202) Other receivables USD 2,007 (NTD 56,764)	1.24	-	-	107,969	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia Spa	Subsidiary	Trade receivables EUR 6,047 (NTD 186,961) Other receivables EUR 1,293 (NTD 43,106)	1.90	-	-	47,552	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Commercial Inc.	Subsidiary	Trade receivables USD 9,382 (NTD 256,087) Other receivables USD 4,507 (NTD 128,498)	0.90	-	-	19,939	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Subsidiary	Trade receivables USD 2,713 (NTD 68,597) Other receivables USD 3,002 (NTD 89,649)	0.60	-	-	20,846	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Subsidiary	Trade receivables EUR 5,249 (NTD 163,226) Other receivables EUR 922 (NTD 30,197)	10.08	-	-	133,614	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. DEUTSCHLA	Subsidiary	Trade receivables EUR 5,174 (NTD 162,185) Other receivables EUR 162 (NTD 5,090)	5.61	-	-	121,583	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. IBERICA. S.L.	Subsidiary	Trade receivables EUR 5,597 (NTD 175,446) Other receivables EUR 68 (NTD 2,145)	2.02	-	-	123,131	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH UK LTD	Subsidiary	Trade receivables USD 6,957 (NTD 192,642) Other receivables USD 6 (NTD 157)	5.08	-	-	21,670	-
Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	Subsidiary	Other receivables USD 3,699 (NTD 102,434)	-	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Co., Ltd.	Subsidiary	Trade receivables USD 62,816 (NTD 1,739,377) EUR 38,535 (NTD 1,207,889) JPY 380,947 (NTD 91,656) CNY 2 (NTD 8) Other receivables USD 575 (NTD 15,912)	2.13	-	-	658,411	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary	Trade receivables USD 3,290 (NTD 91,101) Other receivables CNY 133,556 (NTD 579,739)	4.35	-	-	38,219	-

Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Co., Ltd.	Subsidiary	Trade receivables USD 9,939 (NTD 275,207) EUR 398 (NTD 12,472) JPY 17,432 (NTD 4,194) CNY 3,566 (NTD 15,479) Other receivables USD 2 (NTD 56)	2.66	-	-	171,196	-
Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	Subsidiary	Trade receivables USD 12,522 (NTD 346,731) Other receivables CNY 528 (NTD 2,290)	7.98	-	-	398,203	-
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	Subsidiary	Trade receivables USD 8,013 (NTD 221,874) CNY 67 (NTD 292)	1.37	-	-	133,922	-

Attachment 5: The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Intercompany transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Sales	$3,671,155	The same commercial terms as with a general customer	11.93%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	2,853,551	The same commercial terms as with a general customer	8.09%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	65,036	The same commercial terms as with a general customer	0.18%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	497,300	The same commercial terms as with a general customer	1.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	192,642	The same commercial terms as with a general customer	0.55%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	157	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	968,863	The same commercial terms as with a general customer	3.15%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	162,185	The same commercial terms as with a general customer	0.46%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Other accounts receivable	5,090	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Sales	1,005,269	The same commercial terms as with a general customer	3.27%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Receivables from related parties	163,226	The same commercial terms as with a general customer	0.46%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Other accounts receivable	30,197	The same commercial terms as with a general customer	0.09%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Sales	191,898	The same commercial terms as with a general customer	0.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Receivables from related parties	25,610	The same commercial terms as with a general customer	0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Other accounts receivable	2,126	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Sales	444,392	The same commercial terms as with a general customer	1.44%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Receivables from related parties	22,460	The same commercial terms as with a general customer	0.06%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Other accounts receivable	99	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	230,375	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	129,181	The same commercial terms as with a general customer	0.37%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	673,503	The same commercial terms as with a general customer	1.91%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Sales	268,892	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Receivables from related parties	3,900	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Sales	265,509	The same commercial terms as with a general customer	0.86%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Receivables from	256,087	The same commercial terms as	0.73%

				related parties		with a general customer	
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Other accounts receivable	128,498	The same commercial terms as with a general customer	0.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Sales	229,355	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Receivables from related parties	175,446	The same commercial terms as with a general customer	0.50%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Other accounts receivable	2,145	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Sales	106,331	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Receivables from related parties	12,458	The same commercial terms as with a general customer	0.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Other accounts receivable	117	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	320,988	The same commercial terms as with a general customer	1.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	186,961	The same commercial terms as with a general customer	0.53%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	43,106	The same commercial terms as with a general customer	0.12%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Sales	359,856	The same commercial terms as with a general customer	1.17%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Receivables from related parties	329,796	The same commercial terms as with a general customer	0.94%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Other accounts receivable	56,128	The same commercial terms as with a general customer	0.16%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	2,090,588	The same commercial terms as with a general customer	6.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	2,586,202	The same commercial terms as with a general customer	7.33%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	56,764	The same commercial terms as with a general customer	0.16%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Sales	107,756	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Receivables from related parties	66,519	The same commercial terms as with a general customer	0.19%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Other accounts receivable	773	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Purchases	1,470,397	The same commercial terms as with a general customer	4.78%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Payables to related parties	127,380	The same commercial terms as with a general customer	0.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Purchases	6,139,341	The same commercial terms as with a general customer	19.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Payables to related parties	3,038,930	The same commercial terms as with a general customer	8.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Other payables to related parties	15,912	The same commercial terms as with a general customer	0.05%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	498,567	The same commercial terms as with a general customer	1.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Payables to related parties	307,352	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai)	1	Other payables to	56	The same commercial terms as	0.00%

		Co., Ltd.		related parties		with a general customer	
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Sales	808,056	The same commercial terms as with a general customer	2.63%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Receivables from related parties	222,165	The same commercial terms as with a general customer	0.63%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Purchases	435,447	The same commercial terms as with a general customer	1.41%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Payables to related parties	85,772	The same commercial terms as with a general customer	0.24%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Sales	2,129,226	The same commercial terms as with a general customer	6.92%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Receivables from related parties	346,731	The same commercial terms as with a general customer	0.98%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Other accounts receivable	2,290	The same commercial terms as with a general customer	0.01%

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

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

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

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2020: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial Investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	$5,536,240	$5,536,240	-	100.00%	$9,331,042	$(195,819)	$(103,808)	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Vietnam) Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	92,706 (USD 2,900)	92,706 (USD 2,900)	-	100.00%	16,659	(9,865)	(9,865)	
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Carretera Maxico-Toluca 5631-230 Col.Cuajimalpa,Del Cuajimalpa CP 05000,Mexico DF	Selling cardiovascular and weight training equipment	97,924 (USD 3,125)	97,924 (USD 3,125)	-	100.00%	55,242	7,585	7,585	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	10401,boul.Ray Lawson,Anjou,Quebec,H1J 1M3	Holding company	147,811 (USD 4,554)	147,811 (USD 4,554)	-	100.00%	(76,172)	(37,475)	(37,475)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	321,100 (USD 10,000)	321,100 (USD 10,000)	-	44.43%	159,665	(24,462)	(10,869)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	150 EAST GILMAN STREET,MADISON,WI 53703	Selling cardiovascular and weight training equipment	1,552,050 (USD 48,661)	1,552,050 (USD 48,661)	-	100.00%	602,610	(309,021)	(309,021)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	20,813 (JPY 75,000)	20,813 (JPY 75,000)	4,859	78.90%	14,797	9,264	7,309	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Unit1401-1402, The Orient Square Building F. Ortigas Jr. Road, Ortigas Center, Pasig City, Metro Manila,1605 Philippines	Selling cardiovascular and weight training equipment	50,440 (USD 1,597)	50,440 (USD 1,597)	-	100.00%	(15,042)	261	261	
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	LO CN-24, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, VietnamM	Manufacturing and selling cardiovascular and weight training equipment	618,082 (USD 20,000)	618,082 (USD 20,000)	-	100.00%	136,810	(247,090)	(247,090)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	Moscow, Novodanilovskaya nab. 6, building 1, floor 2, Premises XXVIII, Room 4,	Selling cardiovascular and weight training equipment	16,949 (USD 556)	16,949 (USD 556)	-	100.00%	34,607	16,228	16,228	
Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	14F, OE BLDG, 1-22, Noninbashi1-chome, Chuo-ku, Osaka,540-0011, Japan	Massage chair research, development, manufacturing and trading	1,814,259 (JPY 6,241,000)	1,814,259 (JPY 6,241,000)	-	60.00%	1,824,234	117,662	87,042	Note3
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1600 Landmark Dr. Cottage Grove WI 53527 USA	Selling cardiovascular and weight training equipment	3,019,549 (USD 91,472)	3,019,549 (USD 91,472)	-	100.00%	1,092,431	(227,063)	(227,063)	
Johnson Health Tech. Co., Ltd.	PT Johnson Health Tech Indonesia	Rukan Citta Graha Blok 2A,Jl Arteri Kedoya,Kel.Kedoya Selatan,Kec.Kebon Jeruk,Kota Adm.Jakarta Barat,Prov.DKI Jakarta	Selling cardiovascular and weight training equipment	10,198 (USD 350)	10,198 (USD 350)	-	100.00%	11,587	3,858	3,858	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Resitpasa Mah. Eski Buyukdere Cad. Windowist Blok No: 26 Ic Kapi No: 3 Sariyer/ Istanbul.	Selling cardiovascular and weight training equipment	33,120 (EUR 1,000)	-	-	99.99%	17,234	(8,352)	(8,352)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech SA Proprietary Limited	Unit 1B Riversands Outlet Park, Riversands Boulevard, Riversands	Selling cardiovascular and weight training equipment	55,820 (USD 2,000)	-	-	100.00%	47,003	(3,729)	(3,729)	
Johnson Health Tech. Co., Ltd.	JHT FIT Company Limited	2/3, BANGNA TOWER, FLOOR 9, BANG NA-TRAD, BANG KAEO, BANG PHLI, SAMUT PRAKAN 10540	Video transmission and streaming service	870 (USD 31)	-	-	100.00%	66	(808)	(808)	

Johnson Health Tech. Co., Ltd.	Johnson Health Tech Digital UK Limited	United Kingdom	Video transmission and streaming service	-	-	-	100.00%	-	-	-	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	444,921 (USD 13,952)	444,921 (USD 13,952)	-	55.57%	217,677	(24,462)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	45, Avenue Georges Politzer 78190 Trappes – France.	Selling cardiovascular and weight training equipment	925,413 (USD 28,436)	925,413 (USD 28,436)	-	100.00%	747,085	(51,114)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	458,823	33,661	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 828850 - Torrejón de Ardoz (Madrid)España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	770,787 (USD 23,992)	446,175	99.99%	607,103	17,055	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan K.K.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 109-0022, Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	99.78%	400,639	(11,745)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	9th Floor, Unit 9B, Bangna Tower A2/3, Bangna-Trad Road K.M.6.5 Bangkaew, Bangplee Samutprakan 10540 Thailand	Selling cardiovascular and weight training equipment	39,363 (USD 1,217)	39,363 (USD 1,217)	475,000	95.00%	89,823	(10,488)	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Fitness (Malaysia) Sdn. Bhd.	Lot 557D, Jalan Subang 3, Subang Jaya Industrial Estate, 47610 Subang Jaya, Selangor, Malaysia.	Selling cardiovascular and weight training equipment	130,489 (USD 4,144)	130,489 (USD 4,144)	16,052,000	99.38%	41,312	9,937	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Zona Industriale Campolungo11,Ascoli Piceno,AP,Italy	Selling cardiovascular and weight training equipment	505,995 (USD 15,683)	505,995 (USD 15,683)	1,098,000	99.82%	489,523	28,574	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	64,780 (USD 2,006)	64,780 (USD 2,006)	2,000	100.00%	19,890	(9,188)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Duwboot 25-29, 3991, CD Houten, Netherland.	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	554,460	94,547	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. HK Ltd.	Room 1501-1502, Golden Milan Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Selling cardiovascular and weight training equipment	13,763 (USD 429)	13,763 (USD 429)	3,340,000	100.00%	22,561	13,414	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	5,493 (USD 166)	5,493 (USD 166)	400	21.10%	3,957	9,264	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Industrial do Brasil Ltda.	Estrada Municipal José Costa de Mesquita, 200 - Chácara Alvorada - Gleba 3 - Módulos 14 e 15 do CLIN - Indaiatuba - São Paulo - 13337-200 - Brasil	Selling cardiovascular and weight training equipment	826,035 (USD 26,363)	826,035 (USD 26,363)	-	99.99%	79,745	(21,006)	Not applicable	
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Gänseberg 522926 Ahrensburg	Selling cardiovascular and weight training equipment	46,442 (USD 1,503)	46,442 (USD 1,503)	-	100.00%	152,960	15,501	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	78 Logis Boulevard, Dandenong South VIC 3175	Selling cardiovascular and weight training equipment	573,150 (EUR 18,505)	573,150 (EUR 18,505)	20,715,330	100.00%	345,183	51,346	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. Poland Sp. z o.o.	ul. Działkowa, No. 62, WARSAW, 02-234 code, post office WARSAW, POLAND country	Selling cardiovascular and weight training equipment	121,209 (EUR 3,299)	121,209 (EUR 3,299)	33,840	100.00%	92,157	5,504	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	12,512 (USD 395)	12,512 (USD 395)	-	100.00%	(13,731)	(4,440)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech UAE LLC	No. 602, 6th Floor, ICON Tower, Barsha Heights, Dubai, UAE	Selling cardiovascular and weight training equipment	32,830 (USD 1,000)	32,830 (USD 1,000)	-	100.00%	(21,624)	14,188	Not applicable	
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	7585 Equitable Dr Eden Prairie, Minnesota 55344	Selling cardiovascular and weight training equipment	657,600 (USD 19,900)	657,600 (USD 19,900)	-	100.00%	676,362	(24,804)	Not applicable	
Johnson Health Tech	Leisure Fitness	231 Executive Drive, Suite 15	Selling cardiovascular and	258,317	258,317	-	100.00%	389,088	(11,007)	Not applicable	

Retail Inc.	Equipment,LLC	Newark, DE 19702	weight training equipment	(USD 7,993)	(USD 7,993)						
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	11900 Community Road, Powar, CA 92064	Selling cardiovascular and weight training equipment	150,278 (USD 4,650)	150,278 (USD 4,650)	-	100.00%	63,446	(10,491)	Not applicable	
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc.	150 East Gilman Street, Madison,WI 53703.	Selling cardiovascular and weight training equipment	351,886 (USD 11,511)	351,886 (USD 11,511)	10,000	100.00%	91,951	(269,176)	Not applicable	
Johnson Health Tech. North America, Inc.	Johnson Health Tech NA Manufacturing LLC	1600 Landmark Dr.Cottage Grove WI53527 USA	Selling and Manufacturing weight training equipment	394,287 (USD 12,698)	394,287 (USD 12,698)	-	100.00%	119,212	(38,311)	Not applicable	
Johnson Health Tech Australia Pty., Ltd	Johnson Health Tech New Zealand	WHK AUCKLAND, Whk, Level 6, 51-53 Shortland St, Auckland, 1010, NZ	Selling cardiovascular and weight training equipment	2 (NZD -)	2 (NZD -)	100	100.00%	804	1,633	Not applicable	
Johnson Health Tech. Netherland B.V.	Johnson Health Tech Denmark Aps	Tuborgvej 5, 2900 Hellerup, Denmark	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	(100,011)	(14,494)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Alimou Avenue nr. 36-40, 17455 Alimos	Selling cardiovascular and weight training equipment	50,699 (EUR 1,496)	50,699 (EUR 1,496)	14,960	99.73%	14,899	(2,193)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	15 Aleea Dealul Mitropoliei Street, Room 9, Apartment 2, District 4, Bucharest	Selling cardiovascular and weight training equipment	4,058 (EUR 120)	4,058 (EUR 120)	1,732,000	99.00%	35,753	7,064	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Plynární 1617, 170 00 Praha 7-Holešovice	Selling cardiovascular and weight training equipment	12,853 (CKZ 9,900)	12,853 (CKZ 9,900)	99	99.00%	12,028	(2,545)	Not applicable	

Note1： Current investment income from investees recognized by the Company included investment gain / loss recognized by these investees from their reinvestment.

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

Note3： Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from sidestream transactions.

Attachment 7: Investment in Mainland China

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

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Beginning accumulated outflow of investment from Taiwan	Investment flows for the period		Ending accumulated outflow of investment from Taiwan	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as at end of the period	Accumulated inward remittance of earnings as at end of the period
					Outflow	Inflow						
Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	$1,010,296 (RMB 244,757)	Indirect investments through JIH (BVI)	748,894 (USD 22,500)	$ -	$ -	748,894 (USD 22,500)	$(410,168)	100.00%	$(410,168)	$2,333,396	$ -
Johnson Industries (Shanghai) Co. Ltd.	Manufacturing and selling fitness equipment	1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	62,955 (USD 2,000)	-	-	62,955 (USD 2,000)	53,968	100.00%	53,968	2,831,791	-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	72,566 (USD 2,350)	Indirect investments through JIH (BVI)	72,566 (USD 2,350)	-	-	72,566 (USD 2,350)	(369)	100.00%	(369)	34,399	-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	29,905 (USD 950)	Indirect investments through JIH (BVI)	29,905 (USD 950)	-	-	29,905 (USD 950)	(228)	100.00%	(228)	5,468	-

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

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

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

Accumulated Investment in Mainland China as of 31 December 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender’s net accounts value × 60%
$914,320 (USD27,800)	$2,501,053 (USD76,450)	$5,087,902

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

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Johnson Health Tech. Co., Ltd. (the "Company") as of 31 December 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2021 and 2020, and their parent company only financial performance and cash flows for the years ended December 31 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

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

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

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

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

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

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

Goodwill impairment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Ming Hong

Huang, Yu Ting

Ernst & Young, Taiwan

22 March 2022

Notice to Readers

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

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

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

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

JOHNSON HEALTH TECH CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2021 and 31 December 2020

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

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

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

JOHNSON HEALTH TECH CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

				Retained Earnings			Other components of equity			
Code		Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total
A1	Balance as of 1 January 2020	$3,036,166	$54,924	$1,312,641	$1,016,542	$5,128,174	$(1,370,839)	$ -	$(47,832)	$9,129,776
	Distribution of 2019 retained earnings									
B1	Legal reserve			129,254		(129,254)				-
B3	Special reserve				354,296	(354,296)				-
B5	Cash dividends					(424,164)				(424,164)
D1	Net income in 2020					679,293				679,293
D3	Other comprehensive income(loss), net of tax in 2020					746	(16,279)	1,626		(13,907)
D5	Total comprehensive income(loss)	-	-	-	-	680,039	(16,279)	1,626	-	665,386
L1	Treasury stock buyback								(32,306)	(32,306)
N1	Share-based payment awards		706							706
N1	Exercise employee stock option to purchase treasury stock								6,266	6,266
Z1	Balance as of 31 December 2020	$3,036,166	$55,630	$1,441,895	$1,370,838	$4,900,499	$(1,387,118)	$1,626	($73,872)	$9,345,664
A1	Balance as of 1 January 2021	$3,036,166	$55,630	$1,441,895	$1,370,838	$4,900,499	$(1,387,118)	$1,626	$(73,872)	$9,345,664
	Distribution of 2020 retained earnings									
B1	Legal reserve			68,003		(68,003)				-
B3	Special reserve				14,654	(14,654)				-
B5	Cash dividends					(338,899)				(338,899)
D1	Net income in 2021					38,148				38,148
D3	Other comprehensive loss, net of tax in 2021					(12,908)	(555,553)	(964)		(569,425)
D5	Total comprehensive income	-	-	-	-	25,240	(555,553)	(964)	-	(531,277)
N1	Share-based payment awards		4,349							4,349
Z1	Balance as of 31 December 2021	$3,036,166	$59,979	$1,509,898	$1,385,492	$4,504,183	$(1,942,671)	$662	$(73,872)	$8,479,837

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

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

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

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

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

JOHNSON HEALTH TECH. CO., LTD.

Notes to Parent Company Only Financial Statements

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

1. History and organization

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

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

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

3. Newly issued or revised standards and interpretations

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

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

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

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

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

E. 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.

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

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

G. 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.

H. Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1

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

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

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

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

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

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

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

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies

(4) Statement of Compliance

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

(5) Basis of Preparation

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

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

(6) Foreign currency transactions

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

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

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

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

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

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

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

(7) Translation of financial statements in foreign currency

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

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

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

(8) Current and Non-current Distinction

An asset is classified as current when:

E. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle; or
F. The Company holds the asset primarily for the purpose of trading; or
G. The Company expects to realize the asset within twelve months after the reporting period; or
H. 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:

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

All other liabilities are classified as non-current.

(9) 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.

(10) Financial Instruments

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

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

F. Financial instruments: Recognition and Measurement

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

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

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

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

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

(c) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(d) 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:

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

<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:

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

(d) 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.
(e) 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.
(f) 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:

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

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

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

Financial asset measured at fair value through profit or loss

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

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

G. Impairment of financial assets

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

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

(d) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(e) the time value of money
(f) 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:

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

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

H. Derecognition of financial assets

A financial asset is derecognized when:

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

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

I. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

(d) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(e) 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
(f) 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:

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

J. 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.

(11) Derivative instruments

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

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

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

(12) 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:

C. in the principal market for the asset or liability, or
D. in the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

(13) 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.

(14) Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

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

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

(15) Property, plant and equipment

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

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

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

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

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

(16) Leases

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

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

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

<u>Company as a lessee</u>

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

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

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

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

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

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

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

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

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

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

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

Company as a lessor

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

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

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

(17) Intangible Assets

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

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

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

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

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

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

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

(18) Impairment of Non-financial Assets

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

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

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

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

(19) Provisions

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

Provision for warranties

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

(20) Revenue recognition

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

Sale of goods

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

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

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

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

(21) 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.

(22) Government grants

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

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

(23) Post-employment benefits

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

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

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

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

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

(24) Share-based payment transactions

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

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

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

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

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

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

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

(25) Treasury Stock

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

(26) Income Tax

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

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. The 5% income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

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

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

C. 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
D. 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:

C. 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;

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

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

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

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

5. Significant accounting judgements, estimates and assumptions

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

(2) 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:

G. 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.

H. Impairment of Non-financial Assets

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

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

I. Pension Benefits

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

J. Income Tax

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

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

K. Accounts receivables–estimation of impairment loss

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

L. Inventory valuation

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

G. Share-Based payment

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

6. Contents of significant accounts

(26) Cash and cash equivalents

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

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

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

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

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

(28) Trade receivables, net

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

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

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

Accounts receivables were not pledged.

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

(29) Inventories, net

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

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

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

No inventories were pledged.

(30) Prepayments

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

(31) Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

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

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

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

D. Investment in subsidiaries

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

(32) Property, plant and equipment

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

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

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

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

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

(33) Short-term loans

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

(34) Bonds payable

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

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

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

(35) Commercial Paper Payable

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

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

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

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

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

(37) Other payables

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

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

(38) Long-term borrowings

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

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

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

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

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

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

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

(d) The current ratio shall not be lower than 100%. (Note 1)
(e) The financial liability ratio shall not be higher than 200%. (Note 2)
(f) The interest coverage ratio shall not be lower than 3. (Note 3)

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

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

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

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

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

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

(39) Post-employment benefits

Defined contribution plan

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

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

Defined benefits plan

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

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

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

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

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

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

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

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2020	$170,682	$(84,020)	$86,662
Current period service costs	1,213	-	1,213
Net interest expense (income)	1,195	(599)	596
Subtotal	173,090	(84,619)	88,471
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	5,761	-	5,761
Experience adjustments	(3,954)	-	(3,954)
Remeasurements of the defined benefit assets	-	(2,738)	(2,738)
Subtotal	174,897	(87,357)	87,540
Payments from the plan	(3,760)	3,760	-
Contributions by employer	-	(2,849)	(2,849)

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

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

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

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

For the year ended 31 December 2021:

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

For the year ended 31 December 2020:

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

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

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

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

(40)Equity

G. Share capital

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

H. Capital surplus

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

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

I. Legal reserve

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

J. Special reserve

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

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

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

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

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

K. Treasury Stock

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

For the year ended 31 December 2021

(unit : shares)

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

For the year ended 31 December 2020

(unit : shares)

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

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

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

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

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

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

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

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

L. Distribution of retained earnings and dividend policies

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

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

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

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

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

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

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

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

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

(41)Operating revenue

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

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

C. Contract balance

(e) Contract asset – current

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

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

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

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

(f) Contract liabilities – current

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

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

(g) Transaction price allocated to unsatisfied performance obligations

None.

(h) Assets recognized from costs to fulfil a contract

None.

(42) Expected credit losses

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

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

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

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

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

Note receivables and trade receivables as at 31 December 2021

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

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

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

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

Installment accounts receivable as at 31 December 2021

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

Note receivables and trade receivables as at 31 December 2020

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

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

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

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

Installment accounts receivable as at 31 December 2020

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

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

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

(43) Leases

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

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

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

A. Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

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

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

ii. Lease liabilities

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

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

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

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

C. Income and costs relating to leasing activities

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

D. Cash outflow related to lessee and lease activity

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

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

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

As at 31 December 2021 and 31 December 2020, the Company's employees were 1,148 and 1,132, respectively; the number of directors who were not concurrently employees were both 7.

As at 31 December 2021 and 31 December 2020, the Company’s average employee benefits expense were NT$804 thousand and NT$781 thousand, respectively.

As at 31 December 2021 and 31 December 2020, the Company’s average employee salaries expense were NT$706 thousand and NT$665 thousand employees, respectively; the average adjusted employee salaries expense was decrease to 6.2%.

The Company has no supervisor's remuneration as the Company has set up the audit committee to replace the supervisor.

The Company’s salary policy is as follows: (including directors, managers and employees)

The Company’s salary policy for employee remuneration holds the spirit of providing market-competitive salary levels, and provides reasonable and motivating salary based on the employee’s personal responsibility, contribution, performance and ability. In addition to the monthly salary, there are other incentives such as performance bonus, proposal bonus, irregular incentive bonus and profit sharing bonus based on the Company's current year's profit. The Company evaluates directors’ and manager’s performance regularly and set the achievement of directors’ and managers' performance goals every year. The results of performance evaluation are used as the basis of promotion, training development and salary payment.

According to the Articles of Incorporation, at least 1% of profit of the current year is distributable as employees’ compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

Based on the profit of the year ended 31 December 2021, the Company estimated the amount of the employees’ compensation and remuneration to directors for the year ended 31 December 2021 to be NTD3,000 thousand and NTD7,200 thousand, respectively, recognized as employee salary expense.

A resolution was passed at the board meeting held on 26 March 2021 to distribute NTD11,200 thousand and NTD7,200 thousand in cash as the employee compensation and remuneration to directors of 2020, respectively. There is no material differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2020.

(45) Non-operating income and expenses

E. Interest income

	For the years ended 31 December	
	2021	2020
Financial assets measured at amortized cost	$57,235	$50,694

F. Other income

	For the years ended 31 December	
	2021	2020
Government subsidy income	$8,533	$79,400
Others	57,727	58,836
Total	$66,260	$138,236

G. Other gains and losses

	For the years ended 31 December	
	2021	2020
Foreign exchange gains (losses), net	$78,536	$(13,527)
Gains (losses) on financial assets at fair value through profit or loss(Note 1)	(7,418)	10,353
Gains on financial liabilities at fair value through profit or loss (Note 2)	1,657	15,473
Gains (losses) on disposal of investments	23,181	(6,718)
Gains on disposal of property, plant and equipment	632	23
Gains on disposal of intangible assets	1,103	-
Others	(3,461)	(2,790)
Total	$94,230	$2,814

Note:

3. Balances were arising from financial assets mandatorily measured at fair value through profit or loss.
4. Balances were arising from held for trading financial liabilities.

H. Finance costs

	For the years ended 31 December	
	2021	2020
Interest on loans from bank	$106,599	$103,148
Interest on lease liabilities	506	614
Total	$107,105	$103,762

(46) Components of other comprehensive income

C. For the year ended 31 December 2021

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$(16,135)	$(16,135)	$3,227	$(12,908)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(964)	(964)	-	(964)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(694,441)	(694,441)	138,888	(555,553)
Total of other comprehensive income	$(711,540)	$(711,540)	$142,115	$(569,425)

D. For the year ended 31 December 2020

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$932	$932	$(186)	$746
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	1,626	1,626	-	1,626
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	(20,349)	(20,349)	4,070	(16,279)
Total of other comprehensive income	$(17,791)	$(17,791)	$3,884	$(13,907)

(47) Income tax

The major components of income tax expense(income) for the year ended 31 December 2021 and 2020 are as follows:

E. Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense:		
Current income tax charge	$198,115	$59,235
Adjustments in respect of current income tax of prior periods	4,886	6,876
Deferred tax income:		
Deferred tax income relating to origination and reversal of temporary differences	9,192	12,925
Other components of deferred tax income	(3,200)	(3,000)
Total income tax expense	$208,993	$76,036

F. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax income:		
Exchange differences resulting from translating the financial statements of a foreign operation	$(138,888)	$(4,070)
Remeasurements of defined benefit plans	(3,227)	186
Income tax relating to components of other comprehensive income	$(142,115)	$(3,884)

G. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2021	2020
Accounting profit before tax from continuing operations	$247,141	$730,624
Tax at the domestic rates applicable to profits in the country concerned	49,428	151,066
Tax effect of revenues exempt from taxation	-	(87,723)
Tax effect of expenses not deductible for tax purposes	150,755	-
5 % surtax on undistributed retained earnings	7,124	8,817
Adjustments in respect of current income tax of prior periods	4,886	6,876
Other adjustments according to tax law	(3,200)	(3,000)
Total income tax expense recognized in profit or loss	$208,993	$76,036

H. Deferred tax assets (liabilities) relate to the following:

(f) For the year ended 31 December 2021

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December
Temporary difference				
Unrealized foreign exchange gain (loss)	$12,631	$(11,528)	$-	$1,103
Provision for allowance to reduce inventories to market value	1,211	-	-	1,211
Gain(losses) on financial assets and liabilities at fair value through profit or loss	(2,782)	1,152	-	(1,630)
Net defined benefit liability – non-current	6,750	(306)	-	6,444
Remeasurement on defined benefit plans	10,188	-	3,227	13,415
Exchange differences on translation of foreign operations	284,232	-	138,888	423,120
Provision-warranties	11,925	1,490	-	13,415
Land appreciation tax	(47,428)	-	-	(47,428)
Deferred tax expense/(income)		$(9,192)	$142,115	
Net deferred tax assets/(liabilities)	$276,727			$409,650
Reflected in balance sheet as follows:				
Deferred tax assets	$326,938			$458,709
Deferred tax liabilities	$(50,211)			$(49,059)

(g) For the year ended 31 December 2020

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31 December
Temporary difference				
Unrealized foreign exchange gain (loss)	$21,279	$(8,648)	$-	$12,631
Provision for allowance to reduce inventories to market value	1,211	-	-	1,211
Gain(losses) on financial assets and liabilities at fair value through profit or loss	2,383	(5,165)	-	(2,782)
Net defined benefit liability – non-current	6,958	(208)	-	6,750
Remeasurement on defined benefit plans	10,374	-	(186)	10,188
Exchange differences on translation of foreign operations	280,162	-	4,070	284,232
Provision-warranties	10,829	1,096	-	11,925
Land appreciation tax	(47,428)	-	-	(47,428)
Deferred tax expense/(income)		$(12,925)	$3,884	
Net deferred tax assets/(liabilities)	$285,768			$276,727
Reflected in balance sheet as follows:				
Deferred tax assets	$333,196			$326,938
Deferred tax liabilities	$(47,428)			$(50,211)

(h) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2021 and 2020, the temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD595,713 thousand and NTD782,195 thousand respectively.

(i) The assessment of income tax returns

As at 31 December 2021, the tax authorities have assessed income tax returns of the Company through 2019.

(48) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the years attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	$38,148	$679,293
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	302,589	302,663
Basic earnings per share (NTD)	$0.13	$2.24

Calculation of diluted earnings per share is equal to basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Johnson Health Tech North America, Inc.	Subsidiary
Johnson Health Industry (Viet Nam) Company Limited	Subsidiary
Johnson Health Technologies, S.A. DE C.V.	Subsidiary
Johnson Health Technologies Canada Inc.	Subsidiary
Johnson Health Tech Retail Inc	Subsidiary
Johnson Health Tech GmbH	Subsidiary
Johnson Industries (Shanghai) Co., Ltd.	Subsidiary
Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary

Name of the related parties	Nature of relationship of the related parties
Johnson Health Tech UAE L.L.C	Subsidiary
Johnson Industrial do Brasil Ltda	Subsidiary
Johnson Health Tech France	Subsidiary
Johnson Health Tech Netherland B.V.	Subsidiary
Johnson Health Tech UK Ltd.	Subsidiary
Johnson Health Technologies Ibérica, SL	Subsidiary
Johnson Health Tech Italia S.P.A.	Subsidiary
Johnson Health Tech (Thailand) Co., Ltd.	Subsidiary

Significant transactions with related parties

A. Sales

	For the years ended 31 December	
	2021	2020
Johnson Health Tech North America, Inc.	$3,671,155	$1,580,901
Johnson Health Tech Retail Inc	2,090,588	3,186,039
Johnson Health Tech Netherland B.V.	1,005,269	570,441
Johnson Health Tech GmbH	968,863	725,311
Others	3,428,983	2,769,598
Total	$11,164,858	$8,832,290

The selling price and collection terms between related parties are not significantly different from those with the third parties.

B. Purchase

	For the years ended 31 December	
	2021	2020
Johnson Industries (Shanghai) Co., Ltd.	$6,139,341	$4,391,071
Johnson Health Industry (Vietnam) Company Limited	1,470,397	1,227,800
Johnson Health Technology (Shanghai) Co., Ltd.	498,567	263,651
Others	180,190	168,647
Total	$8,288,495	$6,051,169

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are similar with third party suppliers.

C. Accounts receivable, net

	As at

	31 December 2021	31 December 2020
Johnson Health Tech North America, Inc.	$2,853,551	$1,097,878
Johnson Health Tech Retail Inc	2,586,202	2,173,423
Johnson Health Tech UAE L.L.C	329,796	215,945
Johnson Health Technologies Canada Inc.	256,087	175,824
Johnson Health Tech UK Ltd.	192,642	2,288
Johnson Health Tech Italia S.P.A.	186,961	88,298
Johnson Health Technologies Ibérica, SL	175,446	46,706
Johnson Health Tech Netherland B.V.	163,226	13,081
Johnson Health Tech GmbH	162,185	181,817
Johnson Industrial do Brasil Ltda.	129,181	72,322
Others	297,529	193,180
Total	$7,332,806	$4,260,762

D. Other accounts receivable, net

	As at	
	31 December 2021	31 December 2020
Johnson Industrial do Brasil Ltda	$673,503	$618,546
Johnson Health Technologies Canada Inc.	128,499	57,610
Johnson Industries (Shanghai) Co., Ltd.	102,434	70,869
Johnson Health Technologies, S.A. DE C.V.	89,649	70,498
Johnson Health Technology (Shanghai) Co., Ltd.	76,176	33,405
Others	325,539	213,962
Total	$1,395,800	$1,064,890

Other accounts receivable mainly consists of developing tools, purchasing material and equipment, overdue accounts receivable transfer and financing for related parties.

E. Accounts payable, net

	As at	
	31 December 2021	31 December 2020
Johnson Industries (Shanghai) Co., Ltd.	$3,038,930	$2,546,666
Johnson Health Technology (Shanghai) Co., Ltd.	307,352	52,182
Johnson Health Industry (Vietnam) Company Limited	127,380	608,367
Others	37,291	25,722
Total	$3,510,953	$3,232,937

F. Other payables, net

	As at	
	31 December 2021	31 December 2020
Johnson Health Tech. North America, Inc.	$175,592	$150,272
Johnson Health Tech France	100,358	46,301
Others	50,525	132,063
Total	$326,475	$328,636

G. Expenses

	For the years ended 31 December	
	2021	2020
Johnson Health Tech. North America, Inc.	$541,240	$684,560
Johnson Health Tech. Netherland B.V	120,877	124,781
Johnson Health Tech Retail Inc	50,834	55,739
Others	46,496	81,158
Total	$759,447	$946,238

H. Other Income

	For the years ended 31 December	
	2021	2020
Johnson Industries (Shanghai) Co., Ltd.	$27,055	$33,664
Johnson Health Technology (Shanghai) Co., Ltd.	12,158	6,744
Johnson Health Technologies Canada Inc.	6,689	5,093
Johnson Health Tech UAE L.L.C	5,928	7,093
Others	19,495	15,735
Total	$71,325	$68,329

I. Key management personnel compensation

	For the years ended 31 December	
	2021	2020
Short-term employee benefits	$36,602	$ 21,103

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	As at		
	31 December 2021	31 December 2020	Contents of secured debt
Property, plant and equipment - land	$671,271	$670,557	Commercial Paper/ Long-term borrowings
Property, plant and equipment – buildings (carrying value)	44,965	46,287	Commercial Paper/ Long-term borrowings
Other receivable - deposit	42,709	39,684	Corporate credit cards / LC loan
Total	$758,945	$756,528	

9. Commitments and contingencies

(6) The important contracts of construction in progress or service

The contracts of the Company as at 31 December 2021 and 2020 are as follows:

C. As at 31 December 2021:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2021
Company A	Dormitory construction project	NTD90,650 thousand	NTD67,988 thousand

D. As at 31 December 2020:

None.

(7) The Company issued guaranty notes as security for borrowings in the sum of NTD801,047 thousand as at 31 December 2021.

(8) The Company entered into financial guarantees to related parties as at 31 December 2021. Refer to Note 13(1)(b).

10. Losses due to major disasters

None.

11. Significant subsequent events

Considering the industry integration, resource utilization, future global layout and improvement of operational performance, the Company set up a fully-owned subsidiary, Johnson Health Tech Korea Co., Ltd. in South Korea. on 6 January 2022.

12. Others

(12) Categories of financial instruments

	As at	
Financial Assets	31 December 2021	31 December 2020
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$8,151	$15,569
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	601,875	752,823
Notes and trade receivable	8,060,021	4,909,234
Other receivables	1,495,278	1,112,231
Subtotal	10,157,174	6,774,288
Total	$10,165,325	$6,789,857
Financial Liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$6,055,143	$5,372,000
Commercial paper payable	4,045,492	349,721
Notes and accounts payable	4,419,542	3,884,804
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	1,149,345	1,301,727
Lease liability	52,979	48,357
Subtotal	17,722,501	12,956,609
Financial liabilities at fair value through profit or loss:		
Held for trading	-	1,657
Total	$17,722,501	$12,958,266

(13) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(14) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity price risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD, EUR and CNY. The information of the sensitivity analysis is as follows:

(a) When NTD strengthens/weakens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$45,841
For the year ended 31 December 2020	$-	$21,012

(b) When NTD strengthens/weakens against EUR by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$(3,702)
For the year ended 31 December 2020	$-	$(1,105)

(b) When NTD strengthens/weakens against JPY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$(7,982)
For the year ended 31 December 2020	$-	$(10,291)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period would cause the profit for the years ended 31 December 2021 and 2020 to decrease by NTD11,250 thousand and NTD7,023 thousand, respectively.

(15) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.
Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial positions, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at 31 December 2021 and 2020, the credit concentration risk of other accounts receivables is insignificant. The accounts receivable of top ten customers accounted for 77.11% and 75.58% of the Company's balance of accounts receivables, respectively.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(16) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	>= 5 years	Total
As at 31 December 2021					
Short-term borrowings	$6,066,643	$-	$-	$-	$6,066,643
Commercial paper payable	4,050,000	-	-	-	4,050,000
Notes and accounts payable	4,419,542	-	-	-	4,419,542
Bonds payable	16,600	2,033,200	-	-	2,049,800
Long-term loans	35,620	1,062,945	69,351	8,547	1,176,463
Lease liabilities	32,675	22,060	-	-	54,735
As at 31 December 2020					
Short-term borrowings	$5,382,788	$-	$-	$-	$5,382,788
Commercial paper payable	350,000	-	-	-	350,000
Notes and accounts payable	3,884,804	-	-	-	3,884,804
Bonds payable	16,600	33,200	2,016,600	-	2,066,400
Long-term loans	88,089	1,300,270	-	-	1,388,359
Lease liabilities	28,157	20,487	393	-	49,037

(17) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Commercial paper Payable	Bonds payable	Long-term loans	Lease liabilities	Total
As at 1 January 2021	$5,372,000	$349,721	$2,000,000	$1,301,727	$48,357	$9,071,805
Cash flows	683,143	3,689,358	-	(152,382)	(32,407)	4,187,712
Non-cash changes	-	6,413	-	-	37,029	43,442
As at 31 December 2021	$6,055,143	$4,045,492	$2,000,000	$1,149,345	$52,979	$13,302,959

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Commercial paper Payable	Bonds payable	Long-term loans	Lease liabilities	Total
As at 1 January 2020	$4,586,276	$149,917	$2,000,000	$792,590	$63,496	$7,592,279
Cash flows	785,724	198,716	-	509,137	(33,783)	1,459,794
Non-cash changes	-	1,088	-	-	18,644	19,732
As at 31 December 2020	$5,372,000	$349,721	$2,000,000	$1,301,727	$48,357	$9,071,805

(18) Fair value of financial instruments

D. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(f) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(g) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures) at the reporting date.

(h) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public Company and private Company equity securities) is estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(i) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(j) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

E. Fair value measurement hierarchy

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(19) Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2021 and 2020 is as follows:

Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Contract	Contract amount (in thousands)	Maturity
As at 31 December 2021		
Foreign exchange rates swap	Sell USD 82,200	From 2022/02/18 to 2022/05/18
As at 31 December 2020		
Forward currency contract	Sell USD 7,000	From 2021/01/25 to 2021/02/03
Forward currency contract	Sell EUR 4,000	From 2021/03/03 to 2021/03/10

The counterparties of said derivatives financial instruments are well-known local and international banks with good credit rating, therefore carry low credit risk.

The foreign exchange forward contract transactions mainly aim at hedging the risk of exchange rate changes of net assets or net liabilities. There will be corresponding cash inflow or outflow at maturity. There is no significant cash flow risk as the Company's working capital is sufficient to support such activity.

(20) Fair value measurement hierarchy

C. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

D. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Foreign exchange rates swap	$-	$8,151	$-	$8,151

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$15,569	$-	$15,569
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$-	$1,657	$-	$1,657

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

(21) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at					
	31 December 2021			31 December 2020		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
Financial assets						
Monetary item:						
USD	$300,604	27.6900	$8,323,737	$188,603	28.5080	$5,376,685
EUR	29,091	31.3450	911,872	15,807	35.0650	554,253
Financial liabilities						
Monetary item:						
USD	$93,666	27.6900	$2,593,621	$96,133	28.5080	$2,740,559
EUR	43,855	31.3450	1,374,621	19,706	35.0650	691,000
JPY	4,519,073	0.2406	1,087,289	4,814,864	0.2765	1,331,310

The Company is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Company and subsidiaries use a large number of different functional currencies. The exchange gain (loss) for the years ended 31 December 2021 and 2020 were NTD78,536 thousand and NTD(13,527) thousand, respectively.

(22) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(5) Information at significant transactions

K. Financing provided to others for the year ended 31 December 2021: Please refer to Attachment 1.

L. Endorsement/Guarantee provided to others for the year ended 31 December 2021: Please refer to Attachment 2.

M. Securities held as of 31 December 2021 (excluding subsidiaries, associates and joint venture): None

N. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2021: None

O. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2021: None

P. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2021: None

Q. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the year ended 31 December 2021:

Please refer to Note 13(1)(j) for detail.

R. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as of 31 December 2021: Please refer to Attachment 3.

S. Transaction of derivative financial instruments: Please refer to Note 12(8).

T. The business relationship, significant transactions and amounts exceeding the lower of NTD100 million or 20% of capital stock between parent company and subsidiaries: Please refer to Attachment 4.

(6) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as of 31 December 2021, net income(loss) of the investee company and investment income(loss) recognized as of 31 December 2021: Please refer to Attachment 5.

(7) Information on investments in mainland China

The Company ultimately invests subsidiaries in mainland China through its subsidiary, Johnson International Holding Corp., Ltd., as below: Please refer to Attachment 6.

Attachment 1: Financing provided

A.The Company

No	Lender	Counter- party	Financial statement account	Related party or not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Yes	$550,000	$120,000	$-	-	1	$3,671,155		-	-	-	$1,695,967	$3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Viet Nam) Company Limited	Other receivable-related parties	Yes	2,000	500	15	3.00%	1	696		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Llc	Other receivable-related parties	Yes	1,000	1,000	757	3.00%	1	107,756		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Denmark Aps	Other receivable-related parties	Yes	19,000	19,000	19,000	3.00%	1	29,111		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	Other receivable-related parties	Yes	115,000	115,000	115,000	3.00%	1	265,509		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Other receivable-related parties	Yes	43,000	43,000	43,000	3.00%	1	23,103		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Yes	200,000	105,000	49,314	3.00%	1	359,856		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C. V.	Other receivable-related parties	Yes	98,000	85,000	85,000	3.00%	1	79,475		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, Iberica. S.L.	Other receivable-related parties	Yes	15,000	15,000	-	-	1	228,831		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	Other receivable-related parties	Yes	670,000	660,000	660,000	3.00%	1	230,375		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Romania S.A.	Other receivable-related parties	Yes	4,000	-	-	-	1	20,625		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Hellas S.A.	Other receivable-related parties	Yes	23,000	13,000	13,000	3.00%	1	62,760		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	Other receivable-related parties	Yes	52,000	52,000	25,265	3.00%	1	232,954		-	-	-	1,695,967	3,391,935
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading,INC.	Other receivable-related parties	Yes	50,000	50,000	50,000	3.00%	1	2,090,588		-	-	-	1,695,967	3,391,935

Note1： Code “1” represents business relationship between the two companies.

Code “2” represents an entity that requires short-term financing.

Note2： Financing limit for each individual counterparty was set at 20% of their net worth indicated in the most recent financial report.

Note3： Total financing was limited to 40% of the Company’s net worth indicated in the most recent financial report.

Note4： According to the FSC Letter Jin-Guan-Cheng-Liu-Zi-No. 0980000271, the amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares is not restricted.

Attachment 1: Financing provided
B.Subsidiaries

No	Lender	Counter- party	Financial statement account	Related party or not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 1)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)
													Item	Value		
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Yes	$22,840	$22,160	$13,671	3.00%	2	-	For business operation	-	-	-	$26,917	$26,917
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Yes	170,450	157,900	101,056	1.44%	2	-	For business operation	-	-	-	533,846	711,795
3	Johnson Health Tech. (Thailand) Company Limited	JHT FIT Company Limited	Other receivable-related parties	Yes	12,735	12,735	8,490	1.50%	2	-	For business operation	-	-	-	47,922	47,922

Note1: Code “1” represents business relationship between the two companies.
Code “2” represents an entity that requires short-term financing.

Note 2: Johnson Health Tech. (Vietnam) Company Limited ’s financing limit for a counterparty and total financing limit were set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech France's financing limit for a counterparty was set at 60% of its net worth stated in the most recent financial report; total financing limit was set at 80% of its net worth stated in the most recent financial report. Johnson Health Tech. (Thailand) Company Limited ’s financing limit for a counterparty and total financing limit were set at 40% of its net worth stated in the most recent financial report.

Note 3: According to the FSC Jin-Guan-Cheng-Liu-Zi-Letter No. 0980000271, the amount of financing between foreign subsidiaries in which the Company holds, directly and indirectly, 100% of voting shares is not restricted.

Attachment 2 : Endorsement/Guarantee provided:

A.The Company

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee limited amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Relationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech GmbH	2	$8,479,837	$310,650	$264,820	$-	$-	3.12	$21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	2	8,479,837	303,970	299,007	9,007	-	3.53	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	8,479,837	333,640	326,320	-	-	3.85	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Iberica S. L.	2	8,479,837	204,540	189,480	166,311	-	2.23	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan K.K.	2	8,479,837	54,020	48,520	-	-	0.57	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Company Limited	2	8,479,837	85,650	83,100	47,090	-	0.98	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	2	8,479,837	152,810	146,260	32,212	-	1.72	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	2	8,479,837	285,968	137,365	59,785	-	1.62	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	8,479,837	142,750	138,500	63,160	-	1.63	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (VietNam) Company Limited	2	8,479,837	1,251,000	1,246,500	415,500	-	14.70	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	8,479,837	112,160	55,400	-	-	0.65	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	2	8,479,837	97,335	96,950	55,400	-	1.14	21,199,592	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	2	8,479,837	302,200	301,400	256,111	-	3.55	21,199,592	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	2	8,479,837	357,300	356,800	-	-	4.21	21,199,592	Y	N	Y

Note1： Code “1” represents there are business relationship between the two companies.
Code “2” represents a subsidiary in which the parent holds directly over 50% of equity interest.
Code “3” represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

Note2： Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.

Note3： The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

Attachment 2 : Endorsement/Guarantee provided:
B.Subsidiaries

No	Endorser/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance	Ending balance of guarantee amount	Amount drawn	Value of collaterals properties	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee limited amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Relationship (Note 1)										
1	Johnson Health Tech North America, Inc.	Macrolease Corporation	1	$8,479,837	$109,237	$107,160	$107,160	-	1.26	$21,199,592	N	N	N
1	Johnson Health Tech North America, Inc.	United Leasing, Inc	1	8,479,837	37,281	20,119	20,119	-	0.24	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Lease Servicing Center, Inc.	1	8,479,837	12,895	2,608	2,608	-	0.03	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Mitsubishi HC Capital America, Inc.	1	8,479,837	105,782	105,401	105,401	-	1.24	21,199,592	N	N	N
1	Johnson Health Tech North America, Inc	Johnson Health Tech Retail, Inc.	1	8,479,837	210,300	-	-	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	Eclipx Commercial	1	8,479,837	229	210	210	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance(TL Rentals)	1	8,479,837	439	404	404	-	0.00	21,199,592	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance	1	8,479,837	606	606	606	-	0.01	21,199,592	N	N	N
3	Johnson Health Tech France	PEAC Finance	1	8,479,837	5,190	4,808	4,808	-	0.06	21,199,592	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	United Leasing,Inc.	1	8,479,837	4,190	2,908	2,908	-	0.03	21,199,592	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	8,479,837	9,471	6,840	6,840	-	0.08	21,199,592	N	N	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	8,479,837	1,377,682	654,900	485,200	-	7.72	21,199,592	N	Y	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	8,479,837	139,950	138,500	-	-	1.63	21,199,592	N	N	Y
6	Johnson Health Technologies Iberica S. L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	8,479,837	166,311	166,311	166,311	-	1.96	21,199,592	N	N	N
7	Johnson Health Tech. GmbH	PEAC Finance	1	8,479,837	2,370	1,579	1,579	-	0.02	21,199,592	N	N	N
7	Johnson Health Tech. GmbH	PEAC (Germany) GmbH	1	8,479,837	39,152	34,677	34,677	-	0.41	21,199,592	N	N	N
8	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	8,479,837	53,700	49,700	40,291	-	0.59	21,199,592	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	8,479,837	97,518	95,116	95,116	-	1.12	21,199,592	N	N	N
10	Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	8,479,837	83,790	83,100	83,100	-	0.98	21,199,592	N	N	Y

Note1： Code “1” represents there are business relationship between the two companies.
Code “2” represents a subsidiary in which the parent holds directly over 50% of equity interest.
Code “3” represents an investee in which the parent and its subsidiaries hold over 50% of equity interest.

Note2： Guarantee provided to each counterparty was limited to 100% of net equity of latest financial statement of the guarantor.

Note3： The total amount may not exceed 250% of net equity of latest financial statement of the guarantor.

Attachment 3 : Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as at end of the period

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	Collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Investee company	Account receivable USD 103,503 (NTD 2,853,551) Non-trade receivable USD 2,349 (NTD 65,036)	1.81	$ -	-	$554,777	$ -
Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda.	Investee company	Account receivable USD 6,827 (NTD 129,181) Non-trade receivable USD 22,161 (NTD 673,503)	0.29	-	-	210,311	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Investee company	Account receivable USD 11,958 (NTD 329,796) Non-trade receivable USD 1,979 (NTD 56,128)	0.97	-	-	41,251	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Investee company	Account receivable USD 93,442 (NTD 2,586,202) Non-trade receivable USD 2,007 (NTD 56,764)	1.24	-	-	107,969	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia Spa	Investee company	Account receivable EUR 6,047 (NTD 186,961) Non-trade receivable EUR 1,293 (NTD 43,106)	1.90	-	-	47,552	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Commercial Inc.	Investee company	Account receivable USD 9,382 (NTD 256,087) Non-trade receivable USD 4,507 (NTD 128,498)	0.90	-	-	19,939	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Investee company	Account receivable USD 2,713 (NTD 68,597) Non-trade receivable USD 3,002 (NTD 89,649)	0.60	-	-	20,846	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Investee company	Account receivable EUR 5,249 (NTD 163,226) Non-trade receivable EUR 922 (NTD 30,197)	10.08	-	-	133,614	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. DEUTSCHLA	Investee company	Account receivable EUR 5,174 (NTD 162,185) Non-trade receivable EUR 162 (NTD 5,090)	5.61	-	-	121,583	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. IBERICA. S.L.	Investee company	Account receivable EUR 5,597 (NTD 175,446) Non-trade receivable EUR 68 (NTD 2,145)	2.02	-	-	123,131	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH UK LTD	Investee company	Account receivable USD 6,957 (NTD 192,642) Non-trade receivable USD 6 (NTD 157)	5.08	-	-	21,670	-
Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Investee company	Non-trade receivable USD 3,699 (NTD 102,434)	-	-	-	-	-
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 62,816 (NTD 1,739,377) EUR 38,535 (NTD 1,207,889) JPY 380,947 (NTD 91,656) CNY 2 (NTD 8)	2.13	-	-	658,411	-

			Non-trade receivable USD 575 (NTD 15,912)					
Johnson Industries (Shanghai) Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Investee company	Account receivable USD 3,290 (NTD 91,101) Non-trade receivable CNY 133,556 (NTD 579,739)	3.75	-	-	38,219	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Investee company	Account receivable USD 9,939 (NTD 275,207) EUR 398 (NTD 12,472) JPY 17,432 (NTD 4,194) CNY 3,566 (NTD 15,479) Non-trade receivable USD 2 (NTD 56)	2.66	-	-	171,196	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Investee company	Account receivable USD 12,522 (NTD 346,731) Non-trade receivable CNY 528 (NTD 2,290)	7.98	-	-	398,203	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	Investee company	Account receivable USD 8,013 (NTD 221,874) CNY 67 (NTD 292)	1.37	-	-	133,922	-

Attachment 4 : The business relationship, significant transactions and amounts between parent company and subsidiaries

No (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Inter company transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Sales	$3,671,155	The same commercial terms as with a general customer	11.93%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	2,853,551	The same commercial terms as with a general customer	8.09%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	65,036	The same commercial terms as with a general customer	0.18%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	497,300	The same commercial terms as with a general customer	1.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	192,642	The same commercial terms as with a general customer	0.55%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	157	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	968,863	The same commercial terms as with a general customer	3.15%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	162,185	The same commercial terms as with a general customer	0.46%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Other accounts receivable	5,090	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Sales	1,005,269	The same commercial terms as with a general customer	3.27%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Receivables from related parties	163,226	The same commercial terms as with a general customer	0.46%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Other accounts receivable	30,197	The same commercial terms as with a general customer	0.09%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Sales	191,898	The same commercial terms as with a general customer	0.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Receivables from related parties	25,610	The same commercial terms as with a general customer	0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Other accounts receivable	2,126	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Sales	444,392	The same commercial terms as with a general customer	1.44%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Receivables from related parties	22,460	The same commercial terms as with a general customer	0.06%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Other accounts receivable	99	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	230,375	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	129,181	The same commercial terms as with a general customer	0.37%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	673,503	The same commercial terms as with a general customer	1.91%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Sales	268,892	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Receivables from related parties	3,900	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Sales	265,509	The same commercial terms as with a general customer	0.86%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Receivables from related parties	256,087	The same commercial terms as with a general customer	0.73%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Other accounts receivable	128,498	The same commercial terms as with a general customer	0.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Sales	229,355	The same commercial terms as with a general customer	0.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Receivables from related parties	175,446	The same commercial terms as with a general customer	0.50%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Other accounts receivable	2,145	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Sales	106,331	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Receivables from related	12,458	The same commercial terms as with a	0.04%

				parties		general customer	
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	1	Other accounts receivable	117	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	320,988	The same commercial terms as with a general customer	1.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	186,961	The same commercial terms as with a general customer	0.53%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	43,106	The same commercial terms as with a general customer	0.12%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Sales	359,856	The same commercial terms as with a general customer	1.17%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Receivables from related parties	329,796	The same commercial terms as with a general customer	0.94%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Other accounts receivable	56,128	The same commercial terms as with a general customer	0.16%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	2,090,588	The same commercial terms as with a general customer	6.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	2,586,202	The same commercial terms as with a general customer	7.33%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	56,764	The same commercial terms as with a general customer	0.16%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Sales	107,756	The same commercial terms as with a general customer	0.35%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Receivables from related parties	66,519	The same commercial terms as with a general customer	0.19%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Other accounts receivable	773	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Purchases	1,470,397	The same commercial terms as with a general customer	4.78%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Payables to related parties	127,380	The same commercial terms as with a general customer	0.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Purchases	6,139,341	The same commercial terms as with a general customer	19.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Payables to related parties	3,038,930	The same commercial terms as with a general customer	8.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	1	Other payables to related parties	15,912	The same commercial terms as with a general customer	0.05%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	498,567	The same commercial terms as with a general customer	1.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Payables to related parties	307,352	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Other payables to related parties	56	The same commercial terms as with a general customer	0.00%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Sales	808,056	The same commercial terms as with a general customer	2.63%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Receivables from related parties	222,165	The same commercial terms as with a general customer	0.63%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Purchases	435,447	The same commercial terms as with a general customer	1.41%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Payables to related parties	85,772	The same commercial terms as with a general customer	0.24%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Sales	2,129,226	The same commercial terms as with a general customer	6.92%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Receivables from related parties	346,731	The same commercial terms as with a general customer	0.98%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	3	Other accounts receivable	2,290	The same commercial terms as with a general customer	0.01%

Note1： Code “0” represents the parent company, each numerical codes starting from 1 represent each subsidiary.

Note2： Code “1” represents transactions between the parent company and a subsidiary.
Code “2” represents transactions between a subsidiary and the parent company.
Code “3” represents transactions between subsidiaries.

Note3： The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2020: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial investment amount		Investment as at end of the period			Net income (loss) of investee Company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	$5,536,240	$5,536,240	-	100.00%	$9,331,042	($195,819)	($103,808)	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Vietnam) Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	92,706 (USD 2,900)	92,706 (USD 2,900)	-	100.00%	16,659	(9,865)	(9,865)	
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Carretera Maxico-Toluca 5631-230 Col.Cuajimalpa,Del Cuajimalpa CP 05000,Mexico DF	Selling cardiovascular and weight training equipment	97,924 (USD 3,125)	97,924 (USD 3,125)	-	100.00%	55,242	7,585	7,585	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	10401,boul.Ray Lawson,Anjou,Quebec,H1J 1M3	Holding company	147,811 (USD 4,554)	147,811 (USD 4,554)	-	100.00%	(76,172)	(37,475)	(37,475)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	321,100 (USD 10,000)	321,100 (USD 10,000)	-	44.43%	159,665	(24,462)	(10,869)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	150 EAST GILMAN STREET,MADISON,WI 53703	Selling cardiovascular and weight training equipment	1,552,050 (USD 48,661)	1,552,050 (USD 48,661)	-	100.00%	602,610	(309,021)	(309,021)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	20,813 (JPY 75,000)	20,813 (JPY 75,000)	4,859	78.90%	14,797	9,264	7,309	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Unit1401-1402, The Orient Square Building F. Ortigas Jr. Road, Ortigas Center, Pasig City, Metro Manila,1605 Philippines	Selling cardiovascular and weight training equipment	50,440 (USD 1,597)	50,440 (USD 1,597)	-	100.00%	(15,042)	261	261	
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	LO CN-24, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, Vietnam	Manufacturing and selling cardiovascular and weight training equipment	618,082 (USD 20,000)	618,082 (USD 20,000)	-	100.00%	136,810	(247,090)	(247,090)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	Moscow, Novodanilovskaya nab. 6, building 1, floor 2, Premises XXVIII, Room 4,	Selling cardiovascular and weight training equipment	16,949 (USD 556)	16,949 (USD 556)	-	100.00%	34,607	16,228	16,228	
Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	14F, OE BLDG, 1-22, Noninbashi 1-chome, Chuo-ku, Osaka, 540-0011, Japan	Massage chair research, development, manufacturing and trading	1,814,259 (JPY 6,241,000)	1,814,259 (JPY 6,241,000)	-	60.00%	1,824,234	117,662	87,042	Note3
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1600 Landmark Dr. Cottage Grove WI 53527 USA	Selling cardiovascular and weight training equipment	3,019,549 (USD 91,472)	3,019,549 (USD 91,472)	-	100.00%	1,092,431	(227,063)	(227,063)	
Johnson Health Tech. Co., Ltd.	PT Johnson Health Tech Indonesia	Rukan Citta Graha Blok 2A,Jl Arteri Kedoya,Kel.Kedoya Selatan,Kec.Kebon Jeruk,Kota Adm.Jakarta Barat,Prov.DKI Jakarta	Selling cardiovascular and weight training equipment	10,198 (USD 350)	10,198 (USD 350)	-	100.00%	11,587	3,858	3,858	

Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Resitpasa Mah. Eski Buyukdere Cad. Windowist Blok No: 26 Ic Kapi No: 3 Sariyer/ Istanbul.	Selling cardiovascular and weight training equipment	33,120 (EUR 1,000)	-	-	99.99%	17,234	(8,352)	(8,352)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech SA Proprietary Limited	Unit 1B Riversands Outlet Park, Riversands Boulevard, Riversands	Selling cardiovascular and weight training equipment	55,820 (USD 2,000)	-	-	100.00%	47,003	(3,729)	(3,729)	
Johnson Health Tech. Co., Ltd.	JHT FIT Company Limited	2/3, BANGNA TOWER, FLOOR 9, BANG NA-TRAD, BANG KAEO, BANG PHLI, SAMUT PRAKAN 10540	Video transmission and streaming service	870 (USD 31)	-	-	100.00%	66	(808)	(808)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Digital UK Limited	United Kingdom	Video transmission and streaming service	-	-	-	100.00%	-	-	-	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	444,921 (USD 13,952)	444,921 (USD 13,952)	-	55.57%	217,677	(24,462)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	45, Avenue Georges Politzer 78190 Trappes – France.	Selling cardiovascular and weight training equipment	925,413 (USD 28,436)	925,413 (USD 28,436)	-	100.00%	747,085	(51,114)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	458,823	33,661	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 8 28850 - Torrejón de Ardoz (Madrid) España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	770,787 (USD 23,992)	446,175	99.99%	607,103	17,055	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan K.K.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 109-0022, Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	99.78%	400,639	(11,745)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	9th Floor, Unit 9B, Bangna Tower A2/3, Bangna-Trad Road K.M.6.5 Bangkaew, Bangplee Samutprakan 10540 Thailand	Selling cardiovascular and weight training equipment	39,363 (USD 1,217)	39,363 (USD 1,217)	475,000	95.00%	89,823	(10,488)	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Fitness (Malaysia) Sdn. Bhd.	Lot 557D, Jalan Subang 3,Subang Jaya Industrial Estate,47610 Subang Jaya, Selangor,Malaysia.	Selling cardiovascular and weight training equipment	130,489 (USD 4,144)	130,489 (USD 4,144)	16,052,000	99.38%	41,312	9,937	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Zona Industriale Campolungo11,Ascoli Piceno,AP,Italy	Selling cardiovascular and weight training equipment	505,995 (USD 15,683)	505,995 (USD 15,683)	1,098,000	99.82%	489,523	28,574	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	64,780 (USD 2,006)	64,780 (USD 2,006)	2,000	100.00%	19,890	(9,188)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Duwboot 25-29, 3991, CD Houten, Netherland.	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	554,460	94,547	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. HK Ltd.	Room 1501-1502, Golden Milan Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Selling cardiovascular and weight training equipment	13,763 (USD 429)	13,763 (USD 429)	3,340,000	100.00%	22,561	13,414	Not applicable	
Johnson International Holding Corp.,	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development,	5,493 (USD 166)	5,493 (USD 166)	400	21.10%	3,957	9,264	Not applicable	

Ltd.			manufacturing and trading								
Johnson International Holding Corp., Ltd	Johnson Industrial do Brasil Ltda.	Estrada Municipal José Costa de Mesquita, 200 - Chácara Alvorada - Gleba 3 - Módulos 14 e 15 do CLIN - Indaiatuba - São Paulo - 13337-200 - Brasil	Selling cardiovascular and weight training equipment	826,035 (USD 26,363)	826,035 (USD 26,363)	-	99.99%	79,745	(21,006)	Not applicable	
Johnson International Holding Corp., Ltd.	World of Leasing GmbH	Gänseberg 5 22926 Ahrensburg	Selling cardiovascular and weight training equipment	46,442 (USD 1,503)	46,442 (USD 1,503)	-	100.00%	152,960	15,501	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	78 Logis Boulevard,Dandenong SouthVIC 3175	Selling cardiovascular and weight training equipment	573,150 (EUR 18,505)	573,150 (EUR 18,505)	20,715,330	100.00%	345,183	51,346	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. Poland Sp. z o.o.	ul. Działkowa, No. 62, WARSAW, 02-234 code, post office WARSAW, POLAND country	Selling cardiovascular and weight training equipment	121,209 (EUR 3,299)	121,209 (EUR 3,299)	33,840	100.00%	92,157	5,504	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	12,512 (USD 395)	12,512 (USD 395)	-	100.00%	(13,731)	(4,440)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech UAE LLC	No. 602, 6th Floor, ICON Tower, Barsha Heights, Dubai, UAE	Selling cardiovascular and weight training equipment	32,830 (USD 1,000)	32,830 (USD 1,000)	-	100.00%	(21,624)	14,188	Not applicable	
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	7585 Equitable Dr Eden Prairie, Minnesota 55344	Selling cardiovascular and weight training equipment	657,600 (USD 19,900)	657,600 (USD 19,900)	-	100.00%	676,362	(24,804)	Not applicable	
Johnson Health Tech Retail Inc.	Leisure Fitness Equipment,LLC	231 Executive Drive, Suite 15 Newark, DE 19702	Selling cardiovascular and weight training equipment	258,317 (USD 7,993)	258,317 (USD 7,993)	-	100.00%	389,088	(11,007)	Not applicable	
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	11900 Community Road, Powar, CA 92064	Selling cardiovascular and weight training equipment	150,278 (USD 4,650)	150,278 (USD 4,650)	-	100.00%	63,446	(10,491)	Not applicable	
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc.	150 East Gilman Street, Madison,WI 53703.	Selling cardiovascular and weight training equipment	351,886 (USD 11,511)	351,886 (USD 11,511)	10,000	100.00%	91,951	(269,176)	Not applicable	
Johnson Health Tech. North America, Inc.	Johnson Health Tech NA Manufacturing LLC	1600 Landmark Dr.Cottage Grove WI53527 USA	Selling and Manufacturing weight training equipment	394,287 (USD 12,698)	394,287 (USD 12,698)	-	100.00%	119,212	(38,311)	Not applicable	
Johnson Health Tech Australia Pty., Ltd	Johnson Health Tech New Zealand	WHK AUCKLAND, Whk, Level 6, 51-53 Shortland St, Auckland, 1010, NZ	Selling cardiovascular and weight training equipment	2 (NZD -)	2 (NZD -)	100	100.00%	804	1,633	Not applicable	
Johnson Health Tech. Netherland B.V.	Johnson Health Tech Denmark Aps	Tuborgvej 5, 2900 Hellerup, Denmark	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	(100,011)	(14,494)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Alimou Avenue nr. 36-40, 17455 Alimos	Selling cardiovascular and weight training equipment	50,699 (EUR 1,496)	50,699 (EUR 1,496)	14,960	99.73%	14,899	(2,193)	Not applicable	
Johnson Health Tech Italia	Johnson Health Tech Romania SA	15 Aleea Dealul Mitropoliei Street, Room 9, Apartment 2, District 4, Bucharest	Selling cardiovascular and	4,058 (EUR 120)	4,058 (EUR 120)	1,732,000	99.00%	35,753	7,064	Not applicable	

S.P.A.			weight training equipment								
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Plynární 1617, 170 00 Praha 7-Holešovice	Selling cardiovascular and weight training equipment	12,853 (CKZ 9,900)	12,853 (CKZ 9,900)	99	99.00%	12,028	(2,545)	Not applicable	

Note1： Current investment income from investees recognized by the Company included investment gain / loss recognized by these investees from their reinvestment.

Note2： Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from concurrent/upstream transactions.

Note3： Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from sidestream transactions.

Attachment 6 : Information on investments in mainland China

(Amounts in thousands; Currency denomination in NTD or in foreign currencies)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Beginning accumulated outflow of investment from Taiwan	Investment Flows		Ending accumulated outflow of investment from Taiwan	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as at end of the period	Accumulated inward remittance of earnings as at end of the period
					Outflow	Inflow						
Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	$1,010,296 (RMB 244,757)	Indirect investments through JIH (BVI)	$748,894 (USD 22,500)	$ -	$ -	$748,894 (USD 22,500)	$(410,168)	100.00%	$(410,168)	$2,333,396	$ -
Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	62,955 (USD 2,000)	-	-	62,955 (USD 2,000)	53,968	100.00%	53,968	2,831,791	-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	72,566 (USD 2,350)	Indirect investments through JIH (BVI)	72,566 (USD 2,350)	-	-	72,566 (USD 2,350)	(369)	100.00%	(369)	34,399	-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	29,905 (USD 950)	Indirect investments through JIH (BVI)	29,905 (USD 950)	-	-	29,905 (USD 950)	(228)	100.00%	(228)	5,468	-

Note1： Indirect investment in Mainland China was made through Johnson International Holding Corp. Ltd.

Note2： The financial statements were certificated by the public accountants of the parent company in Taiwan.

Note3： The figures in this table are presented in New Taiwan Dollars and the foreign currency is converted at the exchange rate on the balance sheet date.

Accumulated investment in Mainland China as at 31 December 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
		The lender’s net accounts value × 60%
$914,320 (USD27,800)	$2,501,053 (USD76,450)	$5,087,902

Please refer to Notes 13(1) and (2) for details on information such as the price, payment of transactions between the Company and its investment in mainland China through its investees.

VIII. Review and Risk Analysis on Financial Situations and Performance

1. Financial Overview (Consolidated Statements) :

Unit: NTD in Thousand

Item / Year	2021	2020	Increase (Decrease) Discrepancies	
			Amount	%
Current assets	23,461,882	19,574,345	3,887,537	19.86
Real estate, factory & facility	4,138,726	3,997,692	141,034	3.53
Intangible assets	2,807,002	2,855,047	(48,045)	-1.68
Other assets	4,854,966	4,760,005	94,961	1.99
Total assets	35,262,576	31,187,089	4,075,487	13.07
Current debts	21,072,476	15,776,500	5,295,976	33.57
Long-term loan	1,167,433	1,237,150	(69,717)	-5.64
Debt provision-non current	319,931	233,661	86,270	36.92
Deferred Tax Liability	202,221	179,387	22,834	12.73
Other liabilities	1,119,331	1,478,666	(359,335)	-24.3
Total debt	25,881,392	20,905,364	4,976,028	23.8
Equity	3,036,166	3,036,166	0	0
Capital surplus	59,979	55,630	4,349	7.82
Retained surplus	7,399,573	7,713,232	(313,659)	-4.07
Other equity	(1,942,009)	(1,385,492)	(556,517)	40.17
Total equity of parent company	8,479,837	9,345,664	(865,827)	-9.26
Non-controlling equity	901,347	936,061	(34,714)	-3.71
Total equity	9,381,184	10,281,725	(900,541)	-8.76

Note:

1. Increase in current debts: mainly due to the increase in short-term borrowings due to operational needs.
2. Increase in debt provision-non-current: Mainly due to the increase in long-term warranty liabilities.
3. Decrease in other liabilities: mainly due to the decrease in lease liabilities.
4. Increase in total debt: mainly due to the increase in borrowings due to operational needs.
5. Decrease in other equity: mainly due to the impact of the exchange differences in the translation of the financial statements of foreign operating agencies.

2. Financial Performance Analysis (Consolidated Statements)

Unit: NTD in Thousand

Item \ Year	2021	2020	Increased (Decreased) Amount	Variation Rate%
Operating income	30,779,328	28,366,756	2,412,572	8.5
Operating costs	(16,873,072)	(14,969,269)	(1,903,803)	12.72
Operating gross	13,906,256	13,397,487	508,769	3.8
Operating expenses	(13,752,068)	(12,467,398)	(1,284,670)	10.3
Operating profit	154,188	930,089	(775,901)	-83.42
Non-operating income and expenses	9,512	45,243	(35,731)	-78.98
Net profit before-tax	163,700	975,332	(811,632)	-83.22
Income tax profit (expense)	(64,331)	(227,978)	163,647	-71.78
Net profit for this period	99,369	747,354	(647,985)	-86.7
Other composite loss or profit for this period (net profit after-tax)	(641,879)	(35,816)	(606,063)	1692.16
Total composite loss or profit for this period	(542,510)	711,538	(1,254,048)	-176.24

Note (i.e., increase or decrease rate variation):

1. Decrease in operating profit: Mainly due to the increase in shipping costs, the increase in sales expenses, and the provision of sales customer-Evergrande Debt Crisis expenses.
2. Decrease in non-operating income and expense: Mainly due to the decrease in government subsidies.
3. Decline in net profit before-tax/for this period: Due to an increase in cost and expenses, there's a decrease in profit.
4. Disadvantage in other composite loss or profit (net profit after-tax) for this period: due to changes in the exchange rate and discrepancy in the overseas operating mechanism's financial statements
5. Decline in total composite loss or profit for this period: Due to an increase in cost and expense, there is a decrease in profit.

3. Cash Flow Analysis

1. Consolidated report

Unit: NTD in Thousand

Cash balance at the beginning of the year (2020/12/31)	Cash flow from operating activities for the whole year (2021)	Cash flow from investment & funding for the whole year (2021)	Effect of exchange rate variability	Cash remaining (2021/12/31)
3,292,801	(3,537,026)	3,261,386	(402,084)	2,615,077

Cash flow analysis for the year:
1. The company's cash flow from operating activities outflowed by NTD$ 3.53 billion mainly due to the decline in net profit and the increase in inventory caused by the epidemic, etc.
2. The cash flow from investment and funding amounted to NTD$ 3.26 billion, mainly due to the increase of short-term investments, etc.

2. Future cash flow analysis for one year

Unit: NTD in Thousand

Cash remaining at the beginning of the year (1)	Estimated net cash flow from operating activities for the year (2)	Estimated cash flow for the year (3)	Estimated amount of cash remaining (deficiency) (1)+(2)-(3)	Measures for calculating estimated cash flow shortage	
				Investment program	Wealth management program
2,615,077	32,000,000	31,615,000	3,000,077	-	-

4. Impacts of Substantial Capital Expenditure within Recent Years on Company Business: None

5. Reinvestment Policy within Recent Years and Reasons of Profit/Loss Gained, Improvement Plans and Investment Project for the Next Year: Refer to Shareholder Report and Operating System Overview

6. Risk Evaluation & Analysis

1. Impact of variations of interest, exchange rate, and inflation on the company's loss or profit and future counter-measures:

(1) The company's interest expenses are derived mostly from long-term debts used for supporting operating activities. The company has taken advantage of a long-term loan with fixed interest as financing tool for reducing interest rate risk.

(2) Since 98% of the company's revenue is derived from exports, fluctuations in USD to NTD exchange rate had an enormous impact on the company's profit. Thus, the company adopted a natural hedge to meet import demand through foreign exchange earnings from exports. The relatively larger amount of foreign exchange earnings from exports uses forward foreign exchange and exchange (SWAP) methods to avoid exchange rate risks.

2. Measures adopted to handle profit or loss derived from high-risk, high-leverage investments, cash loans to others, endorsements and trading policy on commodity derivatives, and profit or loss:

The company adopted a discrete attitude towards managing its financial situation without engaging in high-risk, high leverage investments. As for loans, endorsements, or commodity derivatives, the company has established a comprehensive policy and internal control procedures.

3. R&D Expenses for Future Research Projects and Estimated Costs

Item	Product Development Strategy	Estimated invested amount (NTD)
1	Research & development of critical electrical control components	10 million
2	New generation human-machine interface with dashboard development	35 million
3	Integrated audio-visual multimedia & wireless functions	10 million
4	Cloud technology application development	18 million
5	Online media streaming technology development	35 million
6	AI technology development	20 million
7	New commercial machine development (Project 1)	50 million

4. The impact of changes in domestic and international policies and laws on the company’s financial businesses, and countermeasures:
   The company has not experienced any changes in domestic and international policies and laws that could affect operations.
5. The effect of changes in global technologies (including cybersecurity risks) and industrial
   transformation on the company’s financial status and countermeasures:
   None
6. The effect of change in corporate image on the company’s risk management and countermeasures: None
7. The impact of the company’s acquisition activity and possible risks, and countermeasures: None

8. The effect of factory expansion and its possible profit, risk, and countermeasures: None
9. The impact of the risk of imports or exports at the concentration center, and countermeasures: N/A
10. The impact of equity change, or significant transfer made by a director, supervisor, or shareholder with more than 10%, and countermeasures: None
11. The impact of change in company franchise as well as risks and countermeasures: None
12. The impact of a lawsuit or non-litigation event on shareholder equity or securities: None
13. Other risks and countermeasures: N/A

7. Other Matters: N/A

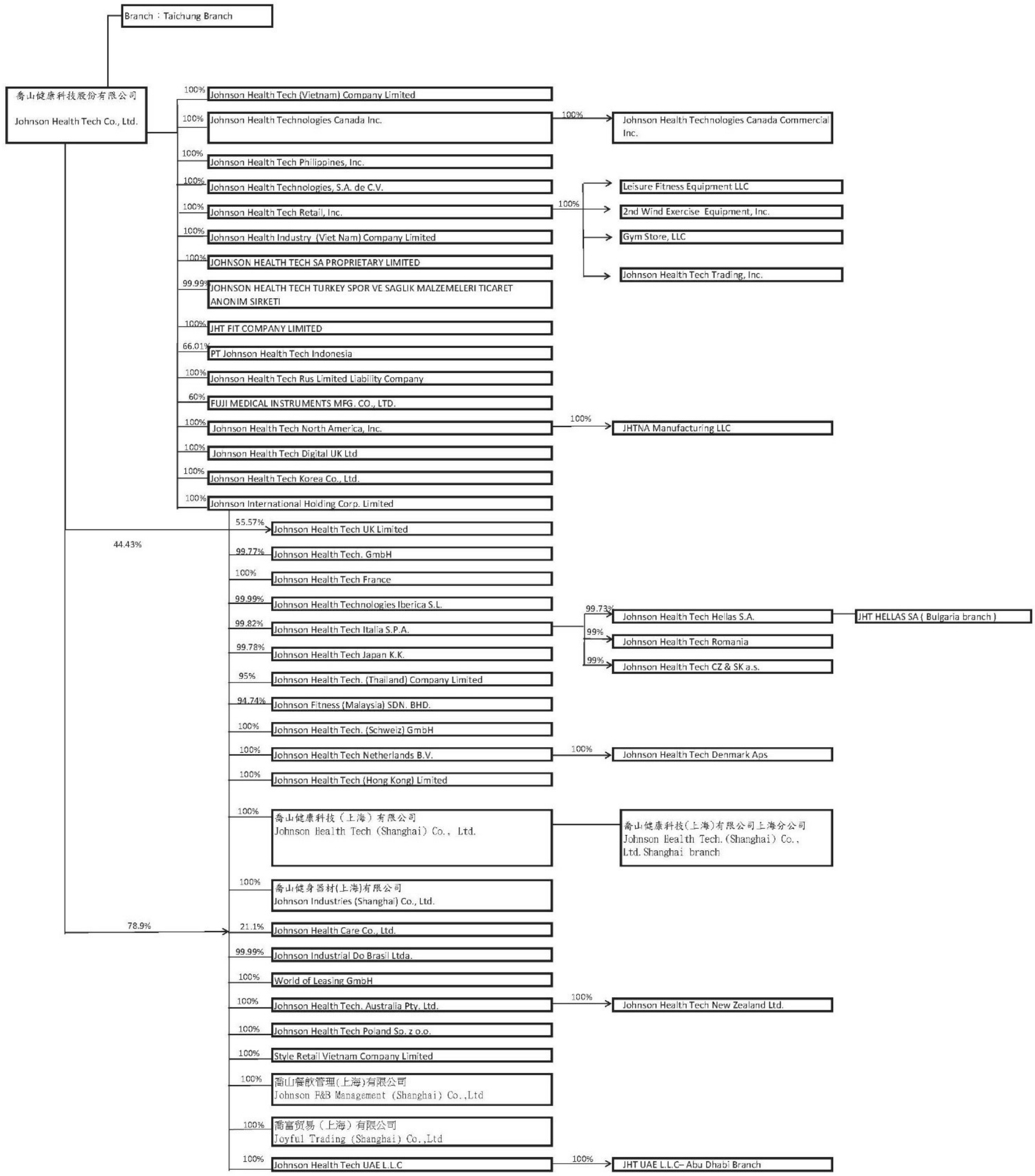
IX. Other Items Deserving Special Mention

1.Affiliated Enterprises

(i) Affiliated enterprise consolidated operation report

1. Affiliated enterprise overview

(1) Affiliated enterprise organizational chart (As of 2022/03/31)



(2) Affiliated enterprise basic information （As of 2022/03/31）

Unit: NTD (foreign currency)

Item	Name of Enterprise	Date of Founding	Currency	Paid-in capital	Address	Major Business or Product
1	Johnson International Holding Corp. Limited	2000/02/17	NTD	5,818,380,980	Tortola, British Virgin Islands	Financial investment
2	Johnson Health Tech North America, Inc.	2009/01/01	USD	66,935,833	Wisconsin, USA	US - fitness equipment import & sales
3	Johnson Health Tech UK Limited	2007/12//13	GBP	14,485,568	Staffordshire, U.K.	UK - fitness equipment import & sales
4	Johnson Health Tech. GmbH	2002/01/01	EUR	2,300,000	Frechen, Germany	Germany - fitness equipment import & sales
5	Johnson Health Technology (Shanghai) Co., Ltd.	2000/11/17	RMB	244,757,242	Shanghai, China	Manufacture and sale of fitness equipment
6	Johnson Health Technologies Iberica S.L.	2003/11/10	EUR	17,674,625	Madrid, Spain	Spain, Portugal - fitness equipment import and sales
7	Johnson Health Tech Japan K.K.	2004/03/08	JPY	675,950,000	Tokyo, Japan	Japan - fitness equipment import and sales
8	Johnson Health Tech France	2003/06/06	EUR	22,127,251	Trappes, France	France - fitness equipment import and sales
9	Johnson Health Tech (Thailand) Company Limited	2004/12/22	THB	50,000,000	Bangkok, Thailand	Thailand - fitness equipment import and sales
10	Johnson Fitness (Malaysia) Sdn. Bhd.	2005/02/23	MYR	16,152,000	Kuala Lumpur, Malaysia	Malaysia - fitness equipment import and sales
11	Johnson Health Tech Italia S.P.A.	2005/03/23	EUR	11,940,000	Ancona, Italy	Italy - fitness equipment in import and sales
12	Johnson Health Tech. (Schweiz) GmbH	2005/11/16	CHF	2,000,000	Regensdorf, Switzerland	Switzerland -fitness equipment import and sales
13	Johnson Health Tech Netherlands B.V.	2006/01/06	EUR	12,282,702	Houten Utrecht, the Netherlands	The Netherlands -fitness equipment import and sales
14	Johnson Health Tech (Hong Kong) Limited	2006/07/13	HKD	3,340,000	Hong Kong	Hong Kong - fitness equipment and sales
15	Johnson Industries (Shanghai) Co., Ltd.	2006/02/21	RMB	292,683,285	Shanghai, China	Manufacture and sale of fitness equipment
16	Johnson Health Care Co., Ltd.	2007/03/09	JPY	95,000,000	Osaka, Japan	Fitness equipment, massage chair and relevant product and research development
17	Johnson Industrial Do Brasil Ltda.	2006/09/25	BRL	63,689,218	Brazil	Manufacture and sale of fitness equipment
18	World of Leasing GmbH	2008/03/31	EUR	1,150,000	Ahrensburg, Germany	Fitness equipment rental
19	Johnson Health Tech. Australia Pty. Ltd.	2010/01/13	AUD	20,715,330	Victoria ,Australia	Australia - fitness equipment import and sales
20	Johnson Health Tech Poland SP. Z.O.O.	2013/07/22	PLN	5,691,000	Warszawa, Poland	Portland - fitness equipment import and sales

21	Johnson Health Tech (Vietnam) Company Limited	2013/09/03	VND	65,962,500,000	Ho Chi Minh City, Vietnam	Vietnam - fitness equipment import and sales
22	Style Retail Vietnam Company Limited	2014/06/18	VND	8,528,000,000	Ho Chi Minh City, Vietnam	Vietnam- fitness equipment import and sales
23	Johnson F&B Management (Shanghai) Co., Ltd.	2014/04/25	RMB	14,424,335	Shanghai, China	China - food and relevant product sales
24	Joyful Trading (Shanghai) Co., Ltd.	2014/09/10	RMB	6,308,875	Shanghai, China	China - food and relevant product import and sales
25	Johnson Health Technologies, S.A. de C.V.	2015/05/20	MXN	55,455,882	Mexico	Mexico - fitness equipment import and sales
26	Johnson Health Tech Philippines, Inc.	2015/10/20	PHP	76,522,800	Philippines	Philippines - fitness equipment import and sales
27	Johnson Health Tech Retail, Inc.	2013/08/27	USD	37,150,000	USA	Financial business investment
28	Johnson Health Technologies Canada Commercial Inc.	2015/09/10	CAD	6,000,000	Québec H1J 1M3, Canada	Canada - fitness equipment import and sales
29	Johnson Health Tech UAE L.L.C	2015/09/10	AED	4,288,750	Dhabi, UAE	Dubai - fitness equipment import and sales
30	Johnson Health Industry (Viet Nam) Company Limited	2019/03/20	VND	464,795,303,815	Bac Ninh Province, Vietnam	Manufacture and sale of fitness equipment
31	Johnson Health Tech Rus Limited Liability Company	2019/10/23	RUB	35,000,000	Moscow, Russia	Russia - fitness equipment import and sales
32	Fuji Medical Instruments Mfg. Co., Ltd.	1965/04/13	JPY	270,000,000	Japan	Massage chair manufacturing and sales
33	PT Johnson Health Tech Indonesia	2020/09/03	IDR	5,198,333,050	Indonesia	Indonesia - fitness equipment import and sales
34	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	2021/02/03	TRY	9,500,000	Turkey	Turkey district – fitness equipment import and sales
35	Johnson Health Tech SA Proprietary Ltd.	2021/01/25	USD	2,000,000	South Africa	South Africa district – fitness equipment import and sales
36	JHT FIT Company Limited	2021/07/02	THB	1,000,000	Thailand	Thailand district – media transmission and streaming service provision
37	Johnson Health Tech Digital UK Ltd	2021/11/16	USD	3,000,000	UK	UK district – media transmission and streaming service provision
38	Johnson Health Tech Korea Co., Ltd.	2022/01/03	KRW	1,180,000,000	Seoul, Korea	South Korea district – fitness equipment import and sales

(3) Overall management businesses (As of 2022/03/31)

Item	Name of Affiliated Enterprise	Business
1	Johnson International Holding Corp. Limited	Financial investment
2	Johnson Health Tech North America, Inc.	US - fitness equipment import and sales
3	Johnson Health Tech UK Limited	UK - fitness equipment import and sales
4	Johnson Health Tech. GmbH	Germany - fitness equipment import and sales
5	Johnson Health Technology (Shanghai) Co., Ltd.	Manufacture and sale of fitness equipment
6	Johnson Health Technologies Iberica S.L.	Spain and Portugal - fitness equipment import and sales
7	Johnson Health Tech Japan K. K.	Japan -fitness equipment import and sales
8	Johnson Health Tech France	France -fitness equipment import and sales
9	Johnson Health Tech. (Thailand) Company Limited	Thailand - fitness equipment import and sales
10	Johnson Fitness (Malaysia) Sdn. Bhd.	Singapore-Malaysia -fitness equipment import and sales
11	Johnson Health Tech Italia S.P.A.	Italy - fitness equipment import and sales
12	Johnson Health Tech. (Schweiz) GmbH	Switzerland - fitness equipment import and sales
13	Johnson Health Tech Netherlands B.V.	The Netherlands - fitness equipment import and sales
14	Johnson Health Tech (Hong Kong) Limited	Hong Kong - fitness equipment import and sales
15	Johnson Industries (Shanghai) Co., Ltd.	Manufacture and sale of fitness equipment
16	Johnson Health Care Co., Ltd	Fitness equipment, massage chair and relevant research & development product
17	Johnson Industrial Do Brasil Ltda.	Fitness equipment manufacturing and sales
18	World of Leasing GmbH	Fitness equipment rental
19	Johnson Health Tech. Australia Pty. Ltd.	Australia - fitness equipment import and sales
20	Johnson Health Tech Poland SP. Z.O.O.	Portland - fitness equipment import and sales
21	Johnson Health Tech(Vietnam) Company Limited	Vietnam - fitness equipment import and sales
22	Style Retail Vietnam Company Limited	Vietnam - fitness equipment import and retail sales
23	Johnson F&B Management (Shanghai) Co., Ltd.	China – sale of relevant food products
24	Joyful Trading (Shanghai) Co., Ltd.	China – sale of relevant food products
25	Johnson Health Technologies S.A. de C.V.	Mexico - fitness equipment import and sales
26	Johnson Health Tech Philippines, Inc.	Philippines - fitness equipment import and sales
27	Johnson Health Tech Retail, Inc.	Financial investment
28	Johnson Health Technologies Canada Commercial Inc.	Canada - fitness equipment import and sales
29	Johnson Health Tech UAE L.L.C	Dubai - fitness equipment import and sales
30	Johnson Health Industry (Viet Nam) Company Limited	Fitness equipment manufacturing and sales
31	Johnson Health Tech Rus Limited Liability Company	Russia district- fitness equipment import and sales
32	Fuji Medical Instruments Mfg. Co., Ltd.	Massage chair & sales
33	PT Johnson Health Tech Indonesia	Indonesia district – fitness equipment import and sales
34	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Turkey district – fitness equipment import and sales
35	Johnson Health Tech SA Proprietary Ltd.	South Africa district – fitness equipment import and sales
36	JHT FIT Company Limited	Thailand district – media transmission and streaming service provision
37	Johnson Health Tech Digital UK Ltd	UK district – media transmission and streaming service provision
38	Johnson Health Tech Korea Co., Ltd.	South Korea district – fitness equipment import and sales

Deadline: 2022/03/31

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
1	Johnson International Holding Corp. Limited	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
2	Johnson Health Tech North America, Inc.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Mark Zabel	-	-
3	Johnson Health Tech UK Limited	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director	Crista Lin	-	-
		Director/General manager	Matthew Pengelly	-	-
4	Johnson Health Tech. GmbH	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Ulfert Bohme	-	0.23%
5	Johnson Health Technology (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director/General Manager	Jason Lo	-	-
		Supervisor	Crista Lin	-	-
6	Johnson Health Technologies Iberica S.L.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	18	0.00%
		General Manager	Ernesto Aspe	-	-
7	Johnson Health Tech Japan K.K.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	30	0.22%
		Director	Seiji Yasunaga	-	-
		Supervisor	Crista Lin	-	-
		General Manager	Tatsuo Takahashi	-	-
8	Johnson Health Tech France	General Manager	Denis Daon	-	-
9	Johnson Health Tech. (Thailand) Company Limited	Director	Peter Lo	30,000	1.50%
		Director	Cindy Lo	10,000	0.50%
		Director	Jason Lo	30,000	1.50%
		Director/General Manager	Jeff Lai	-	-
10	Johnson Fitness (Malaysia) Sdn. Bhd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	100,000	0.62%
		Director	Raja Yusof Bin Raja Abas	750,000	4.64%
		General Manager	Chi-Wei Chu	-	-
11	Johnson Health Tech Italia S.P.A.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General manager	Pino Di Eugenio	2,000	0.18%
12	Johnson Health Tech. (Schweiz) GmbH	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Oliver Mueller	-	-
13	Johnson Health Tech Netherlands B.V.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		General Manager	Marco Vonk	-	-

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
14	Johnson Health Tech (Hong Kong) Limited.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Mei-Fang Teng	-	-
15	Johnson Industries (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
16	Johnson Health Care Co., Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	1	0.00%
		Director	Hsu-Ya Wu	-	-
		Director	Hsi-Kang Hsiang	-	-
		Supervisor	Crista Lin	-	-
17	Johnson Industrial Do Brasil Ltda.	General Manager	Reginaldo Recchia	-	-
18	World of Leasing GmbH	General Manager	Thorsten Kraft	-	-
19	Johnson Health Tech. Australia Pty. Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Michael Conlan	-	-
20	Johnson Health Tech Poland SP. Z.O.O	Director/General Manager	Michał Marszałek	-	-
21	Johnson Health Tech (Vietnam) Company Limited	General Manager	Jesada Kiatnawanand	-	-
22	Style Retail Vietnam Company Limited	General Manager	Jesada Kiatnawanand	-	-
23	Johnson F&B Management (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Supervisor	Crista Lin	-	-
24	Joyful Trading (Shanghai) Co., Ltd.	Chairman	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Supervisor	Crista Lin	-	-
25	Johnson Health Technologies, S.A.de C.V.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Jose Guillermo Maciel Barrios	-	-
26	Johnson Health Tech Philippines, Inc.	General Manager	Katsuya Ito	-	-
27	Johnson Health Tech Retail, Inc.	General Manager	Robert Zande	-	-
28	Johnson Health Technologies Canada Commercial Inc.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Nasser Obeid	-	-
29	Johnson Health Tech UAE L.L.C	General Manager	Hany Abdel Elah A Abu Omar	-	-
30	Johnson Health Industry (Vietnam) Company Limited	General Manager	Jason Lo	-	-
31	Johnson Health Tech Rus Limited Liability Company	General Manager	Andrei Korotkov	-	-
32	Fuji Medical Instruments Mfg. Co., Ltd.	Director	Jason Lo	-	-
		Director	Hsu-Ya Wu	-	-
		Director	Toshiyuki Otsuki	-	-
		Director	Daisuke Watanabe	-	-
		Director/General Manger	Seiji Yasunaga	-	-
		Supervisor	Tomoji Nagasaka	-	-
		Supervisor	Keiichi Okumura	-	-
33	PT Johnson Health Tech Indonesia	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director/General Manager	Hadi Wibowo	-	-
34	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		Director	Pino Di Eugenio	-	-

Item	Name of Enterprise	Title	Name or Proxy	Shareholding	
				Number of Shares	Shareholding Rate
35	Johnson Health Tech SA Proprietary Ltd.	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
36	JHT FIT Company Limited	General Manager	Jeff Lai	-	-
37	Johnson Health Tech Digital UK Ltd	Director	Peter Lo	-	-
		Director	Cindy Lo	-	-
		Director	Jason Lo	-	-
		General Manager	Danny Oliver	-	-
38	Johnson Health Tech Korea Co., Ltd.	General Manager	Jae-Yong, Lee	-	-

(6) Affiliated Enterprise Operation Overview (2021)

Unit: USD (foreign currency)

Item	Name of Enterprise	Currency	Paid in Capital	Assets	Liability	Equity	Net Sales Revenue	Operating Profit (Loss)	Net Profit for this period (Net loss)
1	Johnson International Holding Corp. Limited	NTD	5,818,380,980	9,533,358,262	39,489,209	9,493,869,057	0	(3,152,276)	(195.818,589)
2	Johnson Health Technology (Shanghai) Co., Ltd.	RMB	244,757,242	989,026,793	451,477,851	537,548,942	1,056,900,140	(109,332,911)	(94,392,731)
3	Johnson Health Tech North America, Inc.	USD	66,935,833	198,356,532	163,998,514	34,358,018	213,091,556	(10,987,951)	(8,100,133)
4	Johnson Health Tech. Australia Pty. Ltd.	AUD	20,715,330	29,637,871	12,467,085	17,170,786	44,767,125	2,947,139	2,435,483
5	Johnson Health Tech. GmbH	EUR	2,300,000	28,770,897	14,112,505	14,658,393	55,260,308	1,512,201	1,014,179
6	Johnson Health Technologies Iberica S.L.	EUR	17,674,625	30,456,029	11,088,111	19,367,918	12,705,856	239,508	513,865
7	Johnson Health Tech France	EUR	22,127,251	32,751,663	8,917,470	23,834,193	15,492,171	(2,923,401)	(1,540,036)
8	Johnson Health Tech Japan K. K.	JPY	675,950,000	1,986,917,990	317,811,765	1,669,106,225	2,137,485,584	(84,742,769)	(45,971,632)
9	Johnson Health Tech Poland SP.Z. O.O	PLN	5,691,000	16,689,132	3,214,106	13,475,026	13,921,838	(467,100)	756,900
10	Johnson Health Tech (Thailand) Co., Ltd.	THB	50,000,000	267,172,630	153,261,374	113,911,256	354,944,708	(6,548,087)	(11,954,411)
11	Johnson Health Tech Italia S.P.A.	EUR	11,940,000	31,970,845	16,326,906	15,643,939	19,026,131	587,179	860,935
12	Johnson Fitness (Malaysia) Sdn. Bhd.	MYR	16,152,000	14,225,394	8,024,519	6,200,875	23,337,863	1,666,801	1,468,357
13	Johnson Health Tech. (Schweiz) GmbH	CHF	2,000,000	3,412,429	2,756,589	655,840	6,642,705	(586,696)	(299,528)
14	Johnson Health Tech Netherlands B.V.	EUR	12,282,702	57,489,088	39,800,195	17,688,893	69,637,261	3,650,297	2,848,661
15	Johnson Industries (Shanghai) Co., Ltd.	RMB	292,683,285	1,251,979,039	599,613,805	652,365,234	1,585,126,351	30,669,613	12,419,660
16	Johnson Health Tech (Hong Kong) Limited	HKD	3,340,000	21,169,251	14,814,761	6,354,490	43,911,395	3,618,706	3,719,270
17	Johnson Health Care Co., Ltd.	JPY	95,000,000	984,240,860	906,279,123	77,961,737	2,221,263,974	37,364,016	36,258,954
18	Johnson Industrial Do Brasil Ltda.	BRL	63,689,218	192,466,741	176,425,720	16,041,021	75,263,439	3,358,787	(4,041,559)
19	World of Leasing GmbH	EUR	1,150,000	5,346,227	471,325	4,874,902	1,246,999	364,513	467,049
20	Johnson Health Tech UK Limited	GBP	14,485,568	20,848,673	11,213,840	9,634,833	21,798,966	(1,272,821)	(634,268)
21	Johnson Health Tech (Vietnam) Company Limited.	VND	65,962,500,000	72,732,981,525	59,010,906,359	13,722,075,166	13,910,777,392	(6,388,364,942)	(8,072,912,676)
22	Style Retail Vietnam Company Limited	VND	8,528,000,000	36,432,149,460	47,742,296,178	(11,310,146,718)	13,803,039,151	(3,422,216,546)	(3,633,401,674)
23	Johnson F&B Management (Shanghai) Co., Ltd.	RMB	14,424,335	7,949,054	24,596	7,924,458	-	(8,953)	(84,805)
24	Joyful Trading (Shanghai) Co., Ltd.	RMB	6,308,875	1,271,574	11,813	1,259,761	-	(40,794)	(52,533)

Item	Name of Enterprise	Currency	Paid in Capital	Assets	Liability	Equity	Net Sales Revenue	Operating Profit (Loss)	Net Profit for this period (Net loss)
25	Johnson Health Technologies, S.A. de C.V.	MXN	55,455,882	204,220,904	163,383,710	40,837,194	102,849,001	4,342,214	5,481,594
26	Johnson Health Technologies Canada Commercial Inc.	CAD	6,000,000	20,849,025	24,370,147	(3,521,122)	20,348,108	(1,532,229)	(1,675,658)
27	Johnson Health Tech. Philippines, Inc.	PHP	76,522,800	125,046,890	152,773,059	(27,726,169)	92,575,230	12,357,581	457,827
28	Johnson Health Tech Retail, Inc.	USD	37,150,000	172,280,759	150,518,039	21,762,720	245,791,101	(14,900,535)	(11,023,814)
29	Johnson Health Tech UAE L.L.C	AED	4,288,750	58,714,534	61,583,468	(2,868,934)	66,779,451	2,636,776	1,858,990
30	Johnson Health Industry (Vietnam) Company Limited	VND	464,795,303,815	1,593,395,269,419	1,480,701,412,908	112,693,856,511	1,236,740,110,188	(231,805,732,987)	(202,201,243,646)
31	Johnson Health Tech Rus Limited Liability Company	RUB	35,000,000	426,531,555	332,908,460	93,623,095	420,150,402	60,351,612	42,639,961
32	Fuji Medical Instruments Mfg. Co., Ltd.	JPY	270,000,000	9,432,584,483	4,168,141,638	5,264,442,845	17,917,453,777	1,055,976,210	761,269,575
33	PT Johnson Health Tech Indonesia	IDR	5,198,333,050	9,892,787,252	3,923,164,401	5,969,622,851	11,759,315,141	1,967,097,779	1,966,454,492
34	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	TRL	9,500,000	17,179,339	8,857,708	8,321,631	2,206,436	(2,797,723)	(3,108,809)
35	Johnson Health Tech SA Proprietary Ltd.	ZAR	29,072,477	35,325,685	8,268,064	27,057,621	9,788,664	(2,094,832)	(2,014,856)
36	JHT FIT Company Limited	THB	1,000,000	15,581,654	15,503,012	78,642	0	(1,121,634)	(921,358)

(ii) Affiliated Enterprise Consolidated Financial Statements

Johnson Health Tech Co., Ltd.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of JOHNSON HEALTH TECH. CO., LTD. as of and for the year ended 31 December 2021, 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

22 March 2022

2. Private Purchase of Corporate Securities in Recent Years until the Publication of the Annual Report; Placements: None

3. Any Subsidiary that Holds or Disposes the Parent Company's Stock in Recent Years until the Publication of the Annual Report: None

4. Other Matters Worth Mentioning: None

5. Major Impacts of any Incident Related to Shareholder Equity or Corporate Securities in Recent Years Leading up to the Publication of the Annual Report: None

Johnson Health Tech. Co.,Ltd.

Chairman：Lo, Kun Chuan (Peter Lo)

喬山健康科技股份有限公司
Johnson Health Tech. Co., Ltd.
428 台中市大雅區東大路二段 999 號
No.999, Sec2, DongDa Rd., Daya Dist., Taichung City 428, Taiwan, R.O.C
TEL: +886-4-25667100 FAX: +886-4-25667534
E-mail: sales@johnsonfitness.com
https://www.johnsonfitness.com.tw