JOHNSON HEALTH TECH. CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
31 DECEMBER 2022 AND 2021

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

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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of JOHNSON HEALTH TECH. CO., LTD. as of and for the year ended 31 December 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, JOHNSON HEALTH TECH. CO., LTD. and its subsidiaries do not prepare a separate set of combined financial statements.

Hereby certified.

JOHNSON HEALTH TECH. CO., LTD.

Lo, Kun Chuan
Chairman

14 March 2023

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Johnson Health Tech. Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Impairment of accounts receivable

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

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

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

Inventory valuation

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

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

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

Goodwill impairment

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

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

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

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

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

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

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

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 Group.

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 Group. 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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Others

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

Chen, Ming Hong

Huang, Yu Ting

Ernst & Young, Taiwan

14 March 2023

Notice to Readers

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

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

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

(continued)

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

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

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

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

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

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

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

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

JOHNSON HEALTH TECH. CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, unless Otherwise Stated)

1. History and organization

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

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

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

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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

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

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

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

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

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

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

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

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

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies

(1) Statement of Compliance

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

(2) Basis of Preparation

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

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

Investor	Subsidiary	Business nature	As at 31 Dec 2022	As at 31 Dec 2021
	Ltd.	equipment	(Note6)	
The Company	Johnson Health Tech India Pvt Ltd	Manufacturing and selling fitness equipment	100.00% (Note7)	-%
The Company	Johnson Health Technology (Hongkong) Co., Ltd.	Manufacturing and selling fitness equipment	100.00% (Note8)	-%
The Company	Johnson Fitness (Malaysia) Sdn.. Bhd.	Manufacturing and selling fitness equipment	99.38% (Note9)	-%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	Selling cardiovascular and weight training equipment	55.57%	55.57%
Johnson International Holding Corp., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Selling cardiovascular and weight training equipment	99.77%	99.77%
Johnson International Holding Corp., Ltd.	Johnson Health Technologies Ibérica, SL	Selling cardiovascular and weight training equipment	99.99%	99.99%
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan Co., Ltd.	Selling cardiovascular and weight training equipment	99.78%	99.78%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	Selling cardiovascular and weight training equipment	95.00%	95.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Selling cardiovascular and weight training equipment	99.82%	99.82%
Johnson International Holding Corp., Ltd.	Johnson Fitness (Malaysia) Sdn. Bhd.	Selling cardiovascular and weight training equipment	-% (Note9)	99.38%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Selling cardiovascular and weight training equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Industries (Shanghai) Co., Ltd.	Manufacturing and selling equipment	100.00%	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Tech. HK Ltd.	Selling cardiovascular and weight training equipment	-% (Note8)	100.00%
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	Massage chair research and development manufacturing and trading	21.10%	21.10%
Johnson International Holding Corp., Ltd.	Johnson Industrial do Brasil Ltda.	Manufacturing and selling fitness equipment	99.99%	99.99%

Investor	Subsidiary	Business nature	As at 31 Dec 2022	As at 31 Dec 2021
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%
Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Video transmission and streaming service	100.00% (Note10)	-%

Note:

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

established in Japan.

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

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

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

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

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

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

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

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

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

(4) Foreign currency transactions

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

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

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

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

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

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

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

(5) Translation of financial statements in foreign currency

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

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

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

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

(6) Current and Non-current Distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle; or
B. The Group holds the asset primarily for the purpose of trading; or
C. The Group expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is classified as a current when:

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

All other liabilities are classified as non-current.

(7) Cash Equivalents

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

(8) Financial Instruments

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

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

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchases or sales of financial assets on the trade date.

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

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

Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial asset measured at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(9) Derivative instruments

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

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

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

(10) Fair value measurement

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

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

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

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

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

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

(11) Inventories

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

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

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

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

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

(12) Property, plant and equipment

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

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

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

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

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

(13) Investment property

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

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

Buildings	30～50 years

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

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

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

(14) Leases

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

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

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

Group as a lessee

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

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

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

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

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

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and

D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

Group as a lessor

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

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

Group allocates the consideration in the contract applying IFRS 15.

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

(15) Intangible Assets

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

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

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

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

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

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

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

(16) Impairment of Non-financial Assets

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

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

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

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

(17) Provisions

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

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

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

(19) Borrowing cost

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

(20) Government grants

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

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

(21) Post-employment benefits

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

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

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

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

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

(22) Share-based payment transactions

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

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

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

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

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

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

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

(23) Treasury Stock

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

(24) Income Tax

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

Current income tax

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

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

Deferred income tax

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

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

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

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

A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

(25) Business combinations and goodwill

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

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

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

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

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

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

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

(26) Seasonality of operations

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

5. Significant accounting judgements, estimates and assumptions

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

(1) Estimates and assumptions

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

A. The Fair Value of Financial Instruments

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

B. Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

C. Post-Employment Benefits

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

D. Income Tax

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

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

E. Accounts receivables–estimation of impairment loss

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

F. Inventories

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

6. Contents of significant accounts

(1) Cash and cash equivalents

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

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

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

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

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

(3) Trade receivables, net

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

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

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

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

Accounts receivables were not pledged.

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

(4) Inventories, net

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

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

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

No inventories were pledged.

(5) Owner-occupied property

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

(1)Owner-occupied property

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

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

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

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

(c) No capitalization of interest as a result of purchasing property, plant and equipment for the years ended 31 December 2022 and 2021.

(6) Intangible assets

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

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

Intangible asset amortization expenses are summarized as follows:

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

(7) Impairment testing of goodwill

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

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

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

Fitness equipment manufacturing cash-generating unit

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

Massage chair manufacturing cash-generating unit

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

Key assumptions used in value-in-use calculations

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

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

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

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

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

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

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

Sensitivity to changes in assumptions

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

(8) Other non-current assets

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

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

(9) Short-term loans

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

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

(10) Bonds payable

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

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

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

(11) Commercial Paper Payable

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

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

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

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

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

(13) Other payables

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

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

(14) Long-term borrowings

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

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

Lenders	As at 31 December 2022	Redemption
BPER Bank unsecured bank loans	24,027	Repayable monthly from 27 December 2020 to 27 December 2025. The grace period starts on the first drawdown date until the expiration of 12 months thereafter. The interest is paid monthly.
HSBC Bank mortgage loans	11,118	Repayable monthly from 5 April 2018 to 5 April 2024 and interest is paid monthly.
MPS Bank	10,278	Repayable monthly from 30 June 2022 to 30 November 2023. The grace period starts on the first drawdown date until the expiration of 4 months thereafter. The interest is paid monthly.
Dubai Islamic Bank	2,447	Repayable monthly from 5 December 2021 to 5 November 2023 and interest is paid monthly.
Societe Generale Bank unsecured bank loans	1,562	Repayable monthly from 31 July 2021 to 30 June 2025 and interest is paid monthly.
Subtotal	1,479,953	
Less: current portion	(1,024,064)	
Less: syndicated bank loans expense	(8,925)	
Total	$446,964	

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

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

Lenders	As at 31 December 2021	Redemption
BPER Bank unsecured bank loans	31,916	Repayable monthly from 27 December 2020 to 27 December 2025. The grace period starts on the first drawdown date until the expiration of 12 months thereafter. The interest is paid monthly.
HSBC Bank mortgage loans	16,424	Repayable monthly from 5 April 2018 to 5 April 2024 and interest is paid monthly.
Societe Generale Bank unsecured bank loans	2,088	Repayable monthly from 31 July 2021 to 30 June 2025 and interest is paid monthly.
Subtotal	1,211,758	
Less: current portion	(32,340)	
Less: syndicated bank loans expense	(11,985)	
Total	$1,167,433	

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

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

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

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

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

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

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

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

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

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

(15) Post-employment benefits

Defined contribution plan

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

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

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

Expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were NTD41,767 thousand and NTD37,186 thousand respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to the utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NTD2,849 thousand to its defined benefit plan during the 12 months beginning after 31 December 2022.

The average duration of the defined benefits plan obligation as at 31 December 2022 and 2021, is 7.6 years and 7.8 years.

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

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

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

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

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2021	$171,137	$(86,446)	$84,691
Current period service costs	1,069	-	1,069
Net interest expense (income)	511	(261)	250
Subtotal	172,717	(86,707)	86,010
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,056)	-	(6,056)
Experience adjustments	23,447	-	23,447
Remeasurements of the defined benefit assets	-	(1,256)	(1,256)
Subtotal	190,108	(87,963)	102,145

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Payments from the plan	(8,361)	8,361	-
Contributions by employer	-	(2,848)	(2,848)
As at 31 December 2021	$181,747	$(82,450)	$99,297
Current period service costs	1,035	-	1,035
Net interest expense (income)	1,267	(582)	685
Subtotal	184,049	(83,032)	101,017
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,879)	-	(6,879)
Experience adjustments	8,643	-	8,643
Remeasurements of the defined benefit assets	-	(6,438)	(6,438)
Subtotal	185,813	(89,470)	96,343
Payments from the plan	(12,714)	12,714	-
Contributions by employer	-	(12,850)	(12,850)
As at 31 December 2022	$173,098	$(89,606)	$83,493

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

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

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

For the year ended 31 December 2022:

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

For the year ended 31 December 2021:

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

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

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

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

(16) Equity

A. Share capital

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

B. Capital surplus

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

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

C. Legal reserve

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

D. Special reserve

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

The FSC on 31 March 2021 issued Order No. Jin - Guan - Cheng - Fa -

1090150022, which sets out the following provisions for compliance:

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

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

During 2022 and 2021, when distributing 2021 and 2020 distributable earnings, the Company set aside in special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, amounts equal to other net deductions from shareholders' equity were NTD556,517 thousand and NTD14,654 thousand for the years ended 2022 and 2021, respectively.

E. Treasury Stock

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

For the year ended 31 December 2022

(unit: shares)

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

For the year ended 31 December 2021

(unit: shares)

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

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

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

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

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

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

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

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

F. Distribution of retained earnings and dividend policies

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

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

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

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

Details of the 2021 earnings distribution and dividends per share as approved by the resolution of the shareholders’ meeting held on 27 June 2022 are as follows:

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

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

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

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

(17) Non-controlling interests

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

(18) Operating revenue

For the years ended 31 December

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

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

A. Disaggregation of revenue

For the year ended 31 December 2022

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

For the year ended 31 December 2021

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

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

B. Contract balance

(a) Contract asset – current

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

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

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

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

(b) Contract liabilities – current

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

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

(c) Transaction price allocated to unsatisfied performance obligations

None.

(d) Assets recognized from costs to fulfill a contract

None.

(19) Expected credit losses

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

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

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

The Group measures the loss allowance of its contract assets and trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2022 is as follows:

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

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

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

Note receivables and trade receivables as at 31 December 2022

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

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

Note receivables and trade receivables as at 31 December 2021

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

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

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

(20) Leases

A. The Group is a lessee

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

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

(a) Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

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

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

(ii) Lease liabilities

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

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

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

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

C. Income and costs relating to leasing activities

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

D. Cash outflow related to lessee and lease activity

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

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

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

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

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

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

(22) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2022	2021

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

B. Other income

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

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

C. Other gains and losses

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

Note:

1. Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

2. Balances were arising from held for trading financial liabilities.

D. Finance costs

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

(23) Components of other comprehensive income

A. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurements of defined benefit plans	$4,674	$4,674	$(935)	$3,739
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(745)	(745)	317	(428)
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of a foreign operation	496,704	496,704	(80,591)	416,113
Total of other comprehensive income	$500,633	$500,633	$(81,209)	$419,424

B. For the year ended 31 December 2021

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

(24) Income tax

The major components of income tax expense(income) for the year ended 31 December 2022 and 2021 are as follows:

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

	For the years ended 31 December	
	2022	2021
Current income tax expense:		
Current income tax charge	$296,677	$352,460
Adjustments in respect of current income tax of prior periods	9,281	14,277
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	30,632	19,679
Deferred tax (income)expense relating to origination and reversal of tax loss and tax credit	(277,274)	(346,671)
Tax income recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	-
Other components of deferred tax income	19,349	24,586
Total income tax expense	$78,665	$64,331

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred income tax expense:		
Exchange differences resulting from translating the financial statements of a foreign operation	$80,591	$(138,888)
Remeasurements of defined benefit plans	935	(3,227)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(317)	(850)
Income tax relating to components of other comprehensive income	$81,209	$(142,965)

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

	For the years ended 31 December	
	2022	2021
Accounting profit before tax from continuing operations	$303,606	$163,700
Tax at the domestic rates applicable to profits in the country concerned	$60,721	$32,740
Tax effect of different tax rates of operating individuals at other tax region	272,911	219,771
Tax effect of revenues exempt from taxation	(207,883)	(81,625)
Tax effect of expenses not deductible for tax purposes	187,901	204,275
Tax effect of deferred tax assets/liabilities	(246,642)	(326,992)
5 % surtax on undistributed retained earnings	-	7,124
Adjustments in respect of current income tax of prior periods	9,281	14,277

Other adjustments according to tax law	2,376	(5,239)
Total income tax expense recognized in profit or loss	$78,665	$64,331

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

(a) For the year ended 31 December 2022

	Balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as at 31 December
Temporary difference					
Provision for allowance to reduce inventories to market value	$91,064	$(12,229)	$-	$8,280	$87,115
Unrealized sales gross profit	77,407	18,773	-	(1,242)	94,938
Unrealized other income	9,206	8,067	-	1,219	18,492
Accrued expense	95,169	25,025	-	7,903	128,097
Prepaid Expenses	(11,107)	4,219	-	(1,042)	(7,930)
Unrealized financial assets measured at fair value through profit or loss	(1,631)	(108)	-	15	(1,724)
Exchange differences on translation of foreign operations	423,120	-	(80,591)	-	342,529
Unrealized Pension	6,443	(2,226)	-	1	4,218
Actuarial gain (loss) on defined benefit plans	13,415	-	(935)	-	12,480
Unrealized exchange gain or loss	(1,272)	(105,518)	-	6	(106,784)
Allowance for bad debts exceeded	1,128	5,594	-	276	6,998
Deferred expense	(3,442)	(611)	-	157	(3,896)
Depreciation	(1,036)	4,406	-	(775)	2,595
Unused tax losses	972,328	277,272	-	96,376	1,345,976
Provision-warranties	76,330	9,731	-	5,532	91,593
Land appreciation tax	(47,428)	-	-	-	(47,428)
Valuation gains (losses) measured at fair value through other comprehensive income	(815)	-	317	35	(463)
Other deferred income tax assets	40,441	36,816	-	5,411	82,668
Other deferred income tax liabilities	(48,133)	(22,569)	-	(5,933)	(76,635)
Deferred income tax expense/(income)		$246,642	$(81,209)	$116,219	
Net deferred income tax assets/(liabilities)	$1,691,187				$1,972,839
Reflected in balance sheet as follows:					
Deferred tax assets	$1,893,408				$2,139,856
Deferred tax liabilities	$(202,221)				$(167,017)

(b) For the year ended 31 December 2021

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

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

Year	Tax losses for the period	Unused tax losses as at 31 December 2022	Unused tax losses as at 31 December 2021	Expiration Year(Note)
2008	$546,762	$263,887	$198,993	2028
2009	222,640	207,557	207,557	2029
2012	45,514	-	38	2032
2013	177,126	9,380	62,676	2022~2033
2014	159,637	56,177	56,177	2023~2034
2015	203,811	83,886	83,886	2024~2035
2016	153,332	78,841	78,841	2025~2036
2017	407,723	204,028	229,772	2026~2037
2018	526,425	427,741	440,059	2027~2038
2019	521,504	539,260	471,707	2028~2039
2020	615,708	581,707	454,672	2029~2040
2021	1,120,941	938,206	1,120,941	2030~2041
2022	1,463,686	1,463,686	-	2031~2042
Total	$6,164,809	$4,854,356	$3,405,319	

Note: The loss deduction of Johnson Industry Brazil Ltda. Johnson Health Tech North America Inc. and Johnson Health Tech Retail Inc. has no expiration year.

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

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2022 and 2021, the temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to NTD397,711 thousand and NTD595,713 thousand respectively.

(e) The assessment of income tax returns

As at 31 December 2022, the tax authorities have assessed the income tax returns of the Company through 2020

(25) Earnings per share

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

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

	For the years ended 31 December	
	2022	2021
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NTD)	$429,024	$38,148
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	302,628	302,589
Basic earnings per share (NTD)	$1.42	$0.13

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

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

7. Related party transactions

Significant transactions with related parties

(1) Key management personnel compensation:

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$125,301	$136,872

8. Assets pledged as security

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

	As at		
	31 December 2022	31 December 2021	Contents of secured debt
Property, plant and equipment - land	$671,271	$671,271	Syndicated loans /Loan secured
Property, plant and equipment – buildings (carrying value)	728,679	587,470	Syndicated loans /Loan secured
Other non-current assets-restricted assets	-	651,121	Loan secured
Right-of-use assets-land	254,280	256,325	Loan secured
Machine (carrying value)	264,609	-	Loan secured
Other receivable - deposit	789,424	192,431	LC loan / Notes payable/Loan secured
Total	$2,708,263	$2,358,618	

9. Commitments and contingencies

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

The contracts of the Group as at 31 December 2022 and 2021 are as follows:

A. As at 31 December 2022:

Counterparty	Contract target	Total contract amount	Accumulated payment as at 31 December 2022
Company A	Phase 2 factory construction project	NTD528,202 thousand	NTD490,224thousand

B. As at 31 December 2021:

Counterparty	Contract target	Total contract amount	Accumulated payment as a 31 December 2021
Company A	Dormitory construction project	NTD90,650 thousand	NTD67,988 thousand
Company B	Phase 2 factory construction project	NTD435,363 thousand	NTD353,549 thousand

(2) The Company issued guaranty notes as security for borrowings in the sum of NTD800,907 thousand as at 31 December 2022.

(3) The Company entered into financial guarantees to related parties as at 31 December 2022. Refer to Note 13(1)(b).

(4) Legal claim contingency:

The Group's French subsidiary, Johnson Health Tech France, accepted the tax audit of the French tax authority from 12 November 2020 to 10 December 2020, and the notice of additional tax payment was issued on 15 December 2020 The Group believes that the reasons for additional tax payment provided by the French tax authority are clearly inconsistent with the facts, and a tax lawyer has been entrusted to file a petition within the statutory period. However, the outcome of the case cannot be ascertained and unable to reasonably estimate uncertain income tax liabilities as the petition is still in progress as at the reporting date.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

	As at	
Financial Assets	31 December 2022	31December 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$8,746	$8,151
Equity instruments measured at fair value through other comprehensive income loss	7,444	8,494
Amortized cost of a financial asset:		
Cash and cash equivalents (excluding cash on hand)	3,512,220	2,582,558
Notes and trade receivables	8,777,860	7,608,704
Other receivables	1,167,768	493,299
Subtotal	13,457,848	10,684,561
Total	$13,474,038	$10,701,206

Financial Liabilities	As at 31 December 2022	As at 31 December 2021
Financial liabilities at amortized cost:		
Short-term borrowings	$12,277,783	$7,544,264
Commercial paper payable	849,648	4,045,492
Notes and accounts payable	4,757,541	4,579,144
Other payable	3,567,656	3,062,444
Bonds payable (including current portion)	2,000,000	2,000,000
Long-term loans (including current portion)	1,471,028	1,199,773
Lease liability	1,852,281	1,237,661
Subtotal	26,775,937	23,668,788
Financial liabilities at fair value through profit or loss:		
Held for trading	879	-
Total	$26,776,816	$23,668,788

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

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

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

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	$-	$6,988
For the year ended 31 December 2021	$-	$8,376

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	$-	$27,540
For the year ended 31 December 2021	$-	$27,588

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	$-	$(13,496)
For the year ended 31 December 2021	$-	$(20,641)

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

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	$-	$1,943
For the year ended 31 December 2021	$-	$2,212

Interest rate risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period would cause the profit for the years ended 31 December 2022 and 2021 to increase/decrease by NTD14,598 thousand and NTD12,790 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial positions, ratings from credit rating agencies, historical experiences, prevailing economic conditions and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting prepayment or insurance.

As at 31 December 2022 and 2021, the credit concentration risk of other accounts receivables is insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	>= 5 years	Total
As at 31 December 2022					
Short-term borrowings	$12,355,442	-	-	-	$12,355,442
Commercial paper payable	850,000	-	-	-	850,000
Notes and accounts payable	4,757,541	-	-	-	4,757,541
Bonds payable	16,600	2,016,600	-	-	2,033,200
Long-term loans	1,056,541	223,685	144,823	121,900	1,548,156
Lease liabilities	657,293	816,650	340,943	41,460	1,856,346

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term borrowings	Commercial paper Payable	Long-term loans	Lease liabilities	Total liabilities from financing activities
As at 1 January 2022	$7,544,264	$4,045,492	$1,199,773	$1,237,661	$14,027,190
Cash flows	4,677,060	(3,229,020)	272,829	(582,516)	1,138,353
Non-cash changes	-	33,176	-	990,178	1,023,354
Foreign exchange movement	56,459	-	(1,574)	206,958	261,843
As at 31 December 2022	$12,277,783	$849,648	$1,471,028	$1,852,281	$16,450,740

Reconciliation of liabilities for the year ended 31 December 2021:

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

(7) Fair value of financial instruments

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

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

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

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

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

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

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

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy

Please refer to Note 12(9) for the fair value measurement hierarchy for the financial instruments of the Group.

(8) Derivative instruments

The Group's related information for derivative instruments not qualified for hedge accounting and not yet settled as at 31 December 2022 and 2021 is as follows:

<u>Forward currency contracts</u>

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
<u>As at 31 December 2022</u>			
Johnson Health Tech. Co., Ltd.	Pre-sale of forward Foreign exchange contracts	Sell USD 6,000	2023/2/22
Johnson Health Tech. Co., Ltd.	Foreign exchange rates swap	Sell USD 20,000	2023/1/6
Johnson Health Tech. Co., Ltd.	Foreign exchange rates swap	Sell EUR 4,000	2023/1/6
<u>As at 31 December 2021</u>			
Johnson Health Tech. Co., Ltd.	Foreign exchange rates swap	Sell USD 82,200	From 2022/02/18 to 2022/05/18

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As at 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$8,746	$-	$8,746
Equity instruments measured at fair value through other comprehensive income loss	7,444	-	-	7,444
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$-	$879	$-	$879

As at 31 December 2021

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

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

(10) Significant assets and liabilities denominated in foreign currencies

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

	As at					
	31 December 2022			31 December 2021		
	Foreign currency (thousands)	Exchange rate	NTD (thousands)	Foreign currency (thousands)	Exchange rate	NTD (thousands)
Financial assets						
Monetary item:						
EUR	$107,212	32.7040	$3,506,270	$106,842	31.3451	$3,348,964
USD	80,388	30.7080	2,468,542	71,837	27.6900	1,989,174
CNY	341,704	4.4178	1,509,572	204,492	4.3408	887,659
JPY	5,750,010	0.2324	1,336,446	3,910,608	0.2406	940,708
Financial liabilities						
Monetary item:						
CNY	$647,187	4.4178	$2,859,131	$679,991	4.3408	$2,951,710
USD	57,633	30.7080	1,769,787	41,587	27.6900	1,151,548
EUR	4,913,996	0.2324	1,142,135	2,991,049	0.2406	719,506
JPY	23,002	32.7040	752,269	18,827	31.3451	590,119

The Group is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Group entities use a large number of different functional currencies. The exchange loss for the years ended 31 December 2022 and 2021 were NTD970,876 thousand and NTD(90,975) thousand, respectively.

The information above is disclosed based on the foreign currency carrying amount (already converted into functional currency).

(11) Capital management

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

13. <u>Other disclosures</u>

(1) Information at significant transactions

A. Financing provided to others for the year ended 31 December 2022: Please refer to Attachment 1.

B. Endorsement/Guarantee provided to others for the year ended 31 December 2022: Please refer to Attachment 2.

C. Securities held as of 31 December 2022: Please refer to Attachment 3.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

E. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

F. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock for the year ended 31 December 2022: None

G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of the capital stock for the year ended 31 December 2022: Please refer to Attachment 5.

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock as of 31 December 2022: Please refer to Attachment 4.

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

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

(2) Information on investees

Investee company names, locations, main businesses and products, original investment amount, investment as of 31 December 2022, net income (loss) of the investee company and investment income (loss) recognized as of 31 December 2022: Please refer to Attachment 6.

(3) Information on investments in mainland China

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

(4) Major Shareholder Information

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

14. Operating segment information

(1) For the purpose of operation, the Company operates in a single industry segment with different strategic segments, and they are classified into four segments as follows:

A. American segment: In charge of selling cardiovascular equipment and research and development of training equipment in America.

B. European segment: In charge of selling cardiovascular equipment in Europe.

C. Asian segment: In charge of manufacturing and selling Fuji massage chairs, cardiovascular equipment and weight training equipment in Asia, and franchising the import and export of the above-mentioned products.

D. Others: In charge of selling cardiovascular machinery in other areas.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

Information of the reportable segments’ profit and loss are listed as follows:

(a) For the year ended 31 December 2022

	America	Europe	Asia	Other	Adjustment and eliminations	Consolidated
Revenue:						
External customers	$15,923,883	$8,314,697	$7,801,970	$1,572,397	$-	$33,612,947
Inter-segment	360,559	229,785	22,063,221	-	(22,653,565)	-
Total revenue	$16,284,442	$8,544,482	$29,865,191	$1,572,397	$(22,653,565)	$33,612,947
Segment profit	$(581,929)	$124,049	$101,711	$59,577	$600,153	$303,606

(b) For the year ended 31 December 2021

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

The related information of operating segment asset as at 31 December 2022 and 2021 are listed as follows:

Segment Assets:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2022	$13,422,579	$8,552,623	$54,775,586	$1,272,149	$(39,156,993)	$38,865,944
31 December 2021	$11,946,393	$7,043,283	$43,379,320	$10,633,074	$(37,739,494)	$35,262,576

Segment Liabilities:	America	Europe	Asia	Other	Adjustments and eliminations	Consolidated
31 December 2022	$12,100,749	$4,755,754	$28,859,230	$842,750	$(17,174,819)	$29,383,664
31 December 2021	$10,333,649	$3,508,762	$27,713,223	$768,642	$(16,442,884)	$25,881,392

(c) Reconciliations of the reported segment revenues, profit and loss, assets, liabilities and other major projects: None.

(d) Geographical information

(i) As at 31 December 2022 and 2021, the Company's external sales are listed as follows:

	For the years ended 31 December	
Area	2022	2021
Americas	$15,923,883	$13,572,537
Europe	8,314,697	6,907,837
Asia	7,801,970	8,827,356
Other	1,572,397	1,471,598
Total	$33,612,947	$30,779,328

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

(ii) Non-current asset :

Area	As at 31 December 2022	As at 31 December 2021
America	$4,011,632	$3,167,359
Europe	1,261,880	1,120,425
Asia	6,972,899	7,367,922
Other	200,092	144,988
Total	$12,446,503	$11,800,694

(e) Information about major customers

There are no sales to a single customer exceeding 10% of the consolidated sales of the Group for the years ended 2022 and 2021.

Attachment 1: Financing provided to others for the year ended 31 December 2022

No.	Lender	Counter-party	Financial statement account	Related Party or Not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note1)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Other receivable-related parties	Y	$120,000	$71,000	$-	-	1	$4,639,651		-	-	-	$4,737,485	$9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Viet Nam) Company Limited	Other receivable-related parties	Y	500	-	-	-	1	289		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Llc	Other receivable-related parties	Y	1,000	-	-	-	1	141,009		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Denmark Aps	Other receivable-related parties	Y	19,000	-	-	-	1	82,782		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	Other receivable-related parties	Y	275,000	275,000	152,911	3.00%	1	190,832		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Other receivable-related parties	Y	43,000	-	-	-	1	20,461		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C.	Other receivable-related parties	Y	210,000	210,000	191,680	3.00%	1	373,797		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C. V	Other receivable-related parties	Y	85,000	-	-	-	1	318,487		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, Iberica. S.L.	Other receivable-related parties	Y	15,000	-	-	-	1	291,913		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	Other receivable-related parties	Y	660,000	510,000	436,718	3.00%	1	336,224		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Ltd.	Other receivable-related parties	Y	130,000	130,000	-	-	1	770,648		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Hellas S.A.	Other receivable-related parties	Y	13,000	-	-	-	1	50,786		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	Other receivable-related parties	Y	52,000	-	-	-	1	138,358		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Trading,INC.	Other receivable-related parties	Y	1,100,000	1,100,000	-	-	1	765,432		-	-	-	4,737,485	9,474,971
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor VE Saglik Malzemeleri Ticaret Anonim Sirketi	Other receivable-related parties	Y	23,065	23,065	23,065	0.50%	2	-	Need for operating	-	-	-	1,894,994	3,789,988
0	Johnson Health Tech. Co., Ltd.	FUJI MEDICAL INSTRUMENTS MFG. CO., LTD.	Other receivable-related parties	Y	537,740	537,740	350,700	2.00%	2	-	Short-term financing	-	-	-	1,894,994	3,789,988
1	Johnson Health Tech (Vietnam) Company Limited	Style Retail Vietnam Company Limited	Other receivable-related parties	Y	22,480	13,842	11,935	3.00%	2	-	Need for operating	-	-	-	16,659	16,659

Attachment 1: Financing provided to others for the year ended 31 December 2022

No.	Lender	Counter-party	Financial statement account	Related Party or Not	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note1)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
2	Johnson Health Tech France	Johnson Health Tech. Co., Ltd.	Other receivable-related parties	Y	164,750	164,750	105,440	1.44%	2	-	Need for operating	-	-	-	448,251	597,668
3	Johnson Health Tech. (Thailand) Company Limited	JHT FIT Company Limited	Other receivable-related parties	Y	13,440	-	-	-	2	-	Need for operating	-	-	-	37,820	37,820
4	Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Other receivable-related parties	Y	70,140	70,140	23,380	0.5565%	2	-	Need for operating	-	-	-	80,302	240,905

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

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

Note2 : Johnson Health Tech. Co., Ltd.'s financing limit for the amount of financing between foreign subsidiaries which the Company holds was set at 50% of its net worth stated in the most recent financial report. Johnson Health Tech. Co., Ltd.'s financing limit for the company which needs short-term financing was set at 20% of its net worth stated in the most recent financial report.

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

Note3 : Johnson Health Tech. Co., Ltd.'s financing limit for total financing between foreign subsidiaries which the Company holds was set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech. Co., Ltd.'s financing limit for total financing of the company which needs short-term financing was set at 40% of its net worth stated in the most recent financial report.

Johnson Health Tech. (Vietnam) Company Limited's financing limit for total financing limit was set at 100% of its net worth stated in the most recent financial report. Johnson Health Tech France's financing limit for total financing limit was set at 80% of its net worth stated in the most recent financial report. (Thailand) Company Limited's financing limit for total financing limit was set at 40% of its net worth stated in the most recent financial report. Johnson Health Tech Japan Co., Ltd.'s financing limit for total financing limit was set at 60% of its net worth stated in the most recent financial report.

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

Attachment 2: Endorsement/Guarantee provided to others as of 31 December 2022

No.	Endorsor/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn provided	Value of collaterals properties guarantee/ endorsement	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Releationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech GmbH	2	$9,474,971	$290,110	$287,320	$-	$-	3.03	$23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Limited	2	9,474,971	299,065	296,935	193,495	-	3.13	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	World of Leasing GmbH	2	9,474,971	133,520	133,520	-	-	1.41	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Iberica S. L.	2	9,474,971	300,420	300,420	273,791	-	3.17	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Japan Co.,Ltd.	2	9,474,971	49,060	46,760	-	-	0.49	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Thailand) Company Limited	2	9,474,971	96,690	92,280	45,525	-	0.97	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. (Schweiz) GmbH	2	9,474,971	161,170	159,040	34,048	-	1.68	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Canada Commercial Inc.	2	9,474,971	146,463	136,680	56,950	-	1.44	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	2	9,474,971	161,150	153,800	66,760	-	1.62	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (VietNam) Company Limited	2	9,474,971	2,223,870	2,060,920	887,306	-	21.75	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	2	9,474,971	64,460	61,520	15,380	-	0.65	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Netherlands B.V.	2	9,474,971	100,140	100,140	-	-	1.06	23,687,427	Y	N	N
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial Do Brasil Ltda.	2	9,474,971	209,525	207,800	92,280	-	2.19	23,687,427	Y	N	N

Attachment 2: Endorsement/Guarantee provided to others as of 31 December 2022

No.	Endorsor/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn provided	Value of collaterals properties guarantee/ endorsement	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Releationship (Note 1)										
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	2	9,474,971	320,160	313,880	155,183	-	3.31	23,687,427	Y	N	Y
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	2	9,474,971	705,650	683,000	37,234	-	7.21	23,687,427	Y	N	Y
1	Johnson Health Tech North America, Inc.	Macrolease Corporation	1	9,474,971	130,802	71,729	71,729	-	0.76	23,687,427	N	N	N
1	Johnson Health Tech North America, Inc.	United Leasing, Inc	1	9,474,971	31,730	29,760	29,760	-	0.31	23,687,427	N	N	N
1	Johnson Health Tech North America, Inc	Lease Servicing Center, Inc.	1	9,474,971	2,431	1,294	1,294	-	0.01	23,687,427	N	N	N
1	Johnson Health Tech North America, Inc	Mitsubishi HC Capital America, Inc.	1	9,474,971	171,039	171,039	171,039	-	1.81	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	Eclipx Commercial	1	9,474,971	225	-	-	-	0.00	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance(TL Rentals)	1	9,474,971	432	-	-	-	0.00	23,687,427	N	N	N
2	Johnson Health Tech. Australia Pty. Ltd.	CE Finance	1	9,474,971	7,060	7,060	7,060	-	0.07	23,687,427	N	N	N
3	Johnson Health Tech France	PEAC Finance	1	9,474,971	2,208	2,208	2,208	-	0.02	23,687,427	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	Meridian OneCap Credit Corp.	1	9,474,971	6,616	2,675	2,675	-	0.03	23,687,427	N	N	N
4	Johnson Health Technologies Canada Commercial Inc.	United Leasing,Inc.	1	9,474,971	2,850	1,987	1,987	-	0.02	23,687,427	N	N	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	3	9,474,971	677,850	664,800	467,600	-	7.02	23,687,427	N	Y	N
5	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	9,474,971	900,851	749,008	413,632	-	7.91	23,687,427	N	N	Y
6	Johnson Health Technologies Iberica S. L.	SG Equipment Finance Iberia, E.F.C., S.A.	1	9,474,971	252,301	252,301	252,301	-	2.66	23,687,427	N	N	N

Attachment 2: Endorsement/Guarantee provided to others as of 31 December 2022

No.	Endorsor/ Guarantor	Counterparty		Guarantee limited amount for each counterparty (Note 2)	Maximum balance for the period	Ending balance of guarantee amount	Amount drawn provided	Value of collaterals properties guarantee/ endorsement	Ratio of accumulated amount of guarantee provided to net equity of the latest financial statements	Limited of guarantee amount (Note 3)	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee to mainland China
		Company name	Releationship (Note 1)										
7	Johnson Health Tech. GmbH	PEAC Finance	1	9,474,971	1,493	682	682	-	0.01	23,687,427	N	N	N
7	Johnson Health Tech. GmbH	PEAC (Germany) GmbH	1	9,474,971	33,597	27,375	27,375	-	0.29	23,687,427	N	N	N
8	Johnson Industrial Do Brasil Ltda.	Daycoval Leasing	1	9,474,971	93,300	86,700	52,500	-	0.92	23,687,427	N	N	N
9	Johnson Health Tech. Netherlands B.V.	ABC Leasing	1	9,474,971	242,623	125,539	125,539	-	1.32	23,687,427	N	N	N
10	Johnson Industries (Shanghai) Co. Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	9,474,971	389,870	248,192	44,376	-	2.62	23,687,427	N	N	Y

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

Attachment 3: Securities held as of 31 December 2022. (Excluding subsidiaries, associates and joint ventures)

Company	Securities species	Securities	Relationship with the securities issuer	Account	As of 31 December 2022			
					Number of shares/number of units	Book value	Shareholding ratio	Fair value
Fuji Medical Instruments MFG. Co., Ltd.	Stock	Joshin Denki Co.,Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	16,500	$7,444	0.06%	$7,444

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NTD100 million or 20% of the capital stock as of 31 December 2022.

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Johnson Health Tech. Co., Ltd.	Johnson Health Tech North America, Inc.	Subsidiary	Trade receivablesUSD 104,188 (NTD 3,199,417) Other receivables USD 250 (NTD 7,691)	1.52	$ -	-	$528,933	$ -
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE LLC	Subsidiary	Trade receivables USD 9,290 (NTD 305,660) Other receivablesUSD 7,056 (NTD 196,292)	1.12	-	-	87,287	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Italia Spa	Subsidiary	Trade receivables EUR 7,946 (NTD 259,859) Other receivablesEUR 167 (NTD 5,470)	1.23	-	-	22,947	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Commercial Inc.	Subsidiary	Trade receivables USD 9,458 (NTD 305,454) Other receivables USD 6,245 (NTD 176,752)	0.60	-	-	24,902	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Subsidiary	Trade receivablesEUR 8,391 (NTD 257,658) Other receivablesEUR 88 (NTD 2,706)	1.53	-	-	21,303	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	Subsidiary	Trade receivables EUR 7,381 (NTD 241,389) Other receivablesEUR 86 (NTD 2,803)	6.98	-	-	85,367	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Deutschla	Subsidiary	Trade receivables USD 10,313 (NTD 337,273) Other receivables USD 128 (NTD 4,177)	3.57	-	-	82,740	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech UK Ltd.	Subsidiary	Trade receivables USD 21,307 (NTD 654,307) Other receivablesUSD 16 (NTD 479)	1.82	-	-	-	-

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NTD100 million or 20% of the capital stock as of 31 December 2022.

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Johnson Health Tech. Co., Ltd.	JOHNSON Industrial Do Brasil Ltda	Subsidiary	Trade receivablesUSD 10,322 (NTD 334,809) Other receivablesUSD 15,831 (NTD 468,285)	0.58	-	-	35,128	-
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	Subsidiary	Trade receivablesUSD 104,471 (NTD 3,208,085) Other receivables USD 217 (NTD 6,671)	0.37	-	-	–	-
Johnson Health Tech. Co., Ltd.	JOHNSON HEALTH TECH. IBERICA. S.L.	Subsidiary	Trade receivables EUR 4,875 (NTD 159,419) Other receivables EUR 40 (NTD 1,294)	1.75	-	-	18,329	-
Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary	Trade receivablesUSD 386 (NTD 11,852) Other receivablesUSD 2,322 (NTD 71,317) CNY 34 (NTD 152)	1.24	-	-	-	-
Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	Subsidiary	Other receivables USD 1,795 (NTD 55,131)	-	-	-	-	-
Johnson Industries (Shanghai) Co. Ltd.	Johnson Health Tech. Co., Ltd.	Subsidiary	Trade receivablesUSD 57,453 (NTD 1,764,271) EUR 47,131 (NTD 1,541,387) JPY 381,956 (NTD 88,767) Other receivablesUSD 31 (NTD 946)	1.73	-	-	1,231,194	-
Johnson Industries (Shanghai) Co. Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	Subsidiary	Trade receivables USD 6,689 (NTD 205,394) Other receivablesCNY 45 (NTD 200)	1.79	-	-	71,765	-
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Tech. Co., Ltd.	Subsidiary	Trade receivables USD 1,795 (NTD 55,123) EUR 202 (NTD 6,608) JPY 14,036 (NTD 3,262)	2.80	-	-	-	-

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NTD100 million or 20% of the capital stock as of 31 December 2022.

Company name	Related party	Relationship	Ending balance	Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	Subsidiary	Trade receivablesUSD 4,793 (NTD 147,194) CNY 67 (NTD 297)	0.82	-	-	64,491	-

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

No. (Note 1)	Company name	Counter party	Nature of relationship (Note 2)	Intercompany transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated total gross sales or total assets (%) (Note 3)
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Sales	$4,639,651	The same commercial terms as with a general customer	13.80%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Receivables from related parties	3,199,417	The same commercial terms as with a general customer	8.23%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. North America, Inc.	1	Other accounts receivable	7,691	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Sales	770,641	The same commercial terms as with a general customer	2.29%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Receivables from related parties	654,307	The same commercial terms as with a general customer	1.68%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	1	Other accounts receivable	479	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Sales	883,844	The same commercial terms as with a general customer	2.63%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Receivables from related parties	337,273	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. GmbH	1	Other accounts receivable	4,177	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Sales	1,465,771	The same commercial terms as with a general customer	4.36%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Receivables from related parties	241,389	The same commercial terms as with a general customer	0.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech. Netherlands B.V.	1	Other accounts receivable	2,803	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Sales	268,927	The same commercial terms as with a general customer	0.80%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Receivables from related parties	(27,692)	The same commercial terms as with a general customer	-0.07%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech France	1	Other accounts receivable	77	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Sales	350,294	The same commercial terms as with a general customer	1.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Australia Pty., Ltd.	1	Receivables from related parties	40,336	The same commercial terms as with a general customer	0.10%

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 Australia Pty., Ltd.	1	Other accounts receivable	160	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Sales	336,224	The same commercial terms as with a general customer	1.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Receivables from related parties	334,809	The same commercial terms as with a general customer	0.86%
0	Johnson Health Tech. Co., Ltd.	Johnson Industrial do Brasil Ltda	1	Other accounts receivable	468,285	The same commercial terms as with a general customer	1.20%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Sales	138,443	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Japan Co., ltd.	1	Receivables from related parties	(1,123)	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Sales	190,832	The same commercial terms as with a general customer	0.57%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Receivables from related parties	305,454	The same commercial terms as with a general customer	0.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	1	Other accounts receivable	176,752	The same commercial terms as with a general customer	0.45%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Sales	291,913	The same commercial terms as with a general customer	0.87%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Receivables from related parties	159,419	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies Ibérica, SL	1	Other accounts receivable	1,294	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Sales	138,306	The same commercial terms as with a general customer	0.41%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Receivables from related parties	17,106	The same commercial terms as with a general customer	0.04%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	1	Other accounts receivable	10,577	The same commercial terms as with a general customer	0.03%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Sales	241,643	The same commercial terms as with a general customer	0.72%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Receivables from related parties	259,859	The same commercial terms as with a general customer	0.67%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Italia S.P.A.	1	Other accounts receivable	5,470	The same commercial terms as with a general customer	0.01%

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 UAE L.L.C	1	Sales	373,797	The same commercial terms as with a general customer	1.11%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Receivables from related parties	305,660	The same commercial terms as with a general customer	0.79%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech UAE L.L.C	1	Other accounts receivable	196,292	The same commercial terms as with a general customer	0.51%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Sales	765,432	The same commercial terms as with a general customer	2.28%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Receivables from related parties	3,208,085	The same commercial terms as with a general customer	8.25%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	1	Other accounts receivable	6,671	The same commercial terms as with a general customer	0.02%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Sales	318,487	The same commercial terms as with a general customer	0.95%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Receivables from related parties	257,658	The same commercial terms as with a general customer	0.66%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	1	Other accounts receivable	2,706	The same commercial terms as with a general customer	0.01%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Sales	141,009	The same commercial terms as with a general customer	0.42%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	1	Receivables from related parties	76,480	The same commercial terms as with a general customer	0.20%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Purchases	924,924	The same commercial terms as with a general customer	2.75%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Payables to related parties	130,906	The same commercial terms as with a general customer	0.34%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	1	Other payables to related parties	5	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Purchases	5,921,199	The same commercial terms as with a general customer	17.62%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Payables to related parties	3,394,424	The same commercial terms as with a general customer	8.73%
0	Johnson Health Tech. Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	1	Other payables to related parties	946	The same commercial terms as with a general customer	0.00%
0	Johnson Health Tech. Co., Ltd.	Johnson Health Technology (Shanghai) Co., Ltd.	1	Purchases	520,462	The same commercial terms as with a general customer	1.55%

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 Technology (Shanghai) Co., Ltd.	1	Payables to related parties	64,993	The same commercial terms as with a general customer	0.17%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Sales	153,932	The same commercial terms as with a general customer	0.46%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	3	Receivables from related parties	147,491	The same commercial terms as with a general customer	0.38%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Purchases	260,496	The same commercial terms as with a general customer	0.77%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Payables to related parties	202,800	The same commercial terms as with a general customer	0.52%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Other payables to related parties	200	The same commercial terms as with a general customer	0.00%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Sales	1,562,400	The same commercial terms as with a general customer	4.65%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Receivables from related parties	9,404	The same commercial terms as with a general customer	0.02%
1	Johnson Health Technology (Shanghai) Co., Ltd.	Johnson Industries (Shanghai) Co. Ltd.	3	Other accounts receivable	4,265	The same commercial terms as with a general customer	0.01%

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

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

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

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2022: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial Investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	Johnson International Holding Corp., Ltd.	P.O. BOX3340, Road Town, Tortola, British Virgin Islands.	Holding company	$5,495,256	$5,536,240	-	100.00%	$9,530,425	$157,174	$100,074	Note1 Note2
Johnson Health Tech. Co., Ltd.	Johnson Health Tech (Vietnam) Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	92,706 (USD 2,900)	92,706 (USD 2,900)	-	100.00%	13,056	(4,713)	(4,713)	
Johnson Health Tech. Co., Ltd.	Johnson Health Technologies, S.A. de C.V.	Carretera Maxico-Toluca 5631-230 Col.Cuajimalpa,Del Cuajimalpa CP 05000,Mexico DF	Selling cardiovascular and weight training equipment	97,924 (USD 3,125)	97,924 (USD 3,125)	-	100.00%	163,651	93,165	93,165	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Canada Inc.	10401,boul.Ray Lawson,Anjou,Quebec,H1J 1M3	Holding company	147,811 (USD 4,554)	147,811 (USD 4,554)	-	100.00%	(117,466)	(38,048)	(38,048)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	321,100 (USD 10,000)	321,100 (USD 10,000)	-	44.43%	134,019	(55,210)	(24,529)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Retail Inc.	150 EAST GILMAN STREET,MADISON,WI 53703	Selling cardiovascular and weight training equipment	1,552,050 (USD 48,661)	1,552,050 (USD 48,661)	-	100.00%	124,372	(527,660)	(527,660)	Note1
Johnson Health Tech. Co., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	20,813 (JPY 75,000)	20,813 (JPY 75,000)	4,859	78.90%	26,811	15,474	12,209	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Philippines, Inc.	Commom Ground Oritgas Level10,IBP Tower,Jade Drive, Oritgas Center,Pasig City, Metro Manila,1605 Philippines	Selling cardiovascular and weight training equipment	50,440 (USD 1,597)	50,440 (USD 1,597)	-	100.00%	(26,883)	(11,501)	(11,501)	
Johnson Health Tech. Co., Ltd.	Johnson Health Industry (Viet Nam) Company Limited	LO CN-24, KCN Thuan Thanh II, Xa An Binh, Huyen Thuan Thanh, Tinh BAC Ninh, VietnamM	Manufacturing and selling cardiovascular and weight training equipment	618,082 (USD 20,000)	618,082 (USD 20,000)	-	100.00%	(85,721)	(227,206)	(227,206)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Rus Limited Liability Company	Moscow, Novodanilovskaya nab. 6, building 1, floor 2, Premises XXVIII, Room 4,	Selling cardiovascular and weight training equipment	16,949 (USD 556)	16,949 (USD 556)	-	100.00%	84,789	46,817	46,817	
Johnson Health Tech. Co., Ltd.	Fuji Medical Instruments Mfg. Co., Ltd.	14F, OE BLDG, 1-22, Noninbashi 1-chome, Chuo-ku, Osaka, 540-0011, Japan	Massage chair research, development, manufacturing and trading	2,065,699 (JPY 7,361,000)	1,814,259 (JPY 6,241,000)	-	100.00%	2,177,051	(360,495)	(201,420)	Note3
Johnson Health Tech.	Johnson Health Tech.	1600 Landmark Dr. Cottage Grove WI	Selling cardiovascular and weight training	3,019,549	3,019,549	-	100.00%	1,115,285	(78,422)	(78,422)	

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2022: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial Investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Co., Ltd.	North America, Inc.	53527 USA	and weight training equipment	(USD 91,472)	(USD 91,472)	-	100.00%	1,113,285	(78,422)	(78,422)	

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2022: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial Investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Co., Ltd.	PT Johnson Health Tech Indonesia	Rukan Citta Graha Blok 2A,Jl Arteri Kedoya,Kel.Kedoya Selatan,Kec.Kebon Jeruk,Kota Adm.Jakarta Barat,Prov.DKI Jakarta	Selling cardiovascular and weight training equipment	10,198 (USD 350)	10,198 (USD 350)	-	100.00%	18,877	7,222	7,222	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Turkey Spor Ve Saglik Malzemeleri Ticaret Anonim Sirketi	Resitpasa Mah. Eski Buyukdere Cad. Windowist Blok No: 26 Ic Kapi No: 3 Sariyer/ Istanbul.	Selling cardiovascular and weight training equipment	33,120 (EUR 1,000)	33,120 (EUR 1,000)	-	99.99%	13,147	(585)	(585)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech SA Proprietary Limited.	Unit 1B Riversands Outlet Park, Riversands Boulevard, Riversands	Selling cardiovascular and weight training equipment	55,820 (USD 2,000)	55,820 (USD 2,000)	-	100.00%	38,796	(10,179)	(10,179)	
Johnson Health Tech. Co., Ltd.	JHT FIT Company Limited	2/3, BANGNA TOWER, FLOOR 9, BANG NA-TRAD, BANG KAEO, BANG PHLI, SAMUT PRAKAN 10540	Video transmission and streaming service	17,230 (USD 486) (EUR 100)	870 (USD 31)	-	100.00%	12,351	(4,410)	(4,410)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Digital UK Limited	United Kingdom	Video transmission and streaming service	61,800 (USD 2,000)	-	-	100.00%	37,494	(25,656)	(25,656)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech Korea Co., Ltd.	Republic of Korea	Selling cardiovascular and weight training equipment	27,829 (USD 1,000)	-	-	100.00%	23,305	15,817	15,817	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech India Pvt Ltd	Forbes Building, Charanjit Rai Marg, Fort, Mumbai, Mumbai City Maharashtra	Selling cardiovascular and weight training equipment	22,993 (USD 775)	-	-	100.00%	14,717	(7,512)	(7,512)	
Johnson Health Tech. Co., Ltd.	Johnson Health Tech. HK Ltd.	Room 1501-1502, Golden Milan Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Selling cardiovascular and weight training equipment	13,763 (USD 429)	-	3,340,000	100.00%	30,449	5,238	8,662	
Johnson Health Tech. Co., Ltd.	Johnson Fitness (Malaysia) Sdn. Bhd.	Lot 557D, Jalan Subang 3, Subang Jaya Industrial Estate, 47610 Subang Jaya, Selangor, Malaysia.	Selling cardiovascular and weight training equipment	130,489 (USD 4,144)	-	16,052,000	99.38%	15,716	(26,874)	(4,793)	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. UK Ltd.	East Court, Riverside Park, Campbell Road, Stoke on Trent, Staffordshire, ST4 4DA, England , UK	Selling cardiovascular and weight training equipment	444,921 (USD 13,952)	444,921 (USD 13,952)	-	55.57%	185,600	(55,210)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech France	45, Avenue Georges Politzer 78190 Trappes – France.	Selling cardiovascular and weight training equipment	925,413 (USD 28,436)	925,413 (USD 28,436)	-	100.00%	750,271	(28,046)	Not applicable	

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2022: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial Investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson International Holding Corp., Ltd.	Johnson Health Tech. GmbH	Europaallee 51, 50226 Frechen, Germany	Selling cardiovascular and weight training equipment	513,423 (USD 15,908)	513,423 (USD 15,908)	-	99.77%	465,102	(13,087)	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Technologies Ibérica, SL	Avenida del Sol, 8 28850 - Torrejón de Ardoz (Madrid) España	Selling cardiovascular and weight training equipment	770,787 (USD 23,992)	770,787 (USD 23,992)	446,175	99.99%	648,544	14,526	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Japan Co., Ltd.	Loop-X Bldg. 7F, 3-9-15 Kaigan, Minato-ku, Tokyo 108-0022, Japan	Selling cardiovascular and weight training equipment	235,752 (USD 7,262)	235,752 (USD 7,262)	13,489	99.78%	375,512	(11,332)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Thailand) Co., Ltd.	9th Floor, Unit 9B, Bangna Tower A2/3, Bangna-Trad Road K.M.6.5 Bangkaew, Bangplee Samutprakan 10540 Thailand	Selling cardiovascular and weight training equipment	39,363 (USD 1,217)	39,363 (USD 1,217)	475,000	95.00%	80,685	(15,629)	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Fitness (Malaysia) Sdn. Bhd.	Lot 557D, Jalan Subang 3, Subang Jaya Industrial Estate, 47610 Subang Jaya, Selangor, Malaysia.	Selling cardiovascular and weight training equipment	-	130,489 (USD 4,144)	-	-	-	-	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech Italia S.P.A.	Zona Industriale Campolungo11,Ascoli Piceno,AP,Italy	Selling cardiovascular and weight training equipment	505,995 (USD 15,683)	505,995 (USD 15,683)	1,098,000	99.82%	545,618	33,552	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. (Schweiz) GmbH	Riedthofstrasse 214, 8105 Regensdorf, Switzerland	Selling cardiovascular and weight training equipment	64,780 (USD 2,006)	64,780 (USD 2,006)	2,000	100.00%	20,716	(992)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Netherland B.V.	Duwboot 25-29, 3991, CD Houten, Netherland.	Selling cardiovascular and weight training equipment	539,077 (USD 17,177)	539,077 (USD 17,177)	18,100	100.00%	674,088	91,803	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. HK Ltd.	Room 1501-1502, Golden Milan Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	Selling cardiovascular and weight training equipment	-	13,763 (USD 429)	-	-	-	-	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Care Co., Ltd.	2-2-7 Minamikaneden, Suita, Osaka, 564-0044, Japan	Massage chair research, development, manufacturing and trading	5,493 (USD 166)	5,493 (USD 166)	400	21.10%	7,170	15,474	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Industrial do Brasil Ltda.	Estrada Municipal Jos é Costa de Mesquita, 200 - Ch á cara Alvorada - Gleba 3 - M ó dulos 14 e 15 do CLIN - Indaiatuba - São Paulo - 13337-200 -	Selling cardiovascular and weight training equipment	826,035 (USD 26,363)	826,035 (USD 26,363)	-	99.99%	177,090	83,592	Not applicable	

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2022: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial Investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson 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%	167,802	7,892	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech. Australia Pty., Ltd	78 Logis Boulevard, Dandenong South VIC 3175	Selling cardiovascular and weight training equipment	573,150 (EUR 18,505)	573,150 (EUR 18,505)	20,715,330	100.00%	389,796	32,117	Not applicable	
Johnson International Holding Corp., Ltd	Johnson Health Tech. Poland Sp. z o.o.	ul. Działkowa, No. 62, WARSAW, 02-234 code, post office WARSAW, POLAND country	Selling cardiovascular and weight training equipment	121,209 (EUR 3,299)	121,209 (EUR 3,299)	33,840	100.00%	86,226	(8,171)	Not applicable	
Johnson International Holding Corp., Ltd.	Style Retail Vietnam Company Limited	Pacific Building, No.168 Vo Thi Sau Street, Ward 8, District 3, HCM City.	Selling cardiovascular and weight training equipment	12,512 (USD 395)	12,512 (USD 395)	-	100.00%	(27,353)	(12,325)	Not applicable	
Johnson International Holding Corp., Ltd.	Johnson Health Tech UAE LLC	No. 602, 6th Floor, ICON Tower, Barsha Heights, Dubai, UAE	Selling cardiovascular and weight training equipment	32,830 (USD 1,000)	32,830 (USD 1,000)	-	100.00%	807	24,057	Not applicable	
Johnson Health Tech Retail Inc.	2nd wind Exercise Equipment, Inc.	7585 Equitable Dr Eden Prairie, Minnesota 55344	Selling cardiovascular and weight training equipment	657,600 (USD 19,900)	657,600 (USD 19,900)	-	100.00%	754,909	(121,983)	Not applicable	
Johnson Health Tech Retail Inc.	Leisure Fitness Equipment,LLC	231 Executive Drive, Suite 15 Newark, DE 19702	Selling cardiovascular and weight training equipment	258,317 (USD 7,993)	258,317 (USD 7,993)	-	100.00%	482,043	(107,635)	Not applicable	
Johnson Health Tech Retail Inc.	The Gym Store, LLC (Busy Body)	11900 Community Road, Powar, CA 92064	Selling cardiovascular and weight training equipment	150,278 (USD 4,650)	150,278 (USD 4,650)	-	100.00%	113,314	(49,923)	Not applicable	
Johnson Health Tech Retail Inc.	Johnson Health Tech Trading, Inc.	150 East Gilman Street, Madison,WI 53703.	Selling cardiovascular and weight training equipment	351,886 (USD 11,511)	351,886 (USD 11,511)	10,000	100.00%	279,665	(221,573)	Not applicable	
Johnson Health Tech. North America, Inc.	Johnson Health Tech NA Manufacturing LLC	1600 Landmark Dr.Cottage Grove WI53527 USA	Selling and Manufacturing weight training equipment	394,287 (USD 12,698)	394,287 (USD 12,698)	-	100.00%	91,331	(39,653)	Not applicable	
Johnson Health Tech Australia Pty., Ltd	Johnson Health Tech New Zealand	WHK AUCKLAND, Whk, Level 6, 51-53 Shortland St, Auckland, 1010, NZ	Selling cardiovascular and weight training equipment	2 (NZD -)	2 (NZD -)	100	100.00%	803	8,509	Not applicable	

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2022: (Excluding investment in Mainland China)

Investor company	Investee company	Address	Main businesses and products	Initial Investment amount		Investment as at end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousands)	Percentage of ownership (%)	Book value			
Johnson Health Tech. Netherland B.V.	Johnson Health Tech Denmark Aps	Tuborgvej 5, 2900 Hellerup, Denmark	Selling cardiovascular and weight training equipment	239 (DK 50)	239 (DK 50)	50,000	100.00%	(119,569)	(14,619)	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Hellas SA	Alimou Avenue nr. 36-40, 17455 Alimos	Selling cardiovascular and weight training equipment	50,699 (EUR 1,496)	50,699 (EUR 1,496)	14,960	99.73%	48,925	4,297	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech Romania SA	15 Aleea Dealul Mitropoliei Street, Room 9, Apartment 2, District 4, Bucharest	Selling cardiovascular and weight training equipment	4,058 (EUR 120)	4,058 (EUR 120)	1,732,000	99.00%	12,438	12,329	Not applicable	
Johnson Health Tech Italia S.P.A.	Johnson Health Tech CZ & SK a.s.	Plynární 1617, 170 00 Praha 7-Holešovice	Selling cardiovascular and weight training equipment	12,853 (CKZ 9,900)	12,853 (CKZ 9,900)	99	99.00%	12,550	(2,387)	Not applicable	
Johnson Health Tech Japan Co., Ltd.	Johnson Digital Japan Co., Ltd.	Shiodome Shiba Rikyu Building 21F, 1-2-15 Kaigan, Minato-ku, Tokyo, Japan	Video transmission and streaming service	-	-	-	100.00%	-	-	Not applicable	

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

Attachment 7: Investment in Mainland China

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

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Beginning accumulated outflow of investment from Taiwan	Investment flows for the period		Ending accumulated outflow of investment from Taiwan	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as at end of the period	Accumulated inward remittance of earnings as at end of the period
					Outflow	Inflow						
Johnson Health Technology (Shanghai) Co., Ltd.	Manufacturing and selling fitness equipment	$1,010,296 (RMB 244,757)	Indirect investments through JIH (BVI)	748,894 (USD 22,500)	$ -	$ -	748,894 (USD 22,500)	$(151,852)	100.00%	$(151,852)	$2,223,310	$ -
Johnson Industries (Shanghai) Co. Ltd.	Manufacturing and selling fitness equipment	1,288,274 (RMB 292,683)	Indirect investments through JIH (BVI)	62,955 (USD 2,000)	-	-	62,955 (USD 2,000)	161,026	100.00%	161,026	3,042,621	-
Johnson F&B Management (Shanghai) Co., Ltd.	Selling food	72,566 (USD 2,350)	Indirect investments through JIH (BVI)	72,566 (USD 2,350)	-	-	72,566 (USD 2,350)	1,459	100.00%	1,459	36,464	-
Joyful Trading (Shanghai) Co., Ltd.	Selling food	29,905 (USD 950)	Indirect investments through JIH (BVI)	29,905 (USD 950)	-	-	29,905 (USD 950)	56	100.00%	56	5,622	-

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

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

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

Accumulated Investment in Mainland China as of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment The lender’s net accounts value × 60%
$914,320 (USD27,800)	$2,501,053 (USD76,450)	$5,684,983

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